



**A CRITICAL REVIEW OF THE WORLD BANK REPORT:  
*WORLD DEVELOPMENT REPORT 2000/2001. ATTACKING POVERTY***

**A GROUP OF NORWEGIAN RESEARCHERS HAVE TAKEN A FIRST LOOK AT  
THE REPORT**

The World Bank released 12 September 2000 the World Development Report 2000/2001 (WDR) with the subtitle *Attacking Poverty*. Previously drafts of the WDR were published on the World Bank website.

CROP took the initiative to call on Norwegian researchers to comment on the drafts and the final report. Norway, along with some of the other welfare states, is among those countries that have succeeded in eradicating basic poverty and organising welfare benefits in such a way that quality of life has increased for the entire population. Therefore could be expected that Norway and Norwegian policymakers would have a particular interest in observing the strategies proposed by the WDR.

With this in mind CROP organised two workshops on the WDR, one in Oslo and one in Bergen. The results of these workshops were presented at a national conference held on 28-29 August 2000, and jointly organised by The Norwegian Research Council, University of Bergen and CROP.

In the Foreword to the WDR the president of the World Bank James D. Wolfensohn says "This report seeks to expand the understanding of poverty and its causes and sets out to create a world free of poverty in all its dimensions". The WDR aims to be one of the major policy documents guiding the Bank's lending activities in the next decade. As such, the conceptualisations and intervention tools proposed are likely to become a model for many governments and donors. This is an important reason why the WDR needs to be analysed and scrutinised by independent scientists.

The WDR presents itself as a document based on scientific knowledge. The research group has taken this position seriously and treated it as such. In their comments the researchers go beyond the rhetoric and use the analytical tools of their disciplines to evaluate the logic of the WDR, its coherence, reasoning, use of research and the relationship between knowledge and the strategies proposed.

The World Bank has come to dominate the discourse on poverty and its understanding of poverty reduction is gaining still more ground. In this discourse we shall need other voices to bring about a fuller and more complete understanding of poverty reduction. This critical review is but a small step forward in an important and necessary process to monitor, evaluate and understand the impact of one of the most influential actors on the lives of the poor in many generations to come.

CROP will continue the analysis of the WDR and the World Bank and invite other independent scientists to link to our website with their comments.

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## **On the theoretical framework of the World Development Report**

In the consultation draft of the World Development Rapport, two facts leap immediately to the eye: its theoretical framework is extremely broad, and it is neither focussed nor integrated in a coherent manner. Were it to be evaluated as an academic piece, with a theoretical delineation of an issue and subsequent discussion of the theory in light of empirical findings, it would have failed miserably; in terms of theoretical and analytical coherence it would not have passed as a master thesis. Yet, there is no reason to believe that this is a result of lack of academic competence on part of its authors. The World Bank recruits some of the best graduates from the best universities. So, an explanation must be sought elsewhere.

The short answer is, of course, that this is not an academic publication but a policy document. Policy documents build on a different epistemology than academic writings in the social sciences. The most obvious difference is in relation to what constitutes valid 'knowledge'. The kind of knowledge and theoretical arguments that are relevant for policy documents, are those that can serve as a basis for actionable receipts. Knowledge therefore becomes an *instrument* for something else.

A policy usually contains certain rules, regulations, incentives and disincentives. It represents a pooling of resources into a program or project or law aiming at the alteration or prevention of a certain state of affairs. In a broad sense, therefore, policy making is about social control or regulation by governmental intervention in society. This is not to suggest that there is a certain interest or demand for control in a strict sense among policy makers: deregulation is also a key element of policy. The point, however, is that actors involved in these processes are subject to one very important constraint: In acting or deciding on a course of action they are constrained by the tools of intervention available to them, either in the form of regulations through law, redistribution of resources of some kind or through deregulation.

What appears as knowledge is therefore structured by the aim to which it is to be directed. In the world of policy making, this relation between knowledge and interests, theory and practice, is transformed into one in which the position of the actor determines what appears as (relevant) knowledge. That is, the policy maker is set to intervene in society through policies. In deciding on what actions to take, the policy maker is confined to choose among a certain set of policy-tools. These tools are aiming at, through the manipulation of certain independent variables, achieving the occurrence of a desired dependent variable. Policies are means to manipulate social and economic variables; hence, what is relevant knowledge to a policy maker is that which can assist in identifying variables that are open to manipulation. Variables that fall outside the range of possible manipulation through the existing kit of policy-tools thus appear as irrelevant. It is therefore the position, and the corresponding kit of policy-tools, that determine what it is possible to manipulate through policy, and hence determine what constitute relevant knowledge.

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This has direct political implications. Policy is the enactment of politics. It is a form of politics that claims legitimacy from being portrayed as the technical implementation of a rational solution to a problem. Scientific knowledge in this sense performs a symbolic task as it legitimizes and renders credible – that is, rational and efficient – political action. When a political actor is able to support his actions or opinions with reference to some body of scientific knowledge or facts, it becomes difficult to argue that they are untenable or inappropriate. As the main conveyer of authoritative ‘reality’, science embeds a substantial form of power in political life.

The relationship between policy and knowledge, then, has two important political consequences: first, by appealing to a form of knowledge that does not question its own assumptions, the political implications of policy interventions are objectified. Secondly, the knowledge utilized by practitioners is shaped by their need to intervene: what appears as relevant knowledge is therefore knowledge in the form of variables, open to manipulation through policy.

The concrete manifestations of these processes will differ depending on the field of intervention. Knowledge produced for development and by development practitioners have two chief characteristics. The first follows from the effects of addressing something as a policy field more generally: the political problem of poverty is transformed into a technical problem, and a problem that can be solved locally. As Ferguson has famously argued in his *The anti-politics machine*, “by uncompromisingly reducing poverty to a technical problem, and by promising technical solutions to the sufferings of powerless and oppressed people, the hegemonic problematic of ‘development’ is the principal means through which the question of poverty is de-politicized in the world today”

Secondly, knowledge about the target populations of development projects is structured according to the needs of states: knowledge about the people who are targeted by development project takes the form of objectified variables. They are therefore rendered as knowledge that can fit into the needs of a state to govern them. As Hart has pointed out for West Africa in the *Political Economy of West-African Agriculture*, “almost everything that the new states do in the name of development means the intention at least of forcing the diversity of remote rural lives into an iron grid of title documents, accounts, censuses, and tax lists – words and numbers”

Development policy thus has two effects; it extends bureaucratic structures to those who fall outside the influence of the state (the unemployed, participants in the informal sector, etc.), and depicts their exclusion as an apolitical problem solvable by technical intervention. These effects of development come about as a result of the way development projects are structured. Developers need to construct the problem in a way that enables them to intervene. This precondition excludes some forms of analysis; if the problem, poverty, is seen as a political problem and the specific instance as a part of a much wider network of power relationships, then the potential developer has already defined him or herself away as the provider of a possible solution.

With this background it is easier to understand the approach taken in the World Development Report. The references to theory and academically produced knowledge are not meant to constitute a coherent whole that can serve as a basis for further theoretical debate. Rather, they serve a legitimizing function: they are there to demonstrate that the policies of the World Bank towards poverty are soundly anchored to Scientific Knowledge. Also, what at first

appears as the conceptualizations of that knowledge should rather be seen as operationalizations, and this accounts for their apparent banality. The operationalizations, as well as the actions proposed, are structured by what constitutes possible tools of intervention for the World Bank. The Report, then, should not be read as the extension of the world of science into the world of practice, but as a profoundly political manifest that uses scientific knowledge to legitimize its politics.

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Else Øyen<sup>2</sup>

## **Six questions to the World Bank on the World Development Report 2000 “Attacking Poverty”**

The World Bank has decided to become a major actor on poverty reduction worldwide. This is important. The Bank controls enormous resources in terms of manpower, networks, experience and money and it has had a major impact on the world economy for at least three decades. If all these resources were put into fighting poverty sizeable progress in poverty reduction could be expected. However, it can well be argued that the Bank has more than poverty reduction on its agenda and that conflicting goals will hamper the implementation of efficient poverty reduction.

Many questions need to be asked. In spite of the rich material presented in the WDR there are too many loose ends, arguments that are not carried through, data that do not fit the analysis, and ideological points of view that override the logic of the reasoning.

The following questions can be seen as a few examples of questions that need clarification if the recommendations of the WDR are to be taken seriously in the stride for efficient poverty reduction.

### **Question 1:**

**Given its past history, does the World Bank have the necessary legitimacy to be a major mover in poverty reduction?**

The World Bank has been the main promoter of Structural Adjustment Programmes in the South. The Programmes and the Bank were met with antagonism in most of the countries they were supposed to help and there is still considerable animosity against the Bank. This was partly due to the harshness of the Programme implementation, the failure to obtain the promised results, and the wide spread view that the Bank was on the side of the non-poor, not the poor.

The Bank is now ready to come back to the same countries with a different package and a different vocabulary. Taking the past into consideration is the Bank likely to be accepted in a new role? How can it convince its adversaries that the previous strategy that was partly anti-poor is no longer valid and that a new pro-poor strategy has taken its place?

The WDR brings forward the notion of social capital and the need for trust if sustainable social networks are to be developed. Is the Bank likely to be trusted when it returns with a new portfolio? The issue is neglected in the WDR. The Bank does not question its own legitimacy to act.

Any kind of poverty reduction calls for comprehensive redistributive measures or in other words, a transfer of resources and power from the wealthy and the non-poor to the poor.

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The WDR states that some redistribution is to take place, but there is no indication that the Bank is willing to engage in comprehensive redistributive measures. Then, how is the Bank going to convince its antagonists that efficient poverty reduction will actually take place? How is it going to convince the many sceptics that the strategies outlined in the WDR are efficient and for the best of poor countries and poor people?

### **Question 2:**

#### **What comes first on the World Bank agenda, economic growth or poverty reduction?**

The Bank has always promoted economic growth. It has been part of its *raison d'être* and its staff has been recruited mainly among economists. It is after all a bank and should behave as such.

In the World Bank document World Development Report 1990 the lack of economic growth was seen as the major cause of poverty. Increased economic growth on a global scale along with some limited public spending on basic education and health services were recommended as necessary to reduce income poverty. Today the Bank acknowledges that the results were dismal. Poverty figures from the South, however defined, remain ludicrous.

In the papers underlying the draft versions and the present WDR the empirical analysis shows a doubtful relationship between economic growth and poverty reduction. Some countries fare better, most countries fare worse, and the lack of a straightforward relationship between economic performance and poverty reduction is related to diffuse notions of an "Asian crisis", a "Russian crisis", a "national crisis". One gets the impression that the economy would function alright if only the rest of the world would lie still and not interfere.

Still, all through the WDR it is repeated again and again that economic growth leads to poverty reduction. To bear witness, statistical relationships are presented as causal relationships. The reader is led to think we are faced with a one to one relationship. Results from an original analysis based on the simple poverty definition of a-dollar-a-day (or two) is broadened in the text to include a general notion of poverty and presented for the umpteenth time as proof that economic growth reduces poverty in general.

No doubts are added. The fact that economic growth also creates poverty is played down.

Why is this so and how come the analysis is so one-sided? In the previous set of comments Nustad argues that the Bank is constrained by the tools of intervention available to it. The Bank has always promoted economic growth as its major tool, in different forms at different times. It still does – now as a means for poverty reduction, but also as a means for its other objectives. It is difficult to distinguish one from the other. One set of interests in the Bank interferes with another set of interests in the Bank. This conflict of interests spills into the way research results and other knowledge are distorted and presented.

For outsiders who are trying to evaluate the contents of the WDR the picture is ambiguous and difficult to penetrate. The question is not only what comes first on the World Bank agenda, economic growth or poverty reduction? The question is also: can economic growth reduce poverty in the way promoted and promised by the Bank? The answer does not lie in the WDR. It has to be found outside the vested interests of the Bank, in a thorough reanalysis of data presented and in raising crucial questions that have not been included in the WDR.

### **Question 3:**

#### **How much equality can be tolerated in the paradigm of economic growth?**

Traditionally economic growth has increased inequalities, and inequalities have been seen as a spur to competition and increased performance.

According to the Bank and other sources economic growth has increased inequality all over the world. In some places dramatically.

In the WDR it is argued that diminishing inequalities can lead to economic growth. For example, increased equity in the distribution of assets (such as land) and genderwise can to a certain extent add positively to economic growth. This is an important new trend in economic thinking transferred to poverty reduction.

