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Empowerment, Participation and the Poor

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**HUMAN DEVELOPMENT REPORT 2002**

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NGOs, governments, the international financial institutions and bilateral donors have recently placed much emphasis on participation and empowerment of poor people. The direct purpose of a programme may be improvements in health or literacy or agriculture or credit, but NGOs are often more concerned with how much these projects enhance people's power, articulate their voice and meet their felt needs. They have been particularly determined to empower the poor, the weak, and the marginalized, to encourage people to take decisions themselves, to become agents, rather than being treated as "target groups" or passive recipients of benefits. Frequently, there has been a tension between the desire to deliver services and to encourage participation. The former is short-run, visible and quantifiable, the latter takes longer, cannot be quantified or subjected to cost-benefit analysis. Donors tend to encourage the former, the best NGOs the latter. We now understand much better the multidimensional nature of poverty. We know that the poor suffer not only from low incomes but also from a sense of social exclusion, that they have no power, nor access to power, no voice and no security. A discussion of empowerment and participation is therefore in order.

The poor and the weak, like the rich and the powerful, constitute a heterogeneous group. Action to reduce the poverty of one group, such as the urban poor, may increase the poverty of another group, such as the rural poor. One useful distinction among the chronically poor (as contrasted with those who are poor only temporarily) is that between the "working poor" and those who are excluded from the active labor force. The "working poor," who sell the product of their unskilled labour and perhaps of a few, small assets, can organize themselves and educate themselves in order to raise the returns to their assets. The second category of poor cannot participate in the labor force either because they are old, infirm or otherwise incapacitated, or because they are excluded by social or economic discrimination. The reduction of their poverty has to be sought through pressures for social services and transfer payments, and elimination of discrimination against them. In the short-run conflicts may arise. In the long run, poverty reduction of both groups can be in the general interest of society, by both raising productivity and lowering desired family size (for an important reason for

over-insuring against destitution, if incapacitated, is to plan for a large family; if the community looks after the old, infirm and disabled, this motive disappears). There are also gains for society in terms of political stability and social peace.

Ronald Dore has pointed out that several strands of thinking enter the discussion of participation.<sup>1</sup>

First, there is the argument that projects that meet the felt needs of the participants will mobilize more of their cooperation than those that are thought to be imposed from outside.

Second, irrespective of whether the project expresses felt needs, autonomously generated, or implanted from outside, the sense of commitment to see it through will be enhanced if decisions are shared among the participants.

Third, bureaucrats and professionals (such as doctors) are suspect and are believed to wish to perpetuate their own power and to impose "professional standards" in conditions where "excellence" becomes a pretext for vested interests. They delight in mystifying the people in order to sustain their own privilege and power. Only control from below can keep them in check.

Fourth, irrespective of whether bureaucrats and professionals are rogues or self-interested or not, independence, self-reliance, autonomy and refusal to accept uncritically authority are, or ought to be, values to be cherished. People should control their own fate.

The most obvious way in which political pressures can be used to benefit the poor is the vote in democracies. Some have argued that voting should be made compulsory. In some countries, such as Peru, it is obligatory. Although democracy may not help the poorest, coalitions between them and some better-off groups, both self-interested and altruistic, are frequent, and the poorest 40 per cent have fared well in countries with multi-party systems and free elections: Costa Rica and Chile in the 60s and early 70s in Latin America, Botswana, Mauritius and Zimbabwe in Africa, Sri Lanka in Asia are examples.

But even in authoritarian states and dictatorships can opposition groups make their presence felt, often at the cost of great sacrifices.<sup>2</sup> In South Korea and Chile opposition to the regimes has changed social policies. This may have been partly in order to undermine the dissenters,

partly to avoid trouble, and partly a genuine response. Enlightened dictatorships pay attention to the needs of the poor and the population at large even without such opposition pressures. It was said that in Ghana the Rawlings regime has paid more attention to the needs of the poor before democracy was formally introduced. The reason, it was said, was that aid donors were more critical of an authoritarian regime. Once democracy was introduced, the regime had to worry less about the opposition precisely because it had been democratically defeated.

The standard prescription for improving the condition of the poor is, of course, first, their combination in organized pressure groups for more vocal representation of their interests and concerns, and, secondly, self-help, "bottom-up" and "people-centred" development through participatory organizations. The former may be backed by withholding their labour in strikes as a bargaining weapon. For the latter various participatory forms of organization and self-help by the poor also can reduce their dependence, add to their power, help formulate policies, make them more self-reliant and provide some of the resources.

Participation and decentralization are sometimes used more as slogans than as a thought-out strategy. What is the purpose of participation? Is it personal satisfaction, work enrichment, greater efficiency, lower costs in constructing or maintaining a project, or to share these costs, or greater effectiveness in achieving desired results, community development or the promotion of solidarity, or of the capacity to make decisions, or a change in the distribution of power, or of economic and social benefits? Is it an end in itself or a means, and if a means, to what ends? What if there are conflicts between these objectives? Can participation deal effectively with strategic decisions, or even with tactical managerial ones? If it is an end, "wasting time" in lengthy consultation should be accepted. If it is a means to greater efficiency, why have participatory forms of organization not replaced all other forms?

What institutional form should participation take? Participation can take many different forms, such as co-determination (as in German factories), shop-floor participation in workers' councils, workplace participation, financial profit-sharing, cooperatives, collective bargaining, Swiss canton-like voting, direct democracy, representative elections, cooperatives, etc.

Some have claimed that even the market is a form of participation. And small village markets certainly can be, though large, anonymous markets are less likely candidates for direct participation, particularly if purchasing power is very unequally distributed. On the other hand, it should be remembered that free, competitive markets, in conditions in which assets are fairly equally distributed and production is conducted in an efficient, labour-intensive manner, do create demand for labour and therefore raise its bargaining power. As the economy progresses, there is growing demand for upgrading skilled labour and this, again, adds to the power of workers.

During the student unrest in the late 1960ies and early 1970ies we had long discussions in Oxford about which college committees and activities students should join. My own view, which was that of a minority view of one, was that there should be full integration of senior and junior common rooms in eating and curriculum design, but not in appointments to fellowships or budget decisions. My colleagues wanted to keep eating facilities separate but have students participate in all committees, including those on which they were quite incompetent.

There is a good case for complementarity of local and central decision making in education, for example. Parts of the system, such as curriculum development, examinations, monitoring the quality of teaching are best provided by central authorities under democratic control, while others, such as maintaining school buildings or monitoring teachers' attendance are best done by local communities. For others again, joint action is best.