Apart from the verbal statements it is difficult to penetrate the consequences of an eventual change of direction. It raises a whole set of questions, some of an economic nature, some of a political nature, and some of an ethical nature. Along which dimensions is equality desirable to promote economic growth? What kind of equality is not desirable to promote economic growth? At what point is the equalising process no longer functional for economic growth? How far is the Bank willing to go to secure more equality? How far can the Bank go to secure more equality, given the conflict of interest between traditional economic thinking and this new trend? At what stage has an equalising process reached a level where the poor are no longer considered poor?

#### **Question 4: What strategies does the World Bank have for tackling conflicts in the wake of poverty reduction?**

History is bloody and full of wars that have been fought to prevent upsurge by the poor, demands for more equality, transfer of power, redistribution of land, access to water etc. History is also full of all the ways brutal control mechanisms have been organised by the non-poor to keep the deprived at bay.

The WDR presents its poverty reducing strategies as if there were a general agreement that poverty reduction is a common good. The WDR does not bring out the fact that powerful groups are adverse to poverty reducing strategies because they interfere with their interests.

Poverty reduction implies redistribution of resources, whether they are in cash, in kind, in services, in power or in symbolic terms. I would go as far as to argue that *all* poverty reduction implies redistribution of one kind or another, even when the resources are generated from the outside as for example foreign aid. Crudely put redistribution means that somebody has to give up something and see it be transferred to somebody else. Few people seem to enjoy that process; in particular if their resources go to people for whom they have little regard. Some people will fight that process. Others will fight even more vigorously because certain kinds of poverty are functional for their interests. Let it suffice to mention those interests that profit from cheap and flexible labour to whom they have no commitments.

Efficient poverty reduction is not possible without facing up to those adversaries and accepting the fact that there are strong interests vested both in sustaining certain kinds of

poverty, and in not paying the price in economic and symbolic terms that an efficient poverty reducing strategy calls for.

How is the World Bank going to handle this aspect of poverty reduction? The WDR is presented within a model of harmony that is seducing in all its good will and buzzwords of partnership, sharing of social capital, equality and acceptance.

The WDR invites us into a scenario where the non-poor sit down at the same table as the poor. How realistic is that scenario? Empowerment of the poor is visualised through a democracy that allows the poor to vote. While it is easy to agree that such a strategy is necessary it does not mean that it is a realistic poverty reducing strategy. The poor in one of the oldest and largest democracies in the world, the USA, do not vote in spite of access and voting rights. Decentralisation is recommended as another poverty reducing measure. The idea seems to be that proximity between the non-poor and the poor on the community level benefits the poor, feeds generosity and increases their social capital. That is hardly in accordance with current research. Efficient poverty reduction depends on a strong actor such as the state. Where the state is weak, corrupt or incompetent there is little reason to believe that the community is a more realistic medium for poverty reduction.

It can well be argued that the emphasis the World Bank puts on decentralisation reduces the present and future role of the state in poverty reduction. It can also be argued that the idealistic pictures the WDR draws of poverty reduction side-steps the real issues involved in efficient poverty reduction.

#### **Question 5:**

#### **What kind of lessons has the World Bank drawn from poverty reducing measures in the North?**

The WDR concentrates on poverty in the South and tries to develop new poverty reducing strategies. How come the Bank turns its back to the North and ignores the successful as well as the unsuccessful experiences of poverty reducing strategies that have taken place there. It cannot be due only to a lack of comparability. Less than a century ago there were European countries that were as poor and non-industrialised as some of the countries in the South are today.

Why has the Bank not brought in the lessons that can be drawn from the history of the Scandinavian welfare states? Basic poverty was totally eradicated at a time when the countries were not as wealthy as they are today. Norway was actually one of the poorest countries in Europe around the time of the Second World War when the foundation for the welfare state was laid. The welfare states were built on solidarity with the less fortunate and developed wide coverage of services and universal coverage of education and health care. When economic growth took off the institutional structures for further redistribution and poverty reduction were already in place.

One important lesson that can be learned from the early development of the welfare states is that the initial structuring of the social policies decides the later outcome. Where universal thinking in social policy was introduced at the beginning, it stayed on as a central part of later policies. Where targeting was part of the initial baggage of social policy, it was difficult to change it at a later stage.

It would have been only natural if the Bank among its rich material of case studies had also brought in the successful examples of poverty reduction and equality creating structures seen in the Scandinavian welfare states. When the Bank decides to silently bypass these experiences it should be questioned. Is it likely this is done because that kind of knowledge does not fit the interests of the Bank and the basic paradigm of economic growth? Traditionally we know that the strong role of the state in the development of the welfare states does not fit that paradigm either.

It should also be questioned why comprehensive economic growth over a long time has failed to lead to poverty reduction in one of the wealthiest countries in the North. The United States with its many poor and homeless people is a prime example. How is such a case explained by the Bank and why is that kind of knowledge not discussed?

**Question 6: Why are the labour unions not part of the World Bank strategy for empowerment of the poor?**

All through the WDR it is stressed that the poor need to be integrated in the labour market and that it is through their participation in the labour market the solution to their poverty lies. The actual conditions under which the poor have to work are not in focus. What we do know is that poor people, skilled and unskilled, are likely to be offered low pay, no guarantee of continued employment, dirty and unhealthy environments at the workplace, no protection in case of industrial accidents or sickness, etc. If they overcome the barriers to organise, their employment is likely to end.

The WDR promotes empowerment of the poor but is not too specific on how that empowerment is to come about and where it should lead. Empowerment through organised labour is absent. This in spite of the fact that labour unions have been major movers for the rights of workers throughout history. Labour unions in Latin America fought for minimum wages, an efficient poverty reducing strategy that is not mentioned in the WDR. They were progressive actors in the process to bring in social policies and democratic governments. Labour unions in the West European welfare states fought for industrial safety and social security benefits for workers and non-workers, and against the influence of capital interests exploiting the daily lives of the workers. Political parties were formed on these principles and changed the social and economic landscape in favour of the masses.

How come the WDR chooses to make the labour unions invisible in the poverty reducing process?

There are many more questions than those posed above. It can only be hoped that they can find an arena where they can be answered.

## A Philosophical Analysis of the World Bank's Conception of Poverty<sup>5</sup>

*To construct an overall picture of poverty, it is necessary to go well beyond identifying the poor (Amartya Sen 1981).*

### Introduction

The *World Development Report 2000-1* (WDR), dedicated to poverty and development, aims to be one of the main policy documents guiding the World Bank's (WB) lending activities in the next decades. As the leading publication of the WB, the WDR's approaches tend very often to become a standard that influences the policy making process of many other actors in development and poverty eradication. Given the WB is among the most important actors in poverty reduction, the elements taken into consideration by this report's conceptualization of poverty could have many consequences for the lives of many people.

The report claims to offer a new view of poverty that recognizes the now widely accepted idea that poverty eradication is about the human beings behind the statistics. It states that although the Bank takes as a starting point the idea that poverty should be understood as a lack of health, education, and income, it also incorporates two new elements of poverty: vulnerability and powerlessness. The report claims to draw its conception from two main sources: 1) the voices of the poor themselves, and 2) the philosophical arguments by Amartya Sen and others for viewing poverty as a deprivation of basic capabilities rather than merely low incomes (WDR 2000, 1.2,1.3).<sup>6</sup> Furthermore, the report claims that the conceptualization of poverty it puts forward coincides with the demands of poor people, as expressed in the WB's background research "Voices of the Poor."

Accordingly, the report conceptualizes a framework of action to attack poverty based on three pillars:<sup>7</sup>

- Empowerment: Making state institutions pro-poor and removing social barriers to poverty reduction.
- Security: Helping the poor to manage the risks they face in their everyday lives, and managing national downturns to minimize their impact on the poor.
- Opportunity: Expanding economic opportunity for the poor by building up their assets and increasing the returns on these assets, through a combination of market-oriented and non-market actions.

The elements included in the Bank's conception of poverty—income, health, education, vulnerability, powerlessness, human development, as well as the inclusion of the "voices of the poor" and the explicit acceptance of Sen's capability approach—represent an important

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<sup>5</sup> This paper was written as a commentary of the consultation draft of *Attacking Poverty* released by the World Bank in January 2000. Footnotes have been added to reflect on the differences between the consultation and the final version of the report when relevant.

<sup>6</sup> The final version of the report does not make this claim, but still uses Sen's approach as a normative view.

<sup>7</sup> The final version of the WDR has changed the order of these three pillars putting the "opportunity" section first.

conceptual expansion of the WB's idea of poverty. It shows an evolution of the idea of poverty that aims to include non-income perspectives as well as the impact of growth on the poor—aspects neglected by the WB until now.

Nevertheless, many experts claim that the WB, in this WDR, still bases poverty alleviation policies on economic growth and consumption thereby blurring the important distinction between a people oriented approach to poverty and a people oriented conception of economy.<sup>8</sup> Other critics insist that pro-poor views that do not look at the structural causes of poverty in the first place—as the WDR does—are likely to become failed policies. The WB's explicit acceptance of Amartya Sen's capability approach to poverty, a philosophical as well as an economic view of poverty, should, in principle, be enough to disclaim that the WDR offers an economic view of poverty. The term capability aims to offer an alternative to income poverty and to gross national product (GNP) as a measure of well-being. In order to clarify to what extent the WDR's multidimensional view of poverty broadens the traditional view of income poverty, we offer in this paper a philosophical analysis of the concept itself.

In the first section of this paper we raise some philosophical questions regarding poverty concepts in general, and the WDR's conception of poverty in particular. The second section analyzes whether the WB follows through the consequences of accepting Sen's multidimensional and interdisciplinary view of poverty. We ask whether the WDR framework of action to attack poverty is consistent with the conception of the person that flows from the capability approach to development and poverty.

## **I. Philosophical Questions**

There are many questions a philosopher may ask when reading the WDR. As a preliminary point, it may be useful to remind of the etymological roots of the term “poverty” itself. The word “poverty” denotes the lacking of certain elements considered needed. In Norwegian, for example, “fattig” (poor) and “fattigdom” (poverty) refer to “one who can obtain little,” but both terms are directly related to “nød” (need) and “nødvendig” (necessary). Furthermore, it may be useful to ask for the usages of the term. Another starting point that could be considered is a hermeneutical approach. Hermeneutics is the interpretation of notions and the process of their changes as we use them. Finally, it may be required to provide a clear indication as to whether the causal preconditions of the concept in question ought to be included in the concept. It is always clarifying to do so. By including causal antecedents the user gives the contextual framework of the term. Yet adding elements to a concept has to reach an end. The question how many more elements are needed, however, is directly related to the public use of the concept. Traditionally, there are three different levels of use: a) the empirical or actual use of the concept; b) the normative or regulative use of definitions; and c) the essence of the concept. Useful as they are, these distinctions are limited, and thus in contemporary philosophy they have been supplemented by another strategy: an intersubjective discussion. The work of Habermas against the colonization of instrumental thinking, the thought experiments of the late Wittgenstein, and argumentative and Heideggerian descriptive histories of concepts, are all examples of analysis that focus on the relative adequacy—or non-adequacy—of concepts. Their underlying question is why are there better descriptions than others?

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<sup>8</sup> Moving the opportunity section to a first place reinforces such criticism.

Given the WB is offering a multidimensional view that includes many elements, it would also be useful to offer an “(in)adequacy analysis,” in the sense that one could go through the list of the elements included by the WDR as parts of poverty and see how they are being treated: How much and what type of health, education, empowerment, etc., is the WB defending or not defending? One could use a thought experiment: We have seen that poverty is directly related to concepts of need. What use is the WDR really making of the term need? Is the WDR referring to objective needs? Or is it really using the concept of need as an exchange value instead. Needs, however, could be conceived of as subjective, objective (that is, facts established by the sciences), or intersubjective (by interpreting need either in discussion, or instead as the result of strategic negotiation).

The WDR gives an account of poverty that includes several dimensions. Poverty, the document states, is not only 1) lack of income, but also lack of 2) health, 3) education. It is also 4) powerlessness, 5) vulnerability. Each dimension of poverty has its corresponding fill-in element—resources, health, education, power, social settings, and so on. If we look at the list in more detail, one can see that as the elements of list evolve and the concept of poverty widens, the process of getting out of poverty would eventually be very close to the achievement of basic values of modernity: as the poor are transformed into non-poor, they become healthy, well-educated, empowered and independent human agents in command of the resources and the social skills needed to also own their destinies. Given that the business of this multilateral is to loan money for “development,” the widening of the concept of poverty is an instance of the equation between the project of development with the project of modernity.