What is the relation between participation, democracy and the rule of law? Some forms of participation are incompatible with democratic government. Mussolini's and pre-Hitler Austria's fascist states took the form of corporate states, in which workers, employers, and farmers participated, being represented in separate chambers. Yugoslavia's Tito got the idea for his worker-managed enterprises from Mussolini's fascist state. Taiwan and South Korea, when they were both authoritarian regimes have practiced successful participation. Communist China, a dictatorship, practised participation on a grand scale. Even democratic governments, in which unrepresentative "representatives" are elected, are a far cry from participatory government. The unrepresentative "representatives" tend to be more vocal, more ambitious, pushier, often better off, than those they

represent. Nor is there an opportunity to express the intensity of one's preferences in a democratic vote. And the representative elected by you may act in a way completely different from what you wanted. Edmund Burke's definition of a representative's duty was: "He owes you, not his industry only, but his judgment; and he betrays you, not serves you, if he sacrifices it to your opinion."

Direct democracies, the nearest thing to participation, have had short lives. The meetings of the Paris sections of the *sans culottes*, briefly, before Robespierre's fall, the Russian soviets for a short period, Chinese villages briefly after the revolution, have enjoyed it. The Swiss cantons and communes and some American states have lasted longer and still practise direct democracy. Thomas Jefferson argued for smaller political units, "wards" as small as a few hundred people that would allow every citizen to participate in the character-forming benefits of self-government. Some observers predict that higher educational levels and new technologies provide the opportunities today for a widespread return to direct democracy. During the debate over the ratification of the Constitution, James Madison wrote in the Federalist Papers that a republic presupposes a higher degree of virtue among the people than does any other form of government. To conclude: democracy and participation are entirely distinct animals.

If participation goes together with decentralization, the result is often increased regional inequalities. This happened in Chile under Pinochet. Poorer municipalities could afford only inferior services.

At what moment should participation occur? Denis Goulet distinguishes between the following stages<sup>1</sup>:

- initial diagnosis
- listing possible responses
- selection of one
- organizing implementation
- steps in implementing
- self-correction and evaluation during implementation
- maintaining project
- evaluation ex post

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<sup>1</sup> Denis Goulet "Participation in Development: New Avenues" World Development Vol. 17 No. 2 February 1989 p. 167.

further action

Cohen and Uphoff (1980)<sup>2</sup> distinguish participation in the following activities:

decision making  
 implementation  
 benefit distribution  
 evaluation

What are the necessary preconditions that must prevail for participation to become effective? What degree of literacy, of basic capabilities and of equality between the sexes is necessary to make it operational? Can it be established without a tradition that supports participation? Or without technologies appropriate to participatory decision-making? Or without cooperation on the part of higher authorities responsible for the projects? Or without the right macroeconomic policies? The choice of the wrong exchange rate can make an export crop unsaleable. The lending institutions' adjustment programmes have reduced the concern for projects in which participation can play a much bigger role than in macroeconomic policies.

A research project conducted by the Center for Development Research in Bonn (ZEF Universität Bonn) on the "Economics of Participation" by Katinka Weinberger that was completed in the beginning of 2000 was intended to identify the factors explaining participation.<sup>3</sup> Based on field studies conducted in rural regions of Southern Chad and Kashmir, Pakistan, a major result of the empirical analysis was the identification of a "middle class effect" of participation. This means that it is mainly people from the middle class, who are in any case more articulate and vocal, who participate, neither the poorest of the poor nor the wealthy. They had voiced their views even before participation was introduced and continued to do so afterwards. It was also shown that an existing social network within communities is a precondition for participation. Other studies have found that the poorest groups, such as women or the young or the disabled, have little power in

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<sup>2</sup> John M. Cohen and Norman T. Uphoff "Participation's Place in Rural Development: Seeking Clarity through Specificity" *World Development* vol. 8 Number 3 March 1980, pp. 215-235.

<sup>3</sup> Katinka Weinberger *Women's Participation: An Economic Analysis in Rural Chad and Pakistan* Frankfurt am Main: Peter Lang Europäischer Verlag der Wissenschaften 2000.

participation. It is not surprising that the most vocal and articulate will exercise most power at meetings. It leaves open the need for government or intervention or action by charities.

There is also the problem that not everyone will want or be able to participate. As Barrington Moore has said, *Homo committicus* is not the most admirable species of *homo sapiens*.<sup>3</sup> A precious part of human freedom is the right *not* to make decisions. Albert Hirschman quotes Benjamin Constant's argument in favour of representative rather mass-participatory politics on the ground that "liberty will be the more precious to us, the more time the exercise of our political rights will leave us for our private interests."<sup>4</sup> And he goes on saying that, in modern nations, "every individual is occupied by his speculations, his enterprises, and the pleasures he obtains or hopes for, so that he wishes to be distracted from these matters only for short periods and as infrequently as possible."<sup>5</sup>

Many poor people, especially women, do not have the time to participate in meetings. Oscar Wilde said, "the trouble with socialism is that it takes too many evenings."<sup>6</sup> The same can be said of participation. Better cooking stoves, water nearer the home, and relief from domestic drudgery may be preconditions for freeing women's time in participation in village councils or for just more leisure. If the time devoted to participation is at the expense of productive activities, whether for sale in the market or inside the household (cooking, fetching firewood and water, looking after the children), goods and services are sacrificed; if at the expense of leisure, women's recuperative power is reduced.

There are costs of participation besides the time devoted to its activities. They may be the costs of communication, which will rise with the size of an organization. Or there can be the costs of compromising which will also tend to rise with the size and the heterogeneity of an organization. And there are the costs of coordination. Loyalty, homogeneity and cohesion will tend to lower the costs of participation. The fact that there are costs, and

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<sup>4</sup> Albrt O. Hirschman Shifting Involvements: Private Interests and Public Action Princeton: Princeton University Press 1982, p. 97.

<sup>5</sup> Ibid. p. 98.

<sup>6</sup> On the other hand, Rousseau said, "The more time citizens spend thinking about public matters and the less about their own private affairs, the better society it is. But not everyone has the leisure or the inclination or the stomach to indulge in politics. Accordingly any aspiration to direct forms of democracy must be dismissed as utopian. Political parties, whatever their goals, require officials to carry out organizational tasks, so that rank-and-file members are already cut off from the means of power.

that the costs will increase with size, implies that there can be too much participation.

The benefits from participation include empowerment and gains in self-confidence of poor people. For poor people the main benefit is risk reduction. The networks created by participation allow poor people to call on others for help in times of distress. Better-off people benefit by being able to raise their productivity through credit, training and networking.

Albert Hirschman explored the reasons why modern societies are predisposed towards oscillation between periods of intense preoccupation with public issues and of almost total concentration on individual improvement and private welfare.<sup>7</sup> Participation in public life and in the affairs of their communities is part of the stimulus people derive from their involvement in public issues until they become tired of it and withdraw into the private sphere.

Hirschman's view is developed as a criticism of Mancur Olson's well-known argument that participation is not likely to happen, even if the anticipated benefits greatly exceed the costs, because of the free rider problem.<sup>8</sup> Since the result of the collective action is a public good that can be enjoyed by all, whether they have participated or not, the individual will withhold his or her participation in the expectation that others will exert themselves. The result is that nobody will act and the public good will not be produced. In spite of vast evidence to the contrary, from the fact that people vote to their clapping of hands after a show, Mancur Olson's book has had considerable influence. Yet, we know that, at least some people often like public and participatory action, if they can muster the time. They do not always regard it as a cost but part of the benefit. As is argued later, the exercise of voice and participation are not only means but above all ends in themselves. The problem is that not everyone likes it equally, and those who do will tend to be those who will have most influence. It is their voices that will be heard at the meetings.

Most forms of participation require central government support. The paramedical personnel chosen from among the villagers in China needed

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<sup>7</sup> Albert O. Hirschman Shifting Involvements: Private Interests and Public Action Princeton: Princeton University Press 1982.

<sup>8</sup> Mancur Olson The Logic of Collective Action Harvard University Press 1965.

training at the centre. Central legislation is needed to get access to education, health and credit. Without it, local power élites tend to take over decentralized participatory organizations and central countervailing power may be needed to combat them. Finance for participatory institutions, like that for NGOs, often depends on central government.

West Bengal has one of the more successful anti-poverty programmes. Its Communist state government maintained strong central control and replaced local leaders by its own cadres, while simultaneously pursuing a strategy of decentralization. It is a good example of the combination of centralized and decentralized state action.<sup>4</sup>

Another example is the civil rights movement in the USA. Here was indeed a grass-roots movement, with heavy involvement of volunteers and NGOs. But it depended for its success on strong support by the central government and the Supreme Court. Anyone concerned with the fate of the Blacks in Mississippi would not want to decentralize power to the state of Mississippi. Control by local élites would not be a force for liberation or prosperity. But mobilization of the Blacks themselves, with the support of central, federal legislation and judicial rulings by the Supreme Court, has advanced their cause.

Similarly in Pakistan the "basic democracies" instituted in the sixties under President Ayub Khan were claimed to be attempts to decentralize government and to mobilize local people. But the rich local landlords took over, without improving the fate of the poor. In Nepal, where political parties were banned, the local élites used the system established under the 1982 Decentralization Act to benefit the richer farmers. Fernando Henrique Cardoso, President of Brazil, warns that local participation leaves the way open to oppressive dictatorships and elitist institutions when it is confined to small-scale, problem-solving efforts without political activity.

In other cases, however, the interests of local élites coincide with those of the poor, and decentralization then will lead to reform. In India, communities have joined forces to protect themselves against invasion by outsiders who wanted to denude their forests and pollute their rivers. Their defence cut across class lines and decentralization worked for the benefit of the poor.

In small-scale enterprises such as those that have grown up in the Third Italy, and in the informal sector of some developing countries, interest alignments do not follow the lines of workers against employers, but buyers against sellers. What has come to be known as flexible specialization has presented quite new constellations of interests, different from those appropriate for the age of mass production.

A unity of interests also exists for educational and health reforms, from which the whole community benefits. The elimination of contagious diseases is clearly in everybody's interest. Amartya Sen said he wished poverty were like a contagious disease; it would have been eliminated long ago. The interests of rich and poor in some community services neither conflict nor coincide with each other. Roger Riddell mentions programmes for animal control, improving transport access and extending marketing facilities as areas that provide benefits both to the poor and to the élites.<sup>5</sup> But when the allocation of scarce goods is at stake, such as a land reform, agricultural credit, or the distribution of fertilizer, the local élites will tend to undermine the reforms. There can, of course, be conflicts of interest within the élites, which can be used for the benefit of the poor. Even here; however, the short-term interests of the rich and their long-term interests, or their perceived and real interests may be in conflict. In the longer run the higher productivity and production of the poor can benefit the rich, just as an alert, well-nourished, educated, skilled, healthy labour force is beneficial to its employers. Empowerment of the poor can therefore be in the real (as opposed to the perceived), and long-term (as opposed to short-term) interest of the rich and powerful.

The South Korean experience of financing universal primary education illustrates how parents, local institutions, the private sector and the national government can combine to produce good results. The government contributes to financing primary schools. Parent-Teacher Associations contributed initially up to 75 per cent of primary school expenses, more recently this has dropped to 28 per cent. (Parents finance the bulk of secondary and tertiary education.) They supplement teachers' salaries and participate in decision-making. Local government contributes 10 per cent.<sup>6</sup> South Korean education depends on social discipline, which makes high pupil-teacher ratios possible and successful. Pupil-teacher ratios at primary schools still average over 60. This shows that the funding system produces less revenue than seems to be needed in other countries.

One of the most successful self-help projects in Africa is the Malawi Rural Water Supply Project. Again, it is based on strong government-community cooperation. It started in 1969 in two villages with 3000 participants and now benefits over a million people. The government provides parts of the equipment and assistance in training, the community the voluntary labour for construction and maintenance.

In the Dominican Republic small coffee farmers have pooled their resources and formed the Nucleus of Coffee Farmers Associations. They do their own marketing, and provide credit and training. They are supported by Oxfam, an international NGO.

Judith Tendler reports on a very successful preventive health service in the Northeastern Brazilian state of Ceará with about 7 million people. Health workers who were appointed by the state accounted for the success. The service was taken out of the hand of the patronage of local mayors and local authorities. It showed that public servants can be devoted, unselfish and efficient.

Ela Bhatt, the founder of the Self-Employed Women's Association (SEWA) based in Ahmedabad, started a system of credit given by nationalized banks. Though it is a movement of the poorest women who participate in many decisions, Ela Bhatt became a member of the Indian Planning Commission. The members draw on a government fund for life insurance and maternity benefits; they sell their goods in government shops and there was a government commission that recommended their policies. The lesson is that in many cases it is not either government or participation but a matter of both, sometimes working in cooperative conflict or antagonistic complementarity.

There has recently been much emphasis on "Participatory Rural Appraisal" and "Participatory Poverty Assessment." These approaches correctly stress the need to listen to poor people and to let them be the architects of their own development. This is an important and valid corrective to the top-down, technocratic approaches of the past. But here again, some "felt needs" are the wrong needs and some preferences have to be created. One does not have to go as far as the revolutionary on the soapbox who announced to the crowd, "When the revolution comes, you'll

all eat strawberries and cream *and like it.*" But there are cases where the authorities, with some justification, do not want communities to choose in the light of their existing preferences, but to acquire different preferences. "The attack on conspicuous consumption, both traditional (weddings and funerals) and modern (electrical appliances for display rather than use) as part of the campaign in the Republic of Korea, the effort to break down caste in India, the Tanzanian hygiene campaigns and attempts to induce villagers to engage in cooperative production" are some illustrations.<sup>7</sup> To these may be added female genital mutilation, sexual subjugation, attacks on and killing of women with too small dowries, widow burning, child marriage, female infanticide, domestic battering, excluding women from education, female ritual slavery, cannibalism, slavery, exploitative and hazardous child labor, witchcraft, demon worship, ritual sacrifice, punishment of criminals by amputation, and other barbaric habits and customs.