At the outset, the WDR’s widened version of poverty coincides with a basic etymological meaning of the term “poverty”: the poor are those who lack some things that are needed. However, the WDR’s use of the concept has also a clear context; a context that also includes its causal antecedents. The adequacy of the concept of poverty, the limits to the elements included on it, is established by that context also. For the World Bank, the concept of poverty is directly linked with the goals of development. The question how much is enough has widened in regards to its 1990’s conception because the meaning of the context—development—has also been widened. But in order to establish an adequacy analysis, we must look beyond the immediate context, and move further to that which remains the main role of the WB: the achievement of a global modern market economy.<sup>9</sup> The goal of expanding the market economy provides the WB’s framework for answering the question: what is a better description of poverty? How much is enough? The elements conceived as needed, therefore, are, de facto, the values of the market.

The role of the first section of the chapter dedicated to the conception of poverty is therefore an expansion of the understanding of what elements are needed in order to achieve the goals of the market. The WDR’s declarative emphasis on people’s agency does not entail the acceptance that people’s individual goals and rights are ends in themselves. On the contrary, the WDR’s conception of agency still has an instrumental role. The effort to empower poor people, to help them manage risks, and to expand their economic opportunities—the three pillars of this report—does not directly entail the acceptance of a full conception of agency.<sup>10</sup> Looking at this report in its entirety, the value the WDR places on health, education, or empowerment is still merely instrumental. These added dimensions are instrumental for the

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<sup>9</sup> The expansion of the market economy has been the main role of the WB since its inception.

<sup>10</sup> Moving the discussion about the role of growth in poverty reduction to the front reinforces such view.

success of market values. Market values that do not have certain type of constraints, however, could be seen as either amoral (McNeill 1999) or as basis for injustices (Sunstein 1997).

It may be argued, furthermore, that such a conception of poverty brings with it certain side effects, such as the reproduction of class differences we see in very advanced economies like the USA. The report is blind to possible negative effects on people's lives by policies driven mostly by market values in advanced societies. The report rather assumes that, this time, its suggestions would not bring unintended consequences. Yet many negative unintended consequences could be learned from the process of reproducing class differences that is taking place currently in the United States. There is important scholarly academic research offering alternative conceptualizations of poverty and development that aims to bring to light such unintended consequences. Amartya Sen's conceptualization of poverty as capability failure, for example, is able to show that many sections of the population in the US have standards of living well below those of citizens in developing countries.<sup>11</sup> The role of growth and market values in helping lift people out of poverty is an old discussion. When seen as a dichotomy, the WB sides on growth and market. Sen, nevertheless, stresses that there is compatibility between the market and certain sets of ethical values. Such belief, however, does not entail that the rules of the market, by themselves, are moral or that they may lead to social justice. According to Sen, a lot more is required if the world should succeed in fighting poverty. In the next section we will analyze Sen's capability approach in order to clarify to what extent is the WDR consistent with Sen's view.

## II. Capability Poverty<sup>12</sup>

The WDR explicitly endorses Amartya Sen's capability approach. Although Sen has cooperated with several UN agencies such as the ILO<sup>13</sup> and the UNDP<sup>14</sup>, his direct involvement with the WB is quite recent. Shortly after the release of this consultation draft, Sen published a new book, *Development as Freedom*, which collects a series of seminars held in the World Bank during 1997 at the invitation of its president, James Wolfenson. Currently, Sen is assessor for the WB in cultural issues. The report states that Sen's capability approach helps to explain that poverty is more than lack of income, and offers arguments to include deprivations in health and education. The report then adds that "by the same token it can be argued that vulnerability, and voicelessness and powerlessness, are key dimensions of capability (WDR 2000, 1.4)."<sup>15</sup> The text does not provide further explicit claims regarding Sen's approach to poverty. It acknowledges some of his work and views in some other chapters, but there is no clear analysis of what Sen's approach truly entails at the conceptual level, nor at the levels of policy and implementation. The report is blind as to how Sen's approach may be incompatible with other theses stated in the report or with long-held beliefs inside the WB bureaucracy. We have shown in the former section that there may be reasons to doubt the consistency of the declared conceptual view of poverty.

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<sup>11</sup> The final version of the Report explicitly acknowledges this issue.

<sup>12</sup> This paper does not address absences or plausible criticisms to Sen's approach itself. That does not mean the authors do not recognize those limitations. Sen's approach, for example, does not address what type of poverties wealth itself could generate, such as the lack of community. Many critics also argue that he neglects environmental issues. Last, the implementability of the concept capabilities still remains to be seen.

<sup>13</sup> The landmark work of Sen on poverty, *Poverty and Famines: An Essay on Entitlement and Deprivation*, was prepared for the ILO within the framework of the World Employment Programme.

<sup>14</sup> Sen's capability approach is at the basis of the UNDP's leading conception, human development.

<sup>15</sup> The final version of the Report does not make that claim. Indeed the wording is less confusing. See Chapter 1, p 15.

Sen's main work since the 1960s, as a philosopher and as a development economist, has been to offer an alternative view of well-being to the one promoted by both mainstream economics and certain theories of justice by focusing on the behavioral basis of economic theory. Capability poverty is then the result of Sen's search for an alternative view to the pre-eminent neo-utilitarian and neo-liberal views in development economics. Sen centers his attack on these views by challenging usually unrecognized ethical assumptions common in economic science. Sen departs from the idea that there are many ethical elements in economic theory that are transferred to development economics. He thus denies the distinction between positive and normative economics and broadens the informational basis of welfare economics by incorporating considerations of social justice, quality of life, rights and entitlements. Sen's capability approach is both, an alternative view of development and an alternative view of poverty, both explicitly expressed on ethical terms.

His work on the capabilities approach represents an important challenge to two of the core assumptions of the science of economics, the idea of *homo economicus*, and the theory of rational choice. The economic man is purely rational—in an institutional and strategic sense—he obeys the laws of ordering subjective preferences that follow logical rules, such as transitivity. Such a being is asocial, isolated from his context; an abstraction that focuses only on the internal completeness and consistency of people's preferences and in how these preferences are transformed into choices (Haussman & McPherson 1994). The economic man makes only self-interested rational choices. Rational choice theorists justify in this way the collective results of how groups of individuals act driven only by their personal interests and preferences.

Sen's capability approach offers an alternative view of the person and of human action and thus an alternative view of well-being. Building on the basic needs approaches developed by Paul Streeten (1981) and Mahbub ul Haq (1976), Sen claims that development ought not be conceptualized as the achievement of modernization, industrialization and economic growth, but as the expansion of people's capabilities and functionings: capabilities refer to what people can do or cannot do; and functionings refer to what people actually do or not do.

The context that Sen uses in order to establish the limits to his conceptual analysis is a set of valuable ends; that is, aspects of human life that are valuable to human beings when seen as fully moral agents. The capability approach challenges the idea that development is the expansion of goods and services and that poverty is the lack of certain commodities or lowness of income. In his early versions of the capabilities approach, Sen insisted that although goods and services may be valuable, they are so because of their instrumental value.

Their value rests on what they can do for people, or rather, what people can do with these goods and services. This question is an important one to emphasize because commodity fetishism—to borrow an expressions from Marx (1887)—is such a widespread phenomenon, and the important role that the exchange of commodities plays in modern society tends to sustain such fetishism (Sen 1984).

One of the fundamental theses of Sen's work is that economic growth has only instrumental value and thus cannot be an end in itself. He insists that growth ought to be one of the goals of development and a means to alleviate poverty, and endorses the market economy as a tool for poverty reduction. Nevertheless, Sen's argument goes long beyond that, and to narrow it to the achievement of these goals is a substantial distortion on Sen's approach.<sup>16</sup>

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<sup>16</sup> In section 1, paragraph 7 the WDR states: "Whatever the concept of poverty, certain dimensions dominate the analytical and policy discourse because of their relative ease of measurement and because they lend themselves

The presence of growth, in Sen's view, does not guarantee alleviation of poverty. Indeed, Sen's conceptualization of poverty is grounded on the assumption that without many freedoms, which have both instrumental and intrinsic value, economic growth and the market cannot better people's lives.

In his latest publications (*Development as Freedom and Freedom, Social Choice and Responsibility: Arrow Lectures and Other Essays*), Sen stresses that poverty is the deprivation of certain basic freedoms. Sen argues, furthermore, that threats to these basic freedoms are interrelated with the deprivation of other types of freedoms, such as the lack of civil and political liberties, threats to our environment, or the lack of employment and market access. In Sen's view, poverty is not only the result of inadequate income, but also the deprivation of freedoms that are intrinsically good. Therefore, there are not only many influences in capability deprivation other than lowness of income, but most importantly, the instrumental relation between low income and low capability is variable between different communities, families, and even between different individuals.

The conceptualization of poverty as capability deprivation shows that poverty may be more intense than it may appear at the income level. It also shows that relative deprivation in terms of incomes can eventually lead to absolute deprivation in terms of capabilities. For example, Sen's work shows that although some poor people in the USA have an absolute income higher than people of the Indian state of Kerala, citizens from that area of India are better off in terms of capabilities or ability to function than some African-Americans living in the district of Harlem in New York City.

Unemployment is another example of how judgments of income and judgments of capabilities lead to different outcomes and therefore different policy recommendations. Those who claim that unemployment safety nets are all that is required to avoid the poverty caused by the loss of employment assume that income is the central feature of the conceptualization of, both, employment and poverty. Sen argues, however, that unemployment has many other important effects on people's lives that lead to different types of poverty or deprivations, such as psychological harm, loss of skills, loss of self-confidence, or an increase in the risk of illnesses. Capability poverty sees all these deprivations as part of poverty itself; therefore unemployment benefits, or other safety nets, are necessary but not sufficient to alleviate poverty.

In short, in Sen's view, freedom from poverty is the first stage in the process of development—an integrated process of interconnected freedoms. In Sen's own words "development requires the removal of major sources of unfreedom: poverty as well of tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states (Sen 1999)." Sen's approach, therefore, entails that any analysis of poverty reduction strategies must look at the simultaneous and necessary roles of many different institutions, including the state, markets, market-related institutions, civil society groups, political parties, and so on. Sen's view of poverty in terms of freedoms and capabilities enhances the understanding of the causes and

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to comparison across individuals, communities, and countries. These include indicators of health, nutrition, and education, but most dominant are indicators of poverty based on monetary measures of income and consumption." It is highly questionable that the WDR could be consistent with Sen's approach when it places more value on a cognitive norm—measurability—above the ends that define capability. The final version of the report is also more careful in its wording of this section. The former quote does not appear.

nature of poverty by focusing on the “ends” that people have reason to value, and on the “freedoms” that allow for the achievement of those ends. The policy recommendations and the role of the state and other institutions that follows from Sen’s view would require substantial changes in the WB.

In a recent contribution to a major newspaper discussing the importance of the worldwide protests against the globalization of the market economy and its agents, Sen clearly indicates that the world of the Bretton Woods Institutions is in the past. He states that the real debate about globalization is not about the efficiency of the market economy but rather about the present inequality of power. Sen clarifies his latest position in the following terms:

[ We] have to recognize the enormous inequalities that exist across the globe and often within each country, and we have to examine the manifest disparities that give these global doubts the political salience they undoubtedly have. What is needed is not a rejection of the positive role of the market mechanisms in generating income and wealth, but the important recognition that the market mechanism has to work in a world of many institutions. We need the power and protection of these institutions, provided by democratic practice, civil and human rights, a free and open media, facilities for basic education and health care, economic safety nets, and of course, provisions for women’s freedom and rights—a neglected area which is only now beginning to receive the attention it deserves (Sen 2000).

## Conclusion

The conceptual acceptance of capability poverty entails the acceptance that the WB requires a substantial reform in many other ideas and concepts. Normative shifts, changes in major goals and values, require the adaptation, transformation, and in many cases, the rejection of longtime held beliefs. Even conceptually, the Bank has a long way to go. Among other many absences in the WDR is any serious treatment of the role of human rights in alleviating poverty. As the UNDP correctly claims in its latest *Human Development Report* (UNDP 2000a) and its *Poverty Report* (UNDP 2000b), we need research on the ways in which social, political, civil, cultural and economic rights interact with each other, as well as research on developing measurements and statistical tools to assess them. In section 1 paragraph 7 the WDR claims:

Whatever the concept of poverty, certain dimensions dominate the analytical and policy discourse because of their relative ease of measurement and because they lend themselves to comparison across individuals, communities, and countries. These include indicators of health, nutrition, and education, but most dominant are indicators of poverty based on monetary measures of income and consumption (WDR 2000).<sup>17</sup>

It is highly questionable that the WDR could be consistent with Sen’s approach when it places more value on a cognitive norm—measurability—above the ends that define human life such as political freedoms or the right to a decent life. Moreover, income poverty measurements were precisely developed as tools for the Bank’s view of poverty as an exclusive economic problem. Capability poverty is clearly a political issue, one that demands research on alternative measuring systems. Instead of rejecting the old tool for the new goal, the Bank is rejecting the new goal for the old tool. As long as income poverty dominates the informational basis for the WB’s policies (WDR 1.7), the picture of poverty this multilateral presents is distorted.