People do not always have the right to participate in decisions that importantly affect their lives. "If four men propose marriage to a woman, her decision about whom, if any of them, to marry importantly affects each of the lives of these four persons, her own life, and the lives of any other persons wishing to marry one of these four men, and so on."<sup>8</sup> Yet, no one would propose that all these should vote to decide whom she should marry. They could constitute a very large constituency. Certain rights set limits to participation, however important the decision may be for those excluded. Property rights are among these.

There is another area in which participation has to be modified. Highly technical decisions, such as those about whether to change the exchange rate (or leave it as it is), or about a weapons system, or even about an irrigation or a credit system, cannot be left to participatory organizations but must call on experts who, of course, should be accountable to the public, and should be socially and culturally sensitive. The question is how to avoid technocracy in favour of democracy, while benefiting from technical expertise.

But experts, doctors, scientists, engineers, bureaucrats, soldiers, constitute also a power group that can be hostile to poverty eradication and human development. The Mandwa project in India, a highly successful rural health care project, foundered on the resistance of the local power structure and medical professionals, often a more serious obstacle to reform than

political opponents.<sup>9</sup> Semi-literate village women were selected by village leaders as part-time health workers. The success was striking: birth rates, death rates and infant mortality rates plummeted, and immunizations shot up. But the local richer and more powerful leaders joined hands with the government health services in open hostility and violence and demanded that the project be abandoned. The poor, who had greatly benefited, were too dependent on the local power structure to oppose it.

In the light of these questions, it is preferable to spell out the administrative structure necessary for an efficient implementation of a strategy: who should take what decisions, at what level, in what sequence? Just to call for participation is too vague and may be counterproductive. Applied to the activities of NGOs, this means that participatory or bottom-up movement by NGOs has to be complemented by central, provincial or local government action of the top-down kind. As Norman Uphoff has said, we must avoid not only the paternalistic but also the populist fallacy.

Of special interest are links between poverty, the environment, gender and the political economy of reform and participation. In Tanzania, poor peasant women have to walk ever further from their homes in order to collect firewood. This contributes to deforestation, desertification and soil erosion. A simple, cheap cooking stove, using kerosene, or some other cheap source of energy, would solve this problem and would save women's time for caring for their children, for outside work, for political participation, or for leisure pursuits. There may be a need to invest a small sum in R&D to develop such a suitable stove. Even where such stoves exist, such as improved stoves using less wood or simple solar boxes in Kenya, there is no information bank from which one country's experience could be spread to others. The reason why this has not been done is that women's concerns are neglected. This in turn is so because they are not represented on village councils. This shows clearly the links between poverty, environmental degradation and gender discrimination, and it points to the need to mobilize and empower women in order to combat these evils.

In spite of the above unsettled questions, qualifications and limitations of participation, it is highly desirable to involve the beneficiaries of projects and policies in decisions that affect their lives and work, for at least seven reasons, which are also aspects of poverty reduction and human development.

- (1) Participation is an end in itself and expresses the autonomy and dignity of the citizens.
  - (2) It makes the projects and policies more responsive to real felt needs, especially those of the poor.
  - (3) It reduces the costs of constructing and maintaining them.
  - (4) It reduces poverty or income inequality (or produces other kinds of desirable results) even if it leaves overall growth rates untouched.
  - (5) It helps societies to acquire and confirm shared values and norms.
  - (6) It allows people to develop abilities of interaction and communication and thereby trains them for democratic competence.
  - (7) And it can lead to higher and better economic growth and development.
- A World Bank study found that of twenty-five completed agricultural projects only twelve appeared to be showing long-term benefits. The successful ones developed or strengthened institutional capacities for the participation in management by the beneficiaries.<sup>10</sup>

Are these six reasons consistent with each other or can there be conflicts between them? In particular, can there be conflicts between participation as an end on the one hand, and as a means on the other (or between the pursuit of different means), whether as an instrument for meeting felt needs, lowering project costs, reducing poverty or income inequality or advancing development. One would expect that, on the whole, the end and the means aspect of participation to be mutually compatible and to reinforce one another. But conflicts can arise. The constituencies to which the two approaches appeal are different. Those who regard participation as an end appeal to NGOs, idealists, visionaries and grassroots developers, while those who consider it a means appeal to bankers, including the World Bank, businessmen and technocrats. Those who stress ends will wish to include everybody in the participating group, including the old, chronically sick, handicapped and disabled, while the instrumentalists will confine their attention to the productive members of the community. The attitude to the role of women is different. Those who advocate women's freedom and the abolition of discrimination on ground of efficiency and productivity will welcome the benefits for men also, because they are engaged in a positive sum game. They will emphasize that to discriminate against women means that half of humanity's potential labor force is underutilized. On the other hand, those who are concerned with women's rights as an end, as equitable and just, will advocate policies that reduce the benefits to men and involve

sacrifices by them. Men's support for the policies and their motivation will tend to be different according to which aspect is stressed.

### **Decentralization, participation and the poor**

The standard case for decentralization is that it can use more local information, that it can encourage participation and voice and that it tends to be more accountable to the beneficiaries of expenditure. The quality and efficiency of local service can be improved. These advantages are achieved at the cost of lack of coordination.

Decentralization and devolution have become popular in Europe, against the principles of Napoleon and Stalin, Europe's two great centralizers. France had been the most centralized state. The socialist government set up 22 regional governments with directly elected representatives since 1986. Spain devolved power to 17 "autonomous communities" and Portugal did similarly. The regions spend 5.6% of GNP, 90% of it directly passed on from central government taxes. In Italy, after the creation of new regional governments in 1970, local authorities are now acquiring the power to raise property, income and road taxes. Germany's constitution grants a lot of power to the Länder. They have veto power on central legislation through their seats in the Bundesrat, the upper house of Parliament. Eastern Europe now looks at Germany as its model. Norway, Sweden, Denmark and Finland, with a longer history of decentralization, are experimenting. Local authorities can ask the central government to relax any control that they regard as inhibiting. It has become fashionable to talk in the European Community of a Europe des régions, with direct contact between Brussels and regional governments.<sup>9</sup>

Von Braun and Grote distinguish between political, administrative and fiscal decentralization. Administrative and fiscal decentralization occurred in the last decade in Latin America and China, and political decentralization in some of the countries of the ex-Soviet Union. India also gave more responsibilities to local government.<sup>10</sup> One of their conclusions is

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<sup>9</sup>The Economist, (August 1992, p. 51). An interesting plea for decentralization to the states in the USA is made by Alice M. Rivlin, (1994) *Reviving the American Dream: The Economy, the States and the Federal Government* Washington, D.C.: The Brookings Institution. She was appointed Deputy Director of the Office of Management and Budget by President Clinton.