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<sup>17</sup> The final version of the Report does not make that claim. Nevertheless, although the new wording is more careful, the focus on income and commodities measurements holds and so does this criticisms.

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## The Institutional Chapters: The World Bank's View of the Role of Institutions in Poverty Reduction<sup>19</sup>

### Introduction

In Salman Rushdie's novel, *Haroun and the Sea of Stories*, we are introduced to Mr. Butt, an indefatigable bus driver who is trying to get to a certain place in the high mountains before sunset. To the steadily increasing alarm of Haroun and the other passengers, Mr. Butt's response to any obstacle that appears on the road ahead – snow, ice, rocks, crumbling road surface, avalanches -- is always the same: "Full speed ahead!" he cries (Rushdie 1990: 36). Hans Opschoor, in discussing options for sustainable development, remarks that Mr. Butt's approach seems remarkably similar to the typical mainstream economist's when confronted with almost any problem: more growth, and at full speed (Opschoor 1996).

Clearly, Mr. Butt was kept out of the drafting team for the *World Development Report* this time. Refreshingly and at last, this report acknowledges the key role of institutions in the task of alleviating poverty. By acknowledging that institutions (defined as the formal and informal rules, norms and values that structure human interaction and constrain the behaviour of individuals) are critical for the task of reducing poverty, this report marks the beginnings of a shift in The World Bank's conceptual framework for tackling poverty. This is to be welcomed, for institutional approaches allow us far better understanding of the complex asymmetries in power, information and voice in societies where widespread poverty and deprivation persist. Acknowledgement of and references to Amartya Sen's seminal work on capabilities and entitlements as aspects of deprivation are also welcome, and long overdue from this leading multilateral organisation charged with the task of eradicating global poverty.

Some early commentators are already saying that the report goes far, but not far enough. Perhaps this is an accurate judgement. One reads the 2000/01 edition of the WDR with mixed feelings of surprise, relief and disappointment. This is primarily because the new and innovative approaches have been combined ad hoc, creating a confusing and difficult document for policy makers and practitioners. The frequent recourse to jargon does not help (though perhaps one must expect it in such a document), nor can it entirely conceal the lack of a clear and unified perspective on poverty alleviation and related policies for the coming decade. This is particularly true with regard to the issue of mechanisms, a vital aspect for the task of formulating and analysing policy options for poverty reduction. The causal mechanisms that maintain poverty and the mediating mechanisms involved in the new conceptual apparatus remain unspecified and elusive.

In this brief paper the focus is on the matter of causal relationships and mediating mechanisms in the subject matter of the WDR 2000/01, including and with particular reference to the use of the concept of social capital. I will concentrate on the institutional chapters, Chapters 3 and

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<sup>19</sup> For Panel Discussion on consultation draft of *The World Development Report 2000/01: Attacking Poverty*, First National Conference on Norwegian Poverty Research in the Third World, Oslo, August 28-29, 2000

4, which make up the section of the report entitled “Empowerment”.<sup>20</sup> While the section is given this currently popular label, it is essentially about social and political institutions. The issue of mechanisms is an essential complement to the institutional approach for understanding the causes and processes of poverty, and for identifying suitable policies to break the vicious circle in which poor people are bound. Mechanisms help us understand the pattern that connects a particular cause to a related effect by providing a plausible account of *how* they linked (Hedström and Swedberg 1998), and thus provide information about contexts, situations, time frames and intermediate phenomena. Analyses based on sound understandings of the social mechanisms of poverty will allow us to identify policies that attack the specific causes of poverty, and thus enable the poor to escape from poverty.

### **Attacking Poverty, But With What?**

Chapter 3, “Making State Institutions Pro-Poor”,<sup>21</sup> provides an institutional perspective on government action to reduce poverty, taking note of Amartya Sen’s and Robert Putnam’s separate theses on the value of civil society and democratic institutions<sup>22</sup> for economic development (Sen 1981; Putnam 1993). But the intentions of bringing in these theses remain unclear. While Sen’s thesis, that human starvation during famines is primarily caused by a failure of entitlements, is appropriate and potent, more work is needed to understand the precise sources and mechanisms of entitlement failure and related policy options for its prevention. Gasper (1993) has outlined ambiguities and problems in the literature on entitlement, arguing that with further refinement “entitlement analysis” can help in famine anticipation and famine relief, not just famine prevention. He cites De Gaay Fortman’s comprehensive research agenda for the analysis of constraints in present entitlement processes (De Gaay Fortman 1990: 27). Leach, Mearns and Scoones (1999) have extended the entitlement concept for use specifically in the field of community-based natural resource management. The WDR mentions Sen and Putnam, but overlooks and does not build on such attempts to explore concrete implications for research and policy. The effect is decorative and no more.

Putnam’s thesis linking membership of civic associations with democracy and development could similarly be valuable here, but it relies on an intermediate explanation involving social capital and “generalised trust” which remains controversial and disputed. His critics have pointed out that cross-country data from outside the US show little reliable correlation between trust in government, associational membership, and generalised trust (Foley and Edwards 1998). Other scholars have argued that this approach reduces the contextual complexities of trustworthiness to an unviable generalised scheme (Newton 1998). Much of current research is showing that trust cannot be generalised across a society so seamlessly. As

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<sup>20</sup> This refers to the consultation draft. The chapters are at number 6 and 7, respectively, in the final version. Following Ravi Kanbur’s much-reported departure as leader of the drafting team in June 2000, the order of the three sections “Empowerment” (on institutions), “Security” (on risks and shocks) and “Opportunity” (on markets and assets) was changed with the section on opportunity coming first. The final version released in September 2000 notes that the three sections are meant to be complementary, that their order implies no particular significance or relative importance, and that priorities will need to be set according to specific cases and contexts (p. 7). Critics have suggested that the change in order came about in deference to World Bank senior economists and select member countries’ views on the primacy of market and growth-led approaches to poverty reduction. To the extent it matters, the most logical sequence to this observer seems to be empowerment, followed by opportunity, then security.

<sup>21</sup> The chapters have slightly different titles in the final version. This one is called “Making State Institutions More Responsive to Poor People”.

<sup>22</sup> Including Sen’s well-known thesis about the role of democratic institutions, especially a free press, in preventing famine.

Susanne Rudolph has argued, this reading of social capital does not adequately confront the “context of highly unequal societies in the grip of radical social change, the condition of many countries in the South” (Rudolph 1999: 9). Thus the approach runs the risk of becoming less relevant the further one moves away from the US and Italy, Putnam’s main concerns, towards regions that constitute global concentrations of poverty. Moreover, Putnam’s indicators of “generalised trust” are derived from an aggregation of individual attitudes and values, a sort of *per capita* measure of social capital. While this method may be adequate for Putnam’s own purpose, it ignores the relational and contextual nature of social structures within which social capital is embedded (Foley and Edwards 1998; Prakash 1997; Prakash forthcoming). More critical still such an approach does not pay attention to the *distribution* of social capital across society, evading the difficult question of how social capital is concentrated.

Let me note here that if the terms “social resources” or “social assets” were substituted for social capital, the contents of this report would not be substantially different.<sup>23</sup> The current exuberance and contention around the idea of social capital should not make us overemphasise its significance. The term “capital” is widely used in a metaphorical sense, but social capital should not strictly be seen as a form of capital. This is so for a number of reasons, chief among them that unlike forms of capital social capital does not lodge in individuals, groups or corporate entities but in the relations among them, and because investments in it are neither capable of strict quantified measurement nor seem to imply forgoing present consumption for future benefit (Solow 1997; Arrow 2000). The term originated (within its present meaning) in sociology, especially economic and network sociology, and has been used in political theory and, infrequently, in transaction cost economics. Most economists remain sceptical of its value.

### **A Fragmentary View of Poverty**

In chapter four, “Building Social Institutions and Removing Social Barriers”, the theme of social capital in micro-level and informal contexts receives copious treatment. The chapter makes a threefold distinction between forms of social capital (SC): i. *bonding SC* (representing the strong ties within homogenous groups, families, small communities); ii. *bridging SC* (cross-cutting or “weak” ties between people of roughly equal status, such as workplace colleagues, members of civic organisations, business associates); and (since bridging primarily implies horizontal relationships) iii. *linking SC* (vertical ties linking people of unequal status -- political elites and the poor, for instance). The chapter goes on to state “the poor typically have a plentiful supply of bonding social capital, a modest endowment of bridging social capital, and almost no linking social capital”.<sup>24</sup>

While the categories of bridging and linking are useful and may potentially enrich the conceptual framework of social capital studies, they require sustained theoretical and empirical research to explore their sources, interrelationships, and intermediate mechanisms.<sup>25</sup> In many cases these terms only reformulate what we already know by other names in the social sciences. For instance, Granovetter’s studies on micro-level enterprise and employment seeking suggest that the “weak ties” conducive to market transactions can often only be formed at some cost to “strong ties”, that is, kinship and social networks (Granovetter 1973).

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<sup>23</sup> Many references to social capital have indeed been substituted with other terms in the final version!

<sup>24</sup> On page 4.4, para 4.10, consultation draft. The corresponding section in the final version is at Chapter 7, pp. 128-30, though the language has been considerably improved there.

<sup>25</sup> The question remains whether these “types” of social capital bear any relation to Coleman’s initial delineation of forms: norms and effective sanctions, information channels, authority relations, etc. (Coleman 1990).

Strong ties restrict opportunities for investment, trade and employment because of norms of redistribution within the community, constraints on individual action, etc. The real question is what is to be done about the paucity in social capital endowment of the poor. To say that the poor are excluded from external networks is mere tautology -- social exclusion is, after all, almost a synonym for poverty.

Unfortunately, the authors mention *negative* social capital almost as an afterthought. Because social capital is exclusive as well as inclusive along any of the three dimensions, the poor are usually at the receiving end of someone else's social capital. Thus the right question to ask about social capital in the context of poverty might be similar to the one frequently asked of those who propagate rapid economic growth as the panacea for all ills: social capital *for whom?* It is here that sustained analysis of the mechanisms relating the causes and consequences of social capital would have helped, had it been attempted.

In both chapters, policy analysis and suggested guidelines remain vague and indefinite. While this aspect has been improved in the final version by reducing the role played by social capital and adding several case studies, this is the equivalent of putting band-aid over a structural defect. That defect is the incomplete and fragmentary conceptualisation that marks the architecture of these chapters, and of the World Bank's perspective on the role of institutions in poverty reduction in general. The report could have gone much further by using the new approach to tackle the complex, embedded roots of the social processes that lead to poverty. It could have provided a usable tool-kit to policy-makers and practitioners based on an effective and workable understanding of the social mechanisms that sustain poverty, hunger and deprivation. If we read between the lines, what the WDR 2000/01 has perhaps told us instead is that the World Bank's organisational mindset does not sit well enough with such an institutional approach to follow through completely, at least for now.

The next edition will be out in ten years time.<sup>26</sup> Tell the poor to wait.

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## Desmond McNeill<sup>27</sup>

### **Does Social Capital help the World Bank in understanding and alleviating poverty?**

#### **What is social capital?**

**Social capital** consists of social networks: “networks of civic engagement and associated norms”, according to the man who made the term famous, Professor of Political Science Robert Putnam.

In his book *Making Democracy Work: civic traditions in modern Italy* (1993), he established, on the basis of a comparison between Northern and Southern Italy, that social capital has a positive effect on the productivity of the community.

The World Development Report draft, 2000 (WDR) makes much use of the concept, especially in Chapter 4. Here it is stated:

«definitions and interpretations differ widely, but .... it ‘refers to the ability of individuals to secure benefits as a result of membership in social networks or other social structures» (4.2). See also chapter 7 in the final report.

#### **Why is the World Bank interested?**

This is a long, and I think interesting, story, which I am working on as part of a research project on the role of ideas in development assistance (the CANDID project)

The short, and obvious reason, is that if social capital is important for economic well-being then the World Bank needs to know about it: both to *understand* it, and to use this knowledge for better *policy*-making. A more complex reason has to do with the dominance of economic thinking in the World Bank.

From the point of view of economists in the World Bank, the concept of social capital makes it possible to conceptualise, and understand, a phenomenon which would otherwise normally fall outside their frame of analysis.

From the point of view of sociologists/anthropologists in the World Bank, the concept of social capital enables them to get on the agenda a very important set of issues which have previously been marginal.

#### **Does social capital help (someone) in understanding poverty?**

It depends who the someone is. For sociologists and anthropologists the concept offers little new. For economists it may be helpful. But there is a danger that it may actually become distorted.

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Consider the following excerpts from WDR. First concerning analysis/understanding, and then concerning policy based on such analysis :

«Social interactions between individuals and communities and between communities and societies also influence poverty outcomes. ... They do so by affecting the productivity of economic assets, the strategies used to cope with risk, the capacity to pursue new opportunities, and the extent to which particular voices are heard when decisions are made.» (4.1)

This paragraph is so general as to be unexceptionable. But note the mixture of agendas and 'languages': from 'productivity of economic assets' to 'voices being heard'. Take another example:

«The poor typically have a plentiful supply of bonding social capital, a modest endowment of bridging social capital, and almost no linking social capital» (4.4)

This claim may be true by definition (depending on how you define 'bonding', 'bridging' and 'linking' social capital). But it has not been shown empirically, and its speculative nature is indicated by the give-away qualifier 'typically'.

Turning to policy, it is interesting to contrast the following three quotations:

«Development policy should thus seek to help marginalised groups build more diversified 'portfolios' of social assets.... Responsibility for managing these assets should be transferred as soon as possible to the groups themselves.» (4.9)

This is an economistic, and technocratic way of presenting the issue. (Indeed, if you think about it, a rather extreme example).

«To reduce poverty and empower the poor the key issue is to find ways of creating synergies between civic and state institutions and between formal and informal institutions.»

This is less economistic, but not particularly specific. The third quotation, by contrast, indicates the potential dangers of intervention, giving grounds for a cautious approach:

«The National Federation of Herders in Central African Republic was 'contaminated' by donors giving it too much money. (4.9)

What is interesting is that all three quotations are contained in the same chapter, indicating that the report - and presumably the World Bank - is still unclear as to what make of the concept.

## **Conclusion**

One could claim, from a reading of this WDR, that use of the term social capital has perhaps helped to broaden the World Bank agenda: to include power, inequality (including gender, caste), ethnicity, domestic violence against women. And that it has also given more voice to the sociologists and anthropologists in the World Bank.

But, I suggest, this is achieved at a cost, in terms of the distortion of what these disciplines have to contribute.

To return to the question posed in the title: Does Social Capital help the World Bank in understanding and alleviating poverty?

Because the concept of social capital is accepted (rightly or wrongly) in the World Bank, 'soft' issues such as the role of civil society, the importance of community participation etc, may now be taken more seriously by economists in the World Bank. They may therefore be more taken into account in the choice and design of programmes and policies; which should be positive in terms of alleviating poverty.

But it is far from clear that the concept of social capital has increased the understanding of poverty. Paradoxically, therefore, the answer may be that, in relation to the World Bank, social capital does not help to understand poverty any better, but may help in alleviating it.

Else Øyen<sup>28</sup>

## Social capital formation as a poverty reducing strategy?<sup>29</sup>

### Introduction

The emphasis at this symposium is on poverty and whether poverty reduction can be obtained through a strategy of increased social capital. The emphasis is not on social development in general or the broader relationship between the state and social capital. Our goal here and now is to focus on poverty reducing strategies and to discuss whether the latest construction of poverty reduction through social capital formation is likely to achieve the UN goal of massive poverty reduction world-wide.

Social capital is defined in several ways and the learned people disagree on the definitions. The major problem is that it is not a very precise concept and that makes it difficult to use social capital as an analytical tool. As a social scientist I would rather throw it overboard. However, lately it has turned into a very important political tool, in particular in relation to poverty reduction, and as such we shall need to relate to it in order to understand better its usefulness, or lack of such, in poverty reduction.

In its simplest forms social capital is the sum of participation in informal networks, registered organisations, associations of different kinds and social movements that an individual experiences. Some will argue that only participation in formal organisations can be defined as social capital. Others will argue that sporadic participation in a social movement ought to be defined likewise as part of social capital. We need to keep these differences in mind in the following discussion.

The understanding is that through membership in different organisations and networks individuals will develop joint interests and shared norms which in turn will lead to trust and better understanding of differences in cultures, background and life styles. During this process democracy might emerge and individuals might have the opportunity to capture rights and benefits. Still others will emphasise that the social capital created within a social structure,

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<sup>29</sup> Paper presented at UNESCO/MOST and CROP/ISSC symposium at the UN World Summit for Social Development+5, held in Geneva June 2000. The title of the symposium was "Social Capital Formation in Poverty Reduction: Which Role for the Civil Society Organizations and the State?" The *World Development Report 2000/2001 Attacking Poverty* makes social capital formation a major poverty reducing strategy and the organisers of the symposium wanted to focus on this issue and understand better its potential as a poverty reducing strategy. The other papers presented were:

-*Introduction*, by **Francine Fournier**, Assistant Director-General of UNESCO

-*Cross-sectoral Partnerships as a Poverty Reducing Strategy*, by **Miquel Darcy de Olivera**, National Program for the Promotion of Volunteer Work in Brazil

-*Social Capital in Theory and Practice: Reducing Poverty by Building Partnerships Between States, Markets and Civil Society Organizations*, by **Michael Woolcock**, Development Research Group, The World Bank

-*Social Capital and the Rural Poor: What can Policies and Civic Actors do?*, by **Sanjeev Prakash**, Norwegian Research Center in Organization and Management, University of Bergen, Norway.

**Faith Innerarity** (Ministry of Labour and Social Security, Jamaica) commented on the papers.

such as reciprocity and mutual aid, increase the opportunities for collective action. If this is so, then civil society and organisational development ought to be encouraged.

The major questions in this forum, and everywhere else where poverty issues are of importance, are:

- Whether social capital formation is relevant to poverty reduction?
- Whether social capital formation is likely to be more efficient than other strategies?
- How the strategy of social capital formation teams up with other strategies for poverty reduction?

The notion of social capital is not new. It is part of human nature to interact and participate in the lives of other people. For a long time the notion of social capital and its variations in different cultures has been part of the social sciences, not to say, the study of human interaction is the core of the social sciences. The interesting questions are:

- Why this concept has now reappeared?
- Why social capital is being promoted so vigorously?
- Who the promoters are?
- Why social capital is being linked to poverty reduction?

In the forthcoming *World Development Report* from the World Bank increased social capital formation is promoted as a major strategy for poverty reduction. Political scientists in particular have adopted the paradigm around social capital. NGO's seem to be delighted that their investments in community work and participatory approaches can now be legitimated through the strategy of social capital formation. While donors look to social capital formation as a renewal of many so far unsuccessful attempts of poverty reduction.

Does all this enthusiasm mean that social capital formation will be an efficient poverty reducing strategy? Or is it rather that the concept of social capital fits into other agendas? The discussion on the future role of the state seems to be crucial here. The World Bank for example has for a long time pushed for a rollback of the state and a lowering of public expenditures. Increasing civil society through promotion of social capital fits into this agenda. Another agenda is found in the new individualistic waves, or maybe not so new, stressing individual freedom rather than investments in society. That kind of ideology may likewise be part of the picture. Individuals are encouraged to place their loyalties in organisations that further their particular interests rather than societal interests. Still another agenda is found among political scientists who for a long time have been on the outlook for a new paradigm: some of them have found it in the use of social capital analysis. The economists might try to parallel their efforts of operationalising human capital to that of social capital. Some of the voluntary organisations stress the humanistic value of social capital, a renewal of democracy, grassroots power, and an escape from "ugly politics". (Also, but that is just between us, social capital as a poverty reducing strategy is a great money saving device!!)

With all these different agendas in mind, and accepting the fact that increased social capital formation is valuable in itself, let us move on to the crucial question: is social capital formation a relevant strategy for poverty reduction?

The notion of social capital is based on the understanding that informal and formal structures form around certain human needs. Some networks are heterogeneous and open for a wide range of participants. Other networks are homogenous and allow entrance only to people who are of the same kind. At least two questions are of relevance here:

- Do poor people have the same sort of networks as the non-poor?
- Are poor people allowed entrance to the networks of the non-poor?

The first question can be answered in the negative. Poor people do not form or participate in the same kind of organisations as the non-poor, as confirmed by a whole set of studies. Their non-participation in political and civic life is part of the political poverty which is so closely connected to other forms of poverty. The time constraint created by poverty reduces participation in networks organised around non-profit activities. Instead, often their networks are found to be related to strategies for survival. The networks may be based on bartering and exchange of trust in the sense that borrowing and lending goods and services are integrated in a symmetrical pattern of expectations. Another kind of network is expressed through family support which may stretch far both in kinship and geographical terms. Occasionally interest groups are formed to fight for some public good, which is usually controlled by the non-poor. Community workers and others try to develop and strengthen local network among the poor to help improve living conditions and integrate the marginalised part of the population into the broader community. The tendency is for the poorest groups not to become lasting members of those networks.

The second question is whether poor people are allowed entrance into the networks of the non-poor. A qualified guess leads to another negative answer. All societies are stratified, some more, some less. Stratification and differentiation have as their foremost goal to define some people or groups as members of their strata or organisation and to keep others out. Usually it is the majority that is kept out, and the minority that is allocated the privileges and rights which belong to that strata/organisation of which they are members. The poor are by definition and tradition at the bottom of such stratified societies. Social exclusion is still another feature of poverty. Symbolic differentiation and exclusion may be just as powerful. The poor can be exposed as examples of failure to adjust to the dominating norms of the non-poor, understand the "real" values of society, get ahead, etc. The whole set of stereotypes can be put on the witness stand here. With all these stereotypes floating around there is little reason to believe that the poor will be welcome in most networks. In any network a member is expected to contribute with something, whether it be material or non-material resources. By definition the poor may not have much to add in the way of material resources to any non-poor network. While their non-material resources may not be much appreciated since they stem from a different background.

*The rosy picture of integration through social capital formation is gloomy and unrealistic. If a majority of the poor are neither able to develop useful networks for increasing their own social capital on a large scale, nor given entry into those networks where social capital flourishes, how can social capital then be an efficient instrument for poverty reduction?*

The conclusion must be that at present social capital formation is not a useful instrument for poverty reduction.

However, that does not mean that efforts to increase the social capital of the poor should not be intensified, although for somewhat different purposes. It is necessary to mobilise the poor if any changes in their living conditions are to occur. It is necessary to make the poor part of political life for their voices to be heard and for democracy to come true. It is necessary to open up and let the poor into civil society if they are to become part of society at large. It is necessary to increase the social capital of the poor if civil conflicts are to be avoided. For all these reasons, and several more, it is vital for the poor as well as for the non-poor that social

capital formation among the poor be increased. Over time, and in conjunction with a whole set of other strategies such as redistribution of major resources, it may lead to poverty reduction. It may take a generation or more.

The important thing here is that we do not exchange basic redistributive measures, extension of citizen rights, investments in health and education, and implementation of human rights, with social capital formation, however useful it is for several other purposes.

It is likewise important that civil society organisations get a realistic picture of the use of social capital formation in poverty reduction. Elsewhere I have argued that it is not enough to educate the poor. It is just as important to educate the non-poor to make them understand the restrictions poverty makes on the day-to-day lives of the poor, to make them understand what it takes to open up society for better integration of the poor, and what it takes of tolerance and understanding to allow entrance in their own personal networks for the creation of social capital among the poor.

## **New Social Corporatism**

### **A discursive-comparative perspective on the World Development Report 2000/1, “Attacking Poverty”.**

#### **Summary**

The references in WDR 2000/1 to ‘empowerment’ and ‘voices of the poor’ provide the point of departure for a combined discourse analysis and comparative policy analysis. This paper looks at the process around the WDR as part of a hegemonic project (section 2), and the contents of WDR are seen as a discursive act related to four different social policy discourses: Social paternalism, social liberalism, social corporatism and social radicalism (section 3). The report is a contribution to the rediscovery of social corporatism, and the communitarian and social-liberal sources of inspiration are outlined (section 4). The bearings on the report of liberal-democratic theory are identified, and these liberalist tenets are criticised (section 5). An alternative pool of knowledge and experiences in poverty reduction, social radicalism, is presented (section 6). The paper concludes that the WDR is a product of a liberal-populist technocracy, challenging the neo-liberal hegemony from within (section 7).