<sup>10</sup> Joachim von Braun and Ulrike Grote "Does Decentralization Serve the Poor?" February 6 2001 mimeo.

that if you are concerned with the fate of the poor, political and administrative decentralization should precede fiscal.

It is true that decentralized government can be more responsive and accountable to poor citizens' needs, can mobilize resources more readily, can, for some purposes, be more effective in achieving its objectives, can reduce costs and can increase participation. It is often easier to control monitor and control local agents. Local decision making can give more responsibility, ownership and incentives to local agents and local information can often identify cheaper and more appropriate ways of providing public goods.<sup>11</sup>

But it also tends to aggravate regional inequalities and exacerbate political tensions, because the richer regions can raise more tax revenue and provide better services. There is some evidence that there is more corruption in decentralized government with its damaging effects on the poor, although this could be a matter of appearance. On the other hand, there are both theoretical arguments and empirical evidence that show that corruption can be greater. The bribe-takers do not take externalities on other bribe takers into account whereas centralized corruption does not want to kill the goose that lays the golden eggs. Mancur Olson's "stationary bandit autocrat" (like central government) has an interest in the productivity and tax receipts of his domain.<sup>12</sup> "[T]he stationary bandit, because of his monopoly of crime and taxation, has an encompassing interest in his domain, and this encompassing interest makes him limit his predations because he bears a substantial share of the social losses resulting from these predations."<sup>13</sup> He will want his victims to continue to produce and trade. Decentralized government, on the other hand, behaves like the criminal who is only one among a great many and who will take 100 per cent of the money in any till he robs.

Some of the economies of scale in the central provision of public goods can be lost when their provision is decentralized. And its advantages depend on a power structure in which access to power is widely distributed. Otherwise it can, as we have seen by the examples of the poor blacks in Mississippi and the basic democracies in Pakistan, simply reinforce the grip

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<sup>11</sup> Joachim von Braun and Ulrike Grote (2001).

<sup>12</sup> Mancur Olson Capitalism, Socialism and Dictatorship: Outgrowing Communist and Capitalist Dictatorships Conference Proceedings. Luxembourg Institute for European and International Studies 1999.

<sup>13</sup> Mancur Olson Capitalism, Socialism and Dictatorship: Outgrowing Communist and Capitalist Dictatorships Copyright by the author, p. 8.

of local power élites. A prerequisite for decentralization to empower the poor is a minimum level of education, and not too great inequalities, especially in land ownership. It must also be confined to the appropriate areas of activity, such as water, sanitation, garbage disposal, transport, elementary education and primary health care, and has to be supported by central action in others, e.g. monetary authority, human rights legislation and judiciary action. The best way to counteract local élites taking over is, in the short run, by a combination of strengthening poor peoples' own organizations and central action through legislation and the courts and in the long run by human capital formation and land reform.

### **Global governance and participation**

It is easy to think of participation in small, local communities like the Swiss cantons. Even for the province and the nation, democratic voting gives a sense of participation in the life of a country. But at the international and global level, the distance between people and the organizations, located often far away, and only indirectly accountable, seems vast. Yet, it is important to overcome this gap.

From the point of view of human development and popular participation, the principle of one state one vote in the UN General Assembly (though its resolutions have only recommendatory power) cannot be justified. Respect for persons applies to equality of status enjoyed by individuals within a nation, but not to corporate entities such as states. In the United Nations context, however, it could be said that the voting rights in the Assembly compensate for the gross economic inequality manifested in international trade and the military inequality recognized in the great powers' permanent membership and veto power on the Security Council, which can reach decisions with binding force. It should also be remembered that the large and growing majority of the world's people live in the developing countries. A further justification for voting by states lies in the overriding importance of avoiding wars. And the state is the institution with a monopoly of force. Yet, considerations of law and order in international relations have to be tempered by those of social justice. In civilized relations, including international relations, bargaining and negotiations do not occur in a space of pure power politics, but always appeal, openly or tacitly, to mutually accepted or acceptable values and norms.

The United Nations and its many agencies have not yet adjusted to the post-cold war era. They have been subjected to many criticisms, and numerous proposals have been made for their reform. Many have put the blame for past deficiencies on institutional inadequacies. It is true that badly designed institutions can be formidable obstacles to reform. But even the best institutions cannot work if they are not supported by political power. In the final analysis, the past defects of the United Nations agencies were not the result of institutional inadequacies, overlaps and duplication here and gaps there, of low-level representation at important meetings, of lack of coordination, or of managerial flaws, but of a lack of commitment by member governments. And this in turn was the result of the absence of the pressure of public opinion and worldwide participation. There were successes: the crisis in Africa called forth the best in the UN. In the prevention of natural disasters, in the eradication of contagious diseases and in limiting damage to the environment, the UN agencies have been very successful. Some argue that the United Nations have been more successful in the social and economic fields than in peace-keeping, others see it the other way round. What would an agenda for reform in the direction of greater participation and greater effectiveness look like?

State sovereignty, which still dominates the world order, has become inadequate and indeed dangerous. In the area of peacekeeping, the unrealistic distinction between external aggression and internal oppression must be abandoned. The predominant threat to stability is conflict within countries and not between them. There is an urgent need to strengthen international human rights law. Many of the most devitalizing troubles come from within states -- either because of ethnic strife or repressive measures by governments. Conditions that lead to tyranny at home sooner or later are likely to spill over into search for enemies abroad. Consider the Soviet's invasion of Hungary and Czechoslovakia, the South African government interventions in Angola and Mozambique, and Iraq's invasion of Kuwait. An ounce of prevention is better than a ton of punishment. And prevention of aggression is an important task for the UN. The creation of a UN rapid-deployment force would be a contribution to peace. Insistence on participation at home is a condition for international peace.

Urgent new claims in international coordination have been added to old ones, in the context of shrinking public expenditures. The East European countries' claims are less than those of, say, India, on grounds of poverty,

and less than those of, say, Thailand, on grounds of good development performance. But if the ground is the promise to move to a more peaceful world order, their claims are strong. Ideally, resources from the industrial countries to Eastern Europe and the Soviet Union should be additional to those going to the Third World. If there is going to be a peace dividend, this could be the source of additional flows, but its existence, or its use for this purpose, is controversial. Competing claims for the countries of sub-Saharan Africa and for the domestic use in the industrial countries themselves are being made.

There are some international institutions that work well. They never hit the headlines. They carry out their allotted tasks in a quietly effective manner. The Universal Postal Union, founded in 1875, whose task it is to perfect postal services and to promote international collaboration, the International Telecommunication Union, the World Meteorological Association, the International Civil Aviation Organization and the World Intellectual Property Organization, have clearly and narrowly defined technical mandates, are non-politicized, and implement their tasks competently. Their success is due largely to their covering technical issues on which there is general agreement.

International coordination has also worked well in areas where the advantages are great and visible: the wide, though not universal, adoption of the metric system, the adoption of Greenwich Mean Time in 1884, on which the world's time system is based, and the establishment of an international regime for containing contagious diseases.