#### **1. Introduction**

The World Development Report 2000/1, *Attacking Poverty*, have at the least two tenets that are significantly new in World Bank publications: First, the accentuated references to ‘*Voices of the Poor*’, a survey preceding the report. Second, the analytical and prescriptive emphasise on ‘*empowerment*’ – empowering the poor – which headlines two of the chapters. At the same time, old ways of World Bank thinking have a strong bearing on the report. I here want to analyse these complex signals as discursive and political acts. For a political scientist, concepts like ‘voices of the poor’ and ‘empowerment of the poor’ invoke a mix of social radicalism and political populism. With the World Bank’s notoriously technocratic reputation, the WDR 2000/1 made me curious: Do we see a new breed of technocratic populism, or do we find something else?

In order to examine this question, I shall use two analytical tools: Discourse analysis and comparative policy analysis. Discourses - the language and practices by which inter-subjective meanings are represented – should be analysed both from within and from without. From without, we need to see how the new statements build on previous discourses that have become part of a wider system of communication and power. The hierarchic order and hegemonic dynamics of discourses need to be addressed in their specific political-social contexts. From within, the approach is sympathetic in trying to grasp the true subjective meaning of a new statement. Discourses and policies shape each other mutually. In the field of poverty-focused social policy, I present a taxonomy in order to identify the ‘policy discourses’ in the WDR 2000/1 and compare them with other relevant discourses.

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Henceforth, the paper starts with assessing the WDR as part of hegemonic projects and as discursive acts, respectively. For analytical purposes I present four poverty-focused policy discourses: Social paternalism, social liberalism, social corporatism and social radicalism. The WDR policy discourse on empowerment is viewed as 'social corporatism'. Furthermore, this discourse is seen within certain liberalist enclosures. Finally a critique is provided with reference to the alternative (European) tradition of social radicalism.

## **2. The WDR as part of a hegemonic project**

Let us assume that the WDR is part of a hegemonic project. I then refer to the activities emanating from a social group or organisation to provide leadership based on the power of their ideas, in order to rule with and over, rather than against, subaltern groups (see Germain and Kenny, 1998, for a modified Gramscian perspective on 'hegemony' adapted to international relations). The aim is, if not to rule the world, at the least to guide it through policy prescriptions. It rests on the wisdom that new policies need to build on consensus among the stakeholders in order to become successful. However, in a hegemonic project there are many problems. The main one is the fact that the stakeholders are very heterogeneous, like:

- The scientific communities
- The governments
- The practitioners – those implementing policies, or doing their best regardless of (often hopeless) policies, in various public agencies and NGOs
- The beneficiaries (alleged) – in the case of the WDR, the huge masses of the world conceived as 'poor'
- The financiers – those rich countries or institutions supposed to finance the policies, e.g. the donors.

The heterogeneity of the World Bank constituencies is emphasised by most observers. Let me quote a comment made after Prof. Ravi Kanbur, the lead author of the WDR consultation draft, resigned.

"To keep the bank afloat, [World Bank president] Wolfensohn has to steer between two major constituencies. The first are the critics, the second is the US Treasury (...) To save the Bank, and his own reputation it is essential that the Bank's policies and public pronouncements do not err too far from its main shareholder and political protector, the US Treasury". (Focus on Trade, No.51 June 2000).

Prof. Kanbur, supposedly, strayed too far from the Washington Consensus of economic growth and market liberalisation with his emphasise on the issue of 'empowerment'. The latter was the headline of the first section in the consultation draft. It introduced governance, poor people's social and political rights, social capital and other issues inspired by soft social science issues and/or criticism from a wide range of advocacy groups. When the Bank board signalled it wanted changes in the final report, Prof. Kanbur resigned.

From this example it should be noted that the main benefits of pursuing a hegemonic project is only on rare occasions a broad consensus. There are two other goals that are equally important to its master minds: First, to *build a hegemonic discourse*. That is made by involving representatives of all those groups that one pretends to build consensus on in discussions, that is, to set an agenda. If not making people agree on the specific issues of that agenda, at the least one could achieve that they, for a wide range of reasons, regard the agenda

as *relevant* and key statements evolving from it as *valid* (Latour 1987). Please note that all the different constituencies mentioned, not only the scientific communities, have their intellectuals. In a bold step, the WDR directors invited them to a semi-public electronic conference during the first half the year 2000, on the basis of a consultation draft available on the World Bank's web site.

The second aim of a hegemonic project is, as a result of the discursive process, to *produce legitimacy*. The World Bank is in its institutional set-up not capable of producing any democratic legitimacy, nor a charismatic one. In Weberian terms, the bank organisation is a typical bureaucratic power that cannot borrow legitimacy from the laws and constitutions underlying it, like nation-state bureaucracies. Rather, it has to produce its legitimacy itself, and this can in a modern world best be done by a scientific sub-type of bureaucratic legitimacy. I define this type of bureaucracy as a *technocracy*. Like any modern bureaucracy, it acts on behalf of universal reason, but its universalism is expressed in policy prescriptions rather than in the rule of law. The technocratic inclinations of the WDR are underpinned by the many references to social engineering: 'making', 'building', 'bridging', and 'removing' certain social structures as prescriptions.

Nevertheless, as Weber (1978:941-56) noted, legitimacy is a pillar of any stable form of domination. The other pillar is force. In the case of the World Bank there is no armed force, but the brute force of money. The Bank executes this power in tandem with the IMF in its lending policies and its unilateral setting of terms, the conditionalities.

Hence, I suggest that the main business of the WDR is not to create an intellectual consensus, but to legitimise future use of force.

### **3. The WDR as a discursive act**

Social science theories on discourses - language and practices by which inter-subjective meanings are represented - are mainly inspired by Foucault (1972, 1980). Taking a Foucauldian view, we could look at a discourse as constituted by statements: New statements are part of a discourse when they have the character of an 'event'. They are 'events' when they refer to, and make sense in relation to previous statements (discursive acts, e.g. the publication of texts), each reproducing and 'reorganising' a certain field of association. A discourse can become influential when it is supported by power centres with enough knowledge resources and means of communication technology to create an 'event', like the World Development Report 2000/1. As noted above, that act represents a hegemonic discourse if it can involve representatives of all those groups that are needed to render legitimacy for one's future actions.

We could look at the WDR both as a product of a certain corporate actor - a discursive act authorised by the World Bank - and as a process of production, a melting pot and an arena of global elite discourses. This year, the latter 'open process' aspect was accentuated by two bold steps: First, making a consultation draft globally accessible on the internet web site of the World Bank. Second, inviting everybody visiting the web-site to participate in an electronic conference, moderated by an independent group in England, on the basis of the consultation draft. This process aspect was instrumental in making the WDR 2000/1 represent a potentially hegemonic discourse. I shall leave these process aspects here. Instead, I concentrate my discussion on the product and its contents.

Let us assume the following: the WDR represents one discourse, but its statements refer to a large number of previous statements and discourses that are potentially contradictory. Moreover, there tend to be many distorted and indirect references. This is the aspect of discourse seen by Foucault as “a violence that we do to things” (See Mudimbe 1988:27). Discursive violence can be observed in two directions: First, conquering certain types of ideas or knowledge, incorporating them into one’s own body of mind, distorting them to serve purposes that are alien to the original idea conquered. Second, chasing away or dissolve certain bodies of ideas, making them non-existent, never mentioning them. A good reason for discourse analysis is to reveal this type of symbolic violence. To what degree do we find imprints of ‘symbolic violence’ in the WDR 2000/1, and in which forms ?

In finding out, a good tool is to set up a taxonomy of elite discourses and policy strategies on poverty (Dean with Melrose, 1999; Dean, forthcoming). For the purpose of analysing the WDR 2000/1 and its discursive references, I suggest there are four schools of thought: Social Paternalism, Social Liberalism, Social Corporatism, and Social Radicalism. They have different conceptions of and analytical approaches to poverty. They provide different diagnosis and prescriptions. (See table ).

**Table : WDR 2000/1 and different elite discourses/policy strategies on poverty**

	<i>Focus</i>	<i>Related discourse</i>	<i>Related WDR 2000/1 chapter</i>	<i>Poverty features</i>	<i>Policy diagnosis</i>	<i>Remedies, policy prescriptions</i>
<b>Social Paternalism</b>	Individual ‘poverty’	Caring For The (Deserving) Poor	!?	One-dimensional (monetary)	Individual/ Cultural pathology and/or over-population	Charity, enterprise trickle down
<b>Social Liberalism</b>	Individual inequality	Opportunity	* Expanding poor people’s assets & tackling inequalities * Making markets work better for poor people	Multi-dimensional	Imperfect market conditions	Social and economic rights
<b>Social Corporatism</b>	Social exclusion	Empowerment	* Making state institutions more responsive to poor people * Removing social barriers – Building social institutions	Normative Group conflicts	Oppressive or corrupt government/ Elite	Communitarian trickle up, Social Capital
<b>Social Radicalism</b>	Social inequality	(?) Security, Social Justice	??	Material Group conflicts	Economic failure, Systemic disadvantage	Redistributive democracy, State planned development

If comparing this year’s WDR on poverty with the previous one (World Bank, 1990), one could argue that 10 years ago the main ideas were taken from social paternalism. The focus was on ‘individual poverty’ in a rather one-dimensional monetary way. Although the policy diagnosis was not pronounced – probably to avoid the issue of the social effects of structural adjustment policies - the policy prescriptions were within a paternalist charity and economic liberalist trickle-down ideology. The World Bank had a three-pronged strategy for poverty reduction in the 1990ies - economic growth, social services and safety nets (see Tjonneland,

Harboe, Jerve and Kanji, 1998) . WDR this year is more sophisticated. At the least from a discursive-comparative point of view.

First, there is an element of ‘conquering them all’. Apparently, the report is embracing as many discourses or schools of thought as possible:

(i) Although Social Paternalism is more difficult to plot (see below), one could argue that the general element of paternalism is strongly institutionalised in the World Bank’s basic behaviour vis-à-vis the South: ‘We know what is best for you, and we shall make it that way’. This attitude is expressed in all the new conditionalities that the recommendations in the final chapter 11 on development cooperation put forward implicitly or explicitly.

(ii) Social Liberalism is well represented in the WDR, e.g. with the ‘*Opportunity*’ section: chapter 3 ‘Growth, Inequality and Poverty’, chapter 4 ‘Making Markets Work Better For Poor People’, and chapter 5 ‘Expanding Poor People’s Assets and Tackling Inequalities’.

(iii) Social Corporatism is particularly present with the ‘*Empowerment*’ section. That consists of chapter 6, ‘Making State Institutions More Responsive to Poor People’, and chapter 7 ‘Removing Social Barriers and Building Social Institutions’.

(iv) Social Radicalism could be associated with the ‘*Security*’ section, e.g. the chapter 9 ‘Managing Economic Crises and Natural Disasters’ and with some sections of the mentioned chapter 6. However, a question mark is needed here, since careful reading would show that they are more related with the three other schools of thought.

Second, there is an element of chasing away, in not acknowledging, certain obvious discourses or knowledge traditions. The ambiguity shown towards Social Paternalism and Social Radicalism shows that, although it in principle wants to ‘embrace them all’, the WDR tries to exclude these two ‘extremes’ in our taxonomy. Social Paternalism has nearly disappeared - particularly its focus, diagnosis and policy prescriptions of ‘monetary/individual poverty’. Social Radicalism - the legacy of European socialist and social democratic labour movements - is not paid due attention to. (I return to this noteworthy pool of knowledge below). The anti-radicalism is bluntly demonstrated by some symbolic changes made in the final published version vis-à-vis the prior ‘consultation draft’: ‘Opportunity’ has taken over from ‘Empowerment’ as the first theme to be presented. The ‘Opportunity’ section is introduced by a new chapter, on ‘growth’. Other changes, too, indicate that there should be no associations with Social Radicalism: In the Empowerment section, the chapter on state institutions is now about making them ‘more responsive to poor people’ rather than ‘pro-poor’. In the Security section the ‘Protecting the poor’ chapter has been renamed ‘Helping Poor People Manage Risk’.

This leads us to a new mainstream constructed by the WDR 2000/1: The main focus is now on individual inequality (inequality of opportunities) and social exclusion. This corresponds to the two categories in the middle of the table presented, Social Liberalism and Social Corporatism. Hence, Social Liberalism is renewed with a pro-poor version of ‘creating enabling environments’ (pro-poor markets and opportunities). It is combined with Social Corporatism and emphasise on helping the poor through communitarian and other forms of ‘empowerment’.

#### **4. Rediscovering Social Corporatism**

As remarked in the introduction, a major novelty in the WDR 2000/1 is its embracing of the concept of empowerment. However, there are many and highly divergent *empowering the poor* discourses. Unfortunately, the report does not spell out the different epistemological,

ideological and political interpretations of empowerment. No systematic presentation of the concept is presented. However, we could recognise different sources of inspiration, giving substance to the combined framework of Social Liberalism and Social Corporatism. I suggest the following three sources:

First, American *communitarian* tradition recently risen to international political and academic celebrity. Sailing up in the Reagan years from within the Republican Party and the Moral Right, they have influenced liberal-democratic, and even social-democratic, thinking. The ideological presupposition is that small-scale local communities are more healthy and productive by nature, and more caring for the weak and poor, than what large scale organisations are. This rather conservative attitude has been supported by radical green ideas within the post-68 New Left (e.g. grassroots democracy). Even more important, is the research agenda on social capital inspired by Robert Putnam, with the World Bank itself as one of the main interlocutors of empirical research programmes. (See Putnam 1993, and the CROP web site contributions from S. Prakash and D. McNeill to analyse the use of social capital in the WDR 2000/1).

In social policy, the communitarian focus is on social exclusion, with solidaristic perspectives. The method of poverty reduction is inclusion of the poor into elite-led communities. Their diagnosis is often that there is an oppressive, corrupt and/or inefficient cluster of organisations from the government elite level down to the public service providers. Their recommendations lead to a moralistic 'good governance' agenda, sometimes combined with undertones of authoritarian populism. As to empowerment, they do not aim at the poor themselves, but the communities led by the elites. Empowerment is something that cannot be easily engineered from without, and has to grow through gradual collective learning, social capital formation and fostering of entrepreneurship. Support to NGOs, 'civil society', and local self-government reforms are the best action alternative. The role of the state has been limited to that of creating an 'enabling environment'. From here, it seems to be assumed that there is an *invisible hand* lifting communities up from poverty and into prosperity, through 'trickle up' effects.

Second, a more 'activist' or radical version of the mentioned communitarian discourse. This one leans on New Left ideas, although mixed with 'Old' left ideas of 'power to the people' and belief in formal organisations (states, political parties) being able to initiate and sustain radical action. They refer to 'bottom-up' planning, participatory techniques, and local capacity building. Nevertheless, empowerment of the poor is the result of 'good administration' at the grassroots, often (and paradoxically) at initiatives from above. There is a highly *visible hand* of enlightenment behind this approach. Nevertheless, it appears nowadays to provide only an administrative supplement to the more conservative-communitarian policy prescription.

Third, there is a specific social-liberal European discourse, with English origins (Marshall 1950), on citizenship and its social dimensions. In social policy, the diagnosis is related to imperfect market conditions. The policy prescription is empowerment, departing from a mainly individual *contractarian* relationship between the sovereign and the citizen, where rights are exchanged with loyalty. By granting social and economic rights of the citizens, loyalty from the labouring classes is achieved. In a market economy there is a constant dilemma between the sovereign's moral obligations and the constitutional limits of the state to intervene in the economy to guarantee these rights. Anyway, this type of social citizenship

results from action *from above*, by means of legislation and broad consensus between non-poor middle classes and the poor, alike.

The latter approach, the social-liberal contractarian one, merged after the Second World War with social corporatism and social radicalism/social democracy. This was done under a depoliticised umbrella of Keynesian economic theory, producing the post-war hegemonic ideology of welfare states. Through the UN system, even the youngest and poorest states have been exposed to modern welfare ideologies. 'Social development', citizen rights to social and economic well-being, and collective arrangements of 'social security' to satisfy these rights have been part of the external, if not internal, legitimisation basis for most states in the second half of the 20th century. The Universal Declaration of Human Rights has been a point of reference. However, at the turn of the century this nation-state welfare model is under pressure from many angles. A major pressure comes from the neo-liberal influence on the spreading globalisation, with primacy claimed for economic policy, in which Anglo-American neo-classical economic theory has replaced Keynesianism. This process has been accelerated by the collapse of state socialism and state-led social and economic development (Hobsbawm 1996). The emerging *neo-liberal* hegemony emphasises political and civil rights rather than socio-economic rights. In its newest manifestation, the 'third wave of democratisation' around 1990 is marked by the liberal model of democracy as opposed to the egalitarian-participatory tradition (Good, forthcoming).

Then, what can the role of the WDR 2000/1 become like in this historical picture ?

First, I think the WDR can contribute to the rolling back of the neo-liberal wave:

- It explicitly attacks the most right wing ideologies and ideas that poverty is an individual responsibility, a result of cultural pathologies or result of overpopulation.
- It embraces the concept of social citizenship 'from above' – the social and economic rights of the individuals to be guaranteed by the nation-states and global community.
- It exposes the short-comings of certain liberal forms of democratisation as to their responsiveness to the needs of the poor
- It addresses the political-organisational relationship between 'pro-poor' and 'poor' and suggests new types of social contracts and pro-poor coalitions.

Second, I think WDR's alternative is not a historically new one in its basic ingredients, but the resulting mix is nevertheless original:

a) WDR is rediscovering European-continental *social corporatism*. Corporatist economic and social thought was spread by catholic and aristocratic intellectuals from 1870 to 1940. Here, the core idea is to counter-balance the mechanisms of social exclusion in the modernising and industrialising society, and hence to make collective arrangements to include the individuals into a caring community (or corporation), large or small. If not restoring the allegedly harmonious and ordered nature of pre-industrial society, the central idea of corporatist theorists was "to recognize the organic nature of society in the political and economic arrangements of industrial society" (Williamson 1989:25). However, in post-war Europe the corporatism has been liberal: The key feature has been participation of major organized interest in the public policy making, and there was a high degree of cooperation, rather than conflicts of interests, among the groups involved. In this way, corporatism was a filtering system which helped to ensure political stability for the existing social order. Nevertheless, these cooperative arrangements operated within a pluralist society and liberal-democratic state (Lehmbruch, 1979).

b) WDR is distinctively renewing this *liberal* version of corporatism. WDR is particularly hinting at a voluntary and society based form of corporatism. In the original European context, most of the social policy arrangements and corporatisms were state-based. They were compulsory for the subjects; sometimes imposed by totalitarian regimes, other times introduced as result of democratic decisions or voluntary collective agreements at a national level (see Lehmbruch and Schmitter, 1982; They were usually working class based. In some Latin-American, Arab, African and Asian countries there has been social corporatism in a strongly authoritarian populist fashion (Williamson 1989). The new social corporatism, by contrast, is liberal in most meanings of the word: Arrangements are provided and supported by liberal middle classes, organised by civil society and/or community-based organisations. Inclusion into arrangements are based on human rights of the individual and they are voluntary. The policies are constrained by liberalism which condemns ‘old-fashioned’ beliefs in the strong state. The role of the state is to create enabling environments for the communities, facilitate the set-up of social security arrangements, and enhance and monitor the inclusionary processes. It recommends micro-corporatism rather than macro-corporatism, probably as a result of the influence of American communitarianism already discussed. Public– private partnerships for poverty reduction is a key formula. The report is innovative in cross-breeding liberal and social corporatist agendas. It does not rehabilitate the welfare state model, but has affinities to a prior liberal model of a *social state*. It does not look at markets as an end in itself, but as a social device to meet social needs. The product is a new liberal type of social corporatism.

c) WDR’s new social corporatism is prone to moral support from a grand coalition of *religious-social doctrines* in the North and South. Old European corporatism was close to catholicism, and American communitarianism has a strong Christian-moral foundation. In the South today, social doctrines of world religions like Islam and Roman Catholicism are other sources of spiritual and organisational support to social corporatism: They criticise neo-liberalism for its support of materialism and egoism on the one side, condemn communism and socialism on the other, and prescribe social corporatism. However, these doctrines lean more on conservative social paternalism (e.g. charity) than on the social-liberal underpinnings of the WDR.

d) WDR’s social corporatism is, like most of the predecessors, driven *from above*. In spite of liberal and/or democratic justifications, the designers of national social policy arrangements tend to be technocrats without democratic-popular mandates (like the World Bank itself). Employment, provision of social services and other inclusionary practices are organised in a top-downist way by business managers, NGO-leaders, professionals and bureaucrats. (This in spite of its rhetoric which emphasises empowerment and communitarian ‘trickle-up’). Discussions on the political-organisational relationship between ‘pro-poor’ and ‘poor’, are addressed as advice from the WDR authors to the elites in the various countries. For example, in the sub-section named ‘The politics of poverty reduction: Pro-poor coalitions (p. 108-112 in chapter 6), WDR tells the elites why and how it is in their interest to be pro-poor, how they could be more responsive to the poor, and how they can create pro-poor alliances.

## **5. Liberalist tenets**

There are many liberalisms. As discussed above, WDR 2000/1 seems to be more inspired by social liberalism than by economic liberalism. Socially regulated markets, and a market economy with a human face and with an effective social policy, are given more attention than

free markets and macro-economic policies. What then about political liberalism ? It is there. Two characteristics of the report are worth to be highlighted: On the hand, it takes political liberalism (as ideology) and liberal democracy (as political model) for granted. It does not justify this one-sidedness, and other ideologies or models of democracy (Held, 1987) are not hinted at. On the other hand, it discusses challenges to and shortcomings of the liberal democracy, particularly as to its responsiveness to the needs of the poor people. However, it does not transcend the enclosures of political liberalism, not even when its own discussions should lead to such conclusions.

We here mainly refer to chapter 6, 'Making State Institutions More Responsive to Poor People'. Four of the five subsections look at effective poverty reduction as a function of good statecraft, expressed in the Anglo-American liberal discourse on *good governance*. These four subsections deal with:

- bureaucratic performance ('Public administration and poverty reduction'),
- rule of law
- decentralisation
- liberal/electoral democracy ('Political regimes and poverty')

The WDR here tries to transform the Good Governance agenda into a *Pro-poor Governance* agenda. However, the attempts are not convincing. The dependent variable, 'responsiveness to poor people', is slippery and not thoroughly operationalised. There is very little empirical evidence as to how state institutions can be made pro-poor. There are some anecdotes, like from Bangalore (p.102), but their general validity is not contemplated. The reason for this prudence is maybe the reluctance to point at what kind of social, political and ideological contexts that pro-poor governance depends on – namely, for instance, class-based socialist–democratic movements in certain states, as in certain sub-federal states in India and Brazil. The report is trapped by liberal democratic ideology.

Moreover, in liberal-democratic theory the emphasise is on *procedural*, not substantive, performance of democracy. Fair enough, WDR stretches the procedural approach by concluding, in chapter 6, that

“the impact of these factors [rule of law, efficient public administration, and high quality political systems] on poverty depends on how effectively they are translated into empowerment at the community level” (p.115)

The problem remains that 'empowerment at the community level' is not looked into, as far as the real social contents and outcomes of empowerment processes concern. The liberal-democratic rule of thumb is that the quality of procedures, not the results, distinguishes a well-functioning democracy. Hence it can attribute equal legitimacy to an anti-poor government and a pro-poor one. The WDR meets difficulties when it wants to break with this cognitive and normative tradition of liberal-democratic theory. Take electoral and legal procedures as an example: If a government can supervise free and fair elections and guarantee the principle of 'equality before the law', it is a good government. That poor people's political parties cannot match rich peoples' political parties, resulting in a gross inequality in the access to means of transport, means of mass communication and other devices to win votes, might be considered as 'unfair' but is nonetheless accepted by liberals. However, it is considered a problem if the government enhances affirmative action for poor and non-privileged. It violates the principle of equality before the law. If different rights come in conflict with each others, like property right and economic-social rights, the defendants' human and financial resources decide the outcome. As to legislative processes and other forms of decision-making,

indirect representative systems tend to create the over- representation of the wealthy and powerful ones. These dilemmas, or inherent contradictions, of the liberal democracy produce problems for poverty reduction every day (Good, forthcoming). They will frustrate most well-intended reform suggestions that face the reality, but they are not given due weight in the report.

This neglect seems to be connected with the fact that political-social power relations, with their asymmetric nature, are not focused on. The relationship between the rich and the poor, the haves and the have nots, are always dealt with as harmonic positive sum games where there are no losers. These games always seem to have a neutral referee – the state. Zero sum games – that the rich must have less if the poor are to have more – is not recognised. Hence, redistribution is addressed only within the state – between sectors, or between levels of administration (like when fiscal devolution is recommended) – and not between social groups. An interesting exception confirming this rule is the report's strong recommendations in favour of land reform. Here, assets are to be redistributed from groups hindering further development of a modern market economy , such as the Latin-American landowning latifundistas, to more productive and market-oriented smallholders.

When mentioning needs of state intervention, there is a neo-classical economy way of calling for a 'social and economic regulation'. Hence, under-regulation is considered as bad as over-regulation. This prerequisites clear ideas of how to strike the balance and reach an equilibrium. These ideas are normative by definition. In WDR 2000/1, however this seems to be a matter of pure craftsmanship and professional excellence. In other words, we see unfolded the ideals of liberal technocracy.

In sum: The problems of the liberal-democratic theory is (i) that it puts more weight on good governance procedures than on pro-poor governance results, (ii) discusses state reform without discussing reform of the wider social-political power relations, (iii) discusses changes in the relationship between 'non-poor' and the 'poor' in terms of positive sum games, and not in terms of redistribution of economic and political resources; that is, in a neutral-economic way that favour technocratic approaches. Poverty and poverty reduction is depoliticised. This is most sharply demonstrated in the way the report depicts the problem of organising the poor, as we shall see.

## **6. An Alternative: Social Radicalism**

If taking issues like 'voices of the poor' and 'empower the poor' seriously, there are major experiences, sources of knowledge and organised social forces of poverty reduction in most parts of the world outside the United States of America that should have been scrutinised. But they are not. They are made more or less invisible in the WDR 2000/1. 'Voices of the Poor' are frequently referred to, but taken out of their context in the sense that they cannot be identified with certain political or social movements.

Social Radicalism is the democratic socialist version of the mentioned discourse on citizenship and its social dimensions – social citizenship. The social basis of democracy is emphasised and freedom from poverty is seen as a collective (public) good, achieved through solidaristic action. For the mainstream social democrats this should lead to a new equilibrium: a social contract between state and society, and/or a historical compromise between capitalist and working classes. For socialists more to the left, it should lead to a classless society. Nonetheless, they agree that true social citizenship results from action *from*

*below* by the non-privileged classes. From a social point of view, the main problem is the systemic disadvantages and failures produced by the market economy. Only statism and planned development can remedy poverty, but it has to be based on the *collective-self organisation of the poor* and legislation that actively supports this type of associational life. A true democracy has to be participatory and address social inequality (Held, 1987; Good, forthcoming).

One could of course argue that this school of thought is irrelevant; that it, like the Berlin Wall, is just part of a useless history. However, the WDR does not address the social-radical tradition, not even when *organisation of the poor* is dealt with. That issue is treated quite oddly: On the one hand, the associational life of the poor is reduced to a question of initiatives from above – from the state and non-poor groups (like in ‘The politics of poverty reduction: pro-poor coalitions’, p.108-112). On the other hand, when dealt with, the self-organisation of the poor is approached in a rather depoliticised and decontextualised manner (like in chapter 7, ‘Removing Social Barriers and Building Social Institutions’). Here, the self-organisation of the poor is a problem of ‘social capital’ – more specific as a problem of ‘bonding’ and ‘bridging’ social capital. But the report seems to regard a third dimension of social capital as the most important one: *linking* social capital. It

”(...)consists of the vertical ties between poor people and people in positions of influence in formal organizations (banks, agricultural extension offices, the police)” (p.128).

This expresses eloquently the limited perspective of social corporatism from above. In most settings in the South, this policy would function as advocacy for new types of corrupt patron/client relationships. However, many poor people realise they have to liberate themselves from this type of clientelism and replace it with democratic and collective self-organisation, in order to enhance their well-being. There is a lot of scholarly work on this type of political-social movements (see Törnquist 1999). The social-radical intellectual challenge now should be to compare experiences of collective-self organisation of the poor in the perspective of poverty reduction: Under which social-structural and political governance conditions does collective self-organisation of the poor contribute to effective poverty reduction ?

## **7. Conclusive remarks: A corporatism that is new and social, but ...**

The WDR 2000/1 is definitively a technocratic piece of work. It is depoliticising most of the key questions it addresses, it acts on behalf of universal reason expressed in know-how based policy prescriptions, and solutions are firmly embedded in social engineering approaches. Nevertheless, it is highly political, mainly through its liberalist underpinnings, but also through certain populist signals. Its attempts to incorporate a new constituency , all those people in the South conceived as ‘poor’ , through its own channels of communication expressed in the report ‘Voices of the Poor’, is typical populist. Its condemnation of corrupt governments, under-performing social service bureaucracies and anti-poor elites is also clearly populist. Hence, we see a product from a liberal-populist technocracy.

Nevertheless, it is analytically more fruitful to characterise the WDR 2000/1 as introducing a discourse on a new type of social corporatism. It is corporatist both at the meta-discursive and social policy level. At the meta-discursive level and as a process, it tries to incorporate as many discourses as possible, and to embrace every constituency, from critical scientific communities via governments and beneficiaries to the financiers. At the more specific level

of social policy discourse, I have tried to argue that it builds on a European-continental idea: Counter-balancing the mechanisms of social exclusion inherent in modernising and industrialising societies, and hence making collective arrangements that include the individuals into a caring (larger) community. This idea of social corporatism has been reshaped under the rising influence of American communitarian ideology. WDR 2000/1 is definitely opposed to state-based authoritarian incorporation of the poor. It is strongly influenced by distinctively liberalist concerns: On the one hand economic and social liberalism e.g. in creating pro-poor markets and individual opportunities. On the other hand political liberalism, by emphasising good governance and legal rights as instruments of the poor, or mechanisms of 'empowerment'. However, my contention is that WDR's empowerment strategy does not aim at the poor themselves, but at the 'communities' led by non-poor. Then, its prescription for poverty reduction is perhaps the following one: Inclusion of the poor into the market society of the rich, or inclusion of the poor into the 'civil societies' of the middle classes ? If so, it will strengthen the existing 'Blair/Clinton orthodoxy' of combining global market liberalism with concerns for social exclusion (see Jordan, 1998).

To what extent is this new discourse executing symbolic violence, by conquering or chasing away other discourses that might pose a threat to it ? I have not looked into the relationship between popular discourses in the South today and the WDR/World Bank project of listening to 'the voices of the poor', but this relationship deserves a careful scrutiny. In this paper I have argued that the WDR drives a wedge between European social-liberal and social-radical discourses, actively including social-liberal concerns but leaving the tradition of Social Radicalism aside. In doing this, the role of organised workers and peasants movements – the collective political and social self-organisation of the poor – as potent forces of poverty reduction are put into oblivion. The WDR authors do not clarify whether this is due to ideological bias, methodological reasons (rejecting a more historical or comparative-empirical approach to poverty reduction), or other more practical reasons. Nevertheless, there is a vast pool of knowledge that is untapped.

Finally, what will be the effects of the WDR from the discourse-theoretical viewpoint ? The effects are indeed very uncertain. I see three levels of uncertainties.

*First*, concerning the effects on the ground, in countries in the South. To what degree will the WDR 2000/1 serve as the new fashion and text-book for policy-makers ? To what degree will the WDR policy prescriptions be put into practice ? I think these questions need to be addressed for quite some time before we can see any effects on poverty.

*Second*, concerning the effects on the intellectual environment and political legitimacy surrounding the World Bank. I asked if the WDR is part of the World Bank's project for discursive hegemony. As such the main business of the WDR is not to create an intellectual consensus, but to legitimise future use of force, e.g. in imposing new conditionalities in its lending activities. One can already observe some effects here that are positive seen from a World Bank view (the global electronic consultation in June 2000), but a new globalised wave of political demonstrations, from Seattle to Washington and Praha, might advise us to wait at least one year before we can expect more precise answers.

*Third*, concerning the effects in Washington. The question is if the report creates more fissures than cohesion, intellectually and politically, in relation to the Washington Consensus. One need to distinguish between the World Bank internally and the larger community of IMF, WTO, World Bank and the US Treasury. This paper has argued that in many ways the WDR 2000/1 challenges the neo-liberal hegemony from within. The WDR might legitimise the World Bank to assist its constituencies towards a more socially inclusive liberalism. It

remains to be seen if the conservative influence of US Treasury and others allows the World Bank to move further in that direction.

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## Stein Tønnesson<sup>31</sup>

### How can Norway follow up the World Development Report on poverty?<sup>32</sup>

I would like to make three points about this year's World Development Report on poverty. The first point is praise, the second criticism, and the third a suggestion. It is the third point that provides the basis for the title of my comment: "How can Norway follow up the World Development Report on poverty?"

#### 1. A global society

With this year's World Development Report on poverty, the World Bank provides us with an important document that can be used as a further step on the way to creating a responsible worldwide society, with globally managed political debates about the most serious challenges facing humanity. This is not only because of the content of the document, but because of the World Bank's willingness to invite a global debate about it.

Although the World Bank has made many and great mistakes that have harmed a lot of people, I think we should reckon it among the forces for good in the global society. It must be continuously criticised and held accountable for its actions, but there is a need for an institution like the World Bank. It provides loans on favourable conditions, and in its discussion of the loans with the recipient countries it provokes much local and global thinking about development issues which might otherwise not have happened. At present the World Bank has a leadership that is full of good will and dedication to improve the lot of the global population. It is now also an open institution, with heated internal quarrels that become public knowledge, not the least when someone resigns from a job in protest. By contrast to the International Monetary Fund, which despite some attempts to open up remains a kind of macro-economic monastic order, the World Bank has become an open and diverse institution. It is an important arena for debates about some of the world's most burning political issues.

This is reflected in the draft report on poverty, and notably in the Internet debate which the World Bank organized in February-March of this year. The Bank has itself produced a summary of the many criticisms, and is trying to take them into account when revising the report. I think it is of great significance that a big and influential institution like the World Bank invites this kind of global debate. This is because we badly need someone else than just the 'market' or 'globalisation' to take responsibility for global developments, to be accountable to global public opinion. This also helps us create a global public opinion. Therefore I'm also satisfied that we have such an institution as the Group of 8 (G8), and also the World Trade Organisation. When the G8 met in Okinawa in July 2000, there was a sense throughout the world that the global society's main economic powerholders were assembled in one place. The meeting thus became the target of criticism and a range of demands both from NGOs and from governments of countries who were not rich enough to be present. For a global society

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to emerge, it is not enough to have an organization like the United Nations, who represents all of us while always having to cowtow to the great powers. When the United Nations becomes the target of criticism, it is mainly because of excessive bureaucracy, indecisiveness and powerlessness. Global society needs the G8, the World Trade Organisation, the IMF and the World Bank and it needs to make these institutions globally accountable. This can only happen if they are taken seriously, studied, debated and targeted for criticism by intellectuals and popular movements in every part of the world.

The issues which have been discussed in the annual World Development Reports in the 1990s have been of tremendous importance. A problem is that the language they are phrased in is not always clear. Like many political documents the World Development Reports are written in economic and social science language and also often characterised by sentences reflecting a need for balance rather than clarity. I have seen worse than this year's report on poverty, but it might perhaps be an idea for the World Bank to hire a journalist (or a historian) to shorten and rewrite its reports for a general audience, and have these shorter versions translated into Chinese, Hindi, Indonesian, Urdu, Arab, Swahili, Spanish, Portuguese and Russian.

## **2. An accessible database on poverty**

Most of the criticism that has been voiced against the draft World Development Report is of a general nature. The report is criticised for not saying enough about certain issues, for failing to convey certain messages, and for not being sufficiently clear about the need to change relations of power. Much less criticism has been raised so far against the description that the report gives of poverty around the world, the statistic basis for these descriptions, and for the interesting but no doubt debatable conclusions that the report draws concerning the best ways of reducing poverty.

Part of the reason for the lack of more concrete and constructive criticism is, I think, that very few members of the global society are able to penetrate and utilise the statistical databases that form the background for the arguments in the World Development Report. It is difficult both to interpret and to challenge the messages conveyed by the various tables. The constantly ongoing attempts to change the content of the statistics, and create new measures of poverty that do not just measure income, but access to water, education, etc. are certainly both necessary and useful, but they tend to increase the difficulties involved in making comparisons over time and between the various parts of the world, at least when new 'indexes' are invented and then changed. These new indexes sometimes make it more rather than less difficult to formulate precise political goals and demands. What we need are hard, reliable facts that are measured in a standard way.

I think we need to improve the public understanding of the basic geography of global poverty, and in this endeavour the traditional measures for income poverty will continue to be useful. The basic statistics should be made far more accessible to the general public. The World Bank, the IMF, the UNDP and the regional banks should stick their heads together and set up a World Statistical Bureau to create a global database on development and poverty. The new agency should then be given access to all the databases assembled so far by all existing multilateral agencies. This database ought to be made available to everyone on the Internet, and it would need to have a simple interface so everyone could use it as easily as the website of Amazon.com.

What I want to see on my screen when accessing the homepage on the database website, is not a list of reports available in pdf