Other international institutions have worked less well. Their mandates are often broad, overlapping with those of other organizations, perceptions about the future, about objectives, and about which policies had which results differed, and the debates in their counsels brought in extraneous political controversies. Global governance should be open, publicly accountable, and based on public support.

### **The international civil society**

Some think of the international system as a system of states, others include besides states multinational corporations, non-governmental organizations (NGOs), international organizations and individuals. Certainly

states play a predominant role in international society, but they are not the only agents. Private voluntary organizations have come to play an increasing role, next to governments and profit-seeking transnational companies. They comprise the most diverse organizations: religious, political, professional, and educational organizations, cooperatives, pressure groups, action groups, lobbies, project-oriented, technical assistance, relief, disaster-prevention institutions, etc.

Their membership and the loyalties of their members cut across national boundaries. Although they often claim to work without or even against governments, their contributions can best be mobilized jointly with governments. The most successful NGOs in the Third World, such as the Self-Employed Women's Association based in Ahmedabad, India, or the Grameen Bank of Bangladesh, depend for their successful continuing and expanding operations on access to, and support and replication by, governments. Of course, in some situations their function is to criticize and exhort governments, or to fill gaps in government activities, or to do things at lower costs, with better results, and with more popular participation than governments. The relationship between international NGOs and governments can be understood as one of cooperative conflict (or creative tensions), in which the challenge of the voluntary agencies and their innovative activities can improve government services and the working of markets, and help to resolve tensions between them. Without them, there is always the danger that private firms become corrupt and governments unresponsive to human needs. Pressure on governments through NGOs is an effective way of introducing participation into international organizations.

In some situations the state plays a passive role, only responding to the pressures of interest groups. The outcomes will then be determined by the power of these groups, which in turn depends on their size, age, motivation, and enforcement mechanisms. In other cases the state is more active, imposing regulations and restrictions, which can give rise to competitive rent-seeking by private interest groups. In others again, both the private groups and the state work together for common objectives.

Many functions are divided between the state and civil society. The institutions of civil society -- churches, trade unions, interest groups, action groups, the media and many others -- are often quite undemocratic and there is a need for the empowerment of vulnerable and weak groups: women, the

unemployed, ethnic minorities. There can be undesirable concentration not only of economic and political, but also of social power. Participation is normally discussed only in the political context; it should, however, pervade all organizations, including private firms and voluntary agencies.

**Ronald Coase, in his famous article on the theory of the firm, suggests that corporate entities are “islands of central planning in a sea of market relationships.”<sup>14</sup> The world has found unworkable and has rejected the process of centralized decision-making in centrally planned economies. But the very same process governs the relations between management and labor within both capitalist and public sector firms. We know that under regimentation people do not give their best. Democracy and participation should be introduced not only in politics but also in the private sector; and not only in government and in profit-seeking firms, but also in private voluntary societies and non-governmental organizations such as trade unions and churches; even in some families there is a need for greater participation, or at least better access to those in power, particularly by women and in some areas by children. This might be called vertical participation: to make the membership of these agencies more responsive to the needs of all its members through a higher degree of participation and access to power. By horizontal participation I mean the inclusion in the international organizations of some representatives of the civil society.**

Though there is in the early stages of development a need to strengthen both states and markets, in fact they often tend to weaken and undermine each other. It is the institutions of the civil society that can intervene and inhibit such weakening and undermining. Interactions between the state, markets and civil society are complex. Both too weak and too strong a state can discourage the growth of civil society. And private organizations that are too strong can undermine the power of the state, as in Sri Lanka or in Lebanon or in the old Yugoslavia and lead to the dissolution of a society. It is a healthy balance between markets, government and civil society, and between national and global institutions, that is needed.

### **Poverty: absolutely or relatively speaking?**

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<sup>14</sup> Quoted in Herman E. Daly, “Globalization and Its Discontents” *Philosophy and Public Policy Quarterly* volume 21, Number 2/3 (Spring/Summer 2001) p. 20.

Poverty is not a technical or an economic, but a social and political problem. Is it absolute or relative? Poverty lines vary between climates, cultures and social and economic environments. The poverty line for the USA is at a substantially higher income than that for Bangladesh. The US Bureau of the Census publishes figures showing that 15 per cent of Americans live below the official poverty line. Clearly, these people are much better off than the majority of Bangladeshis. Is there a component in poverty that has to be defined in relation to the mean (in which case poverty is inevitable, for there will always be some people below the average), or to the bottom of the 80 per cent above the lowest 20 per cent, or to one-third of average national income per head, or to some other reference of what is regarded as a minimum decent standard in a society? Some authors regard all poverty as relative, but this is surely confusing inequality -- an evil, but a different evil -- with poverty. Everyone in a society can be equally starving, and we would not want to say that they are not poor.<sup>11</sup> Some measures of inequality give greater weight to income distributions that are unfavourable to the very poor, and thereby catch an element of what we mean by "relative poverty." A. B. Atkinson defines what he calls "the equally distributed equivalent income" of a given distribution of total income. It is that level of income per head which, if enjoyed by everybody, would make total welfare exactly equal to the total welfare generated by the actual income distribution. Atkinson's measure is 1 minus (the equally distributed income divided by the average actual income), and therefore varies between zero and one.<sup>12</sup>

A compromise between absolute and relative poverty can be made by postulating that our primary attention should be given to the bottom 20 per cent in any community's income distribution. The different average incomes for different communities introduce an element of relativity while the "bottom 20 per cent" catches absolute poverty. But we shall see that what is apparently a relative element can better be interpreted as an absolute one.

Anybody with the slightest human sympathy will put the principal emphasis in policy-making on attacking poverty among the poorest people in any given community. The primary focus on how the poorest people are faring is reminiscent of John Rawls's concern for the poorest. "No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well

fed, clothed and lodged.”<sup>15</sup> So wrote Adam Smith 225 years ago. The basic needs approach to poverty reduction espoused the same aim, if basic needs are interpreted dynamically. This means that they go up with rising average incomes.

There are, however, certain questions that a measure that looks only at the poorest 20 per cent of the population raises.

First, the poorest 20% include many lame ducks: the disabled, the physically and mentally ill, the handicapped, the old, the unemployables; in rich countries the alcoholics, the drug addicts, the mentally ill. The charismatic Indian planner Pitambar Pant had advocated in the 1960ies a minimum needs strategy, which wrote off completely the poorest 20 per cent as beyond help. Without going as far as this, special measures are needed to help these people, and commonly recommended policies such as employment creation or education or access to credit may be of little use.

Secondly, much depends on how long the poor are in the quintile. Knowing how long the poor have been in the poverty group raises also other questions. Compare two societies with the same income distribution by quintiles. They enjoy very different levels of welfare, if in one the poor move rapidly up in the income scale, while some new entrants start poor, whereas in the other the poor and their children are condemned permanently to languish in poverty. Or compare two societies, in one of which incomes are determined each year by a series of lotteries, voluntarily entered by people who love gambling, and who become rich and poor in quick succession, while in the other the same unequal income distribution that would result from such a lottery is permanent. Or consider a society in which there is no inheritance and everybody saves exactly the same amount each year between the age of 21 and 65. At any given moment, the index of inequality would be quite high, yet looking at the lifetime earnings of any given person, this would be a highly egalitarian society. Stephen Jenkins of Essex University shows evidence of considerable income mobility in Britain. Only 7% of the population remain in the bottom 20% of incomes for four consecutive years.<sup>16</sup>

Thirdly, inequality generally, even among comparatively well off

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<sup>15</sup> Quoted by Alan B. Krueger in “Economic Scene” The New York Times Thursday August 16 2001, C2.

<sup>16</sup> “Tony Blair’s big idea” The Economist (1997) p. 60.

people, and not just of the poorest quintile, can impede economic performance in several ways.

1. Inequality is associated with political instability, violence and crime, which are both undesirable in themselves and discourage investment and economic growth.
2. Inequality reduces the ability of social groups to arrive at mutually acceptable compromises.
3. Inequality discourages the evolution of efficiency-enhancing norms, such as trust and the predisposition to commitment.
4. Inequality limits the effectiveness of incentive devices such as changes in prices or fines which may have unintended regressive or adverse effects. A small increase in diphtheria immunization fees, for example, may be imposed to increase revenues so that the immunization program can extend its coverage into new areas. But in the face of serious inequality, even that small rise in fees may prevent the poor from getting the shots, Usage might decline sufficiently to cause a drop in revenues, and outbreaks of diphtheria may actually increase.

There is another argument against concentrating only on the poverty of the bottom quintile. Recent research has shown that relative deprivation can cause absolute deprivation even among the well off. Richard Wilkinson of Sussex University found that inequality itself, irrespective of the absolute level of material standards, has adverse effects on the health of the relatively disadvantaged. Perceptions of inequality translate into psychological feelings of lack of security, lower self-esteem, envy and unhappiness which, either directly or through their effects on life-styles, cause illness.<sup>13</sup>

Michael Marmot, a British epidemiologist, in a recent study, suggested that relative deprivation can affect people's health, even among the rich. Between 1985 and 1988 Marmot and his colleagues studied the health records of ten thousand British civil servants between the ages of 35 and 55, all of whom were quite well paid. They found that the rate at which both women and men experienced life-threatening illnesses was inversely related to their employment grades. Workers who successfully climbed up in the hierarchy were much healthier than those stuck at the bottom.<sup>17</sup>

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<sup>17</sup> John Cassidy "No Satisfaction. The trials of the shopping nation" *The New Yorker* (1999), p. 90; Marmot (1995). See also the references in Sen (1999) p. 307 note 32.

There is some evidence that life expectancy is reduced by income inequality. Americans, who have greater income inequality, live less long than the Japanese, Germans or Swiss, who enjoy less inequality. Of course, other factors besides income inequality play a role, such as more highway deaths and AIDS. But Christopher Jencks, a professor of sociology at the Kennedy School of Government at Harvard University, who is conducting a study on the effects of inequality, has said: ‘The data seem to say that if you are of average income, living among people of average income, you are less likely to have a heart attack than if you live more stressfully in a community where there is you in the middle, and a bunch of rich people and a bunch of poor people. That seems hard to believe, but it is the direction in which the evidence seems to point.’<sup>18</sup> ‘Income inequality and wage stagnation exacerbate each other; the inequality would not be such a problem if incomes were going up for everyone,’ says Frank Levy, a labor economist at the Massachusetts Institute of Technology who deals with this problem in an updated version of his 1988 book, Dollars and Dreams (Russell Sage)<sup>19</sup>

Poverty lines are dynamically defined and rise with rising average incomes. Poverty is at a different level in the USA from Bangladesh; and it is different today from what it was fifty years ago or will be 20 years hence. Poverty, like basic needs, is a dynamic concept. Karl Marx wrote about the man who lived in a small cottage and was perfectly happy until a neighbor came along who constructed a palace.<sup>14</sup> Then the cottager began to feel deprived. Relative deprivation is deprivation that results from comparing our level of living with that of a reference group with higher incomes.<sup>1520</sup> ,

It is, however, important to note that not all poverty resulting from rising average incomes is relative; absolute poverty can also result from higher average incomes. Amartya Sen analyses this by saying that poverty can be an absolute notion in the space of capabilities, though relative in that of commodities or characteristics.<sup>16</sup> A number of different factors can account for this. Some of these are the result of goods and services either ceasing to be available or rising in price more than money incomes; others of changes in conventions and laws; others again of deeper psychological

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<sup>18</sup> Louis Uchitelle “Even the Rich Can Suffer From Income Inequality” “Economic View” The New York Times. Undated.

<sup>19</sup> Uchitelle, loc. cit.

causes, such as shame at not being able to afford what has become socially necessary.

If the benefits from a primary education depend on watching certain television programs at home, those who cannot afford a television set are absolutely worse off, when the average family in that society acquires a set.<sup>17</sup> The television set does not reflect a new need that arises as incomes rise, but satisfaction of the same need (to be educated) requires a higher income. The poor in California are absolutely deprived if they do not own a car, for public transport has deteriorated as a result of most people owning cars. The wide availability of refrigerators and freezers affects the structure of retailing and impoverishes those without these durable consumer goods.<sup>18</sup> Or, turning to low-income countries, as some groups get richer, land is diverted from producing grain to producing fodder crops or meat and dairy products, so that grain becomes more expensive, possibly raising poverty among the poor. In these cases the structure of supply is altered unfavorably to the poor. Or if an essential good is in inelastic supply, the growth of income of a particular group may raise its price so much that the poor are worse off.

In a richer society poor people may be forced to buy over-specified products to meet more essential needs: food that is processed, packaged, advertised, and correspondingly more expensive; drip-dry shirts, even though they may prefer to iron themselves a cheaper, no longer available shirt. It is as if one had to buy a Dior dress in order to keep warm. Or when buses offer less frequent service at higher fares the poor have the choice between waiting longer and paying more for the buses or to spend their scarce resources on a car. The disappearance of low-cost items as incomes rise is well reflected in Marie-Antoinette's admonition to the poor, when bread was short, "Let them eat cake!" (Jean-Jacques Rousseau had referred to it much earlier.)

Then there are changes in conventional standards and legal restrictions that accompany greater prosperity, which may be unfavorable to the poor. If you are a rural dweller, you can pitch up a tent that provides shelter against the elements. But if you live in New York City, you must not put up a tent in Madison Avenue. In the bush you can wear only a loincloth, but if you work in London you have to wear a shirt, suit, tie and shoes, and perhaps carry a neatly rolled umbrella. Higher minimum standards of housing are imposed

on you by the higher incomes of the city dwellers, or by restrictions on what structures you can put up.

Adam Smith wrote that customary standards also determine what is a necessity.<sup>19</sup> To have no shoes in England is to be deprived of a necessity, though this is not so for women in Scotland, and for either men or women in France. But the shame that the shoeless feel when appearing in public in a society in which wearing shoes is part of social custom is not relative; they are not more ashamed than others. It is an absolute deprivation.<sup>20</sup> Bathrooms and telephones were once luxuries, but most Americans consider them now necessities. Peter Townsend reports that it may be impossible to avoid shame in the nineteen eighties in London if one cannot give one's children treats.<sup>21</sup> These feelings might in turn derive from a sense of lack of participation in community life (social exclusion), or a lack of self-respect.

To view shame in the face of others possessing more goods as an absolute form of poverty leads, however, to somewhat odd conclusions. As Robert H. Frank has noted, “we may be prepared to believe, on the one hand, that the millionaire bond trader Sherman McCoy and his wife in Tom Wolfe's novel Bonfire of the Vanities, really do require a chauffeur and limousine in order to transport themselves without shame to a dinner party just a few blocks from their apartment. On the other hand, few of us would feel comfortable calling them impoverished if they were suddenly deprived of their car and driver.”<sup>22</sup>

This view of shame also leads to odd remedies. They may lie more in the realm of psychology than of economics. Educating people not to be ashamed when they do not have shoes (or linen shirts, another example of Adam Smith's) but proudly to display their different life style, as the members of the German Wandervogel did before the First War, or the hippies more recently, is one cure. Or it may become possible to reduce such forms of absolute poverty by taking the shoes or the linen shirts away from the better off, or by imposing a heavy tax on shoes and linen shirts.

Fred Hirsch in his book Social Limits to Growth<sup>23</sup> analyses positional goods. The absolute enjoyment of an uncrowded beach depends on the relatively superior knowledge, compared with that of others. Here again, it is absolute deprivation that is a function of a relative advantage. But it has always seemed to me that Hirsch drew excessively gloomy conclusions from

the existence of positional goods. Many people enjoy crowded beaches. And not everyone wishes to become a Field Marshall. One of the happiest days in my life was when I was promoted from Private to Lance Corporal.

In view of the fact that absolute poverty is partly a function of average living standards, it is clear that “absolute” does not mean fixed in time. The absolute level of poverty can rise, as incomes increase. The capability of appearing in public without shame, of participating in the life of the community or of maintaining self-respect will vary with the conventions, regulations, and material comforts of a society.

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<sup>1</sup>Ronald Dore, "Introduction" in Community Development, edited by Ronald Dore and Zoe Mars, London, Paris: UNESCO, Croom Helm, 1981, p. 30.

<sup>2</sup>See Amartya Sen, "Development Thinking at the Beginning of the 21st Century," paper for the Development Thinking and Practice Conference of the Inter-American Bank, September 3-5 1996, Washington, D.C.

<sup>3</sup>Barrington Moore, Reflections on the Causes of Human Misery, Boston: Beacon Press, 1972, p. 68.

<sup>4</sup> See Kamla Chowdry, "Poverty, Environment, Development," in A World to Make; Development in Perspective; edited by Francis X. Sutton, Transaction Publishers, New Brunswick and London, 1990, pp. 137- 150 and Judith Tandler's comments, pp. 152-154.

<sup>5</sup>Roger Riddell, "Grassroots Participation and the Role of NGOs," Background paper for the UNDP's Human Development Report 1993, 1st Draft, mimeo, 1992.

<sup>6</sup>See Lawrence Salmen, "Institutional Dimensions of Poverty Reduction," Policy, Research, and External Affairs Working Papers, World Bank, May 1990, WPS 411, p. 22.

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<sup>7</sup>Ronald Dore, "Introduction" in *Community Development*, edited by Ronald Dore and Zoe Mars, London: Croom Helm, UNESCO, Paris, p. 32.

<sup>8</sup>Robert Nozick, Anarchy, State and Utopia, New York: Basic Books, 1974, p. 269.

<sup>9</sup> N. H. Antia, "An Alternative Strategy for Health Care: The Mandwa Project," Economic and Political Weekly, Vol XX, Nos 51 and 52, December 21-28 1985, p. 2257-2260.

<sup>10</sup>See Michael Cernea, "Farmer Organizations and Institution Building for Sustainable Development," Regional Development Dialogue, Nagoya, Japan; U.N. Centre for Regional Development, vol. 8 No. 2, Summer 1987, pp. 1-

19. See also Norman Uphoff's assessment of the World Bank's integrated rural development projects in Nepal,

Ghana, and Mexico, "Fitting Projects to People," in Michael Cernea, ed. Putting People First: Sociological

Variables in Rural Development, New York, Oxford University Press, 1985, pp. 359-395.

<sup>11</sup>The opposite is more difficult to establish. It might be thought that it is logically quite possible to have great inequality combined with the absence of absolute poverty. But, analytically, in such a society the relative component in poverty (or, as it is called in this context, in deprivation) will become more pronounced, and, empirically, it is not easy to think of many societies in which great inequality is combined with absence of absolute poverty. Perhaps Kuwait is the exception that tests the rule.

<sup>12</sup>A. B. Atkinson, Clarendon Press, Oxford, 1976.

<sup>13</sup>Adam Swift's review of Paul Barker editor, "Living as Equals" (Oxford University Press, 1997) in The Times Literary Supplement (1998); Wilkinson (1996).

<sup>14</sup>Karl Marx, "Wage Labour and Capital" in Karl Marx and Frederick Engels (1958) pp. 930-94.

<sup>15</sup>Some forms of conspicuous consumption by the rich are enjoyed by those with lower incomes. The British royal family's stage coach and the gold-plated car of a couple called Sir Bernard and Lady Docker gave pleasure to readers of the mass journals. So must the pictures of the life styles of the rich and famous disporting themselves in *The New York Times'* "Evening Hours." Whether the same is true of the parties given by Mr Forbes and Mr and Mrs Steinberg is an open question.

<sup>16</sup>A. K. Sen, "Poor, Relatively Speaking", chapter 14 in Sen (1984).

<sup>17</sup>T. C. Cooper, "Poverty", unpublished note, 1971, quoted in A K Sen, (1984) p. 336.

<sup>18</sup>A. K. Sen (1984) p. 337.

<sup>19</sup> Adam Smith, (1776).

<sup>20</sup>A. K. Sen, "Poor, Relatively Speaking", chapter 14 in Sen (1984).

<sup>21</sup> Reported by Geoffrey Hawthorn in Introduction to Amartya Sen (1987), p. xi.

<sup>22</sup>Robert H. Frank (1999) p. 666.

<sup>23</sup>Fred Hirsch, Social Limits to Growth, Harvard University Press, Cambridge, Mass, 1978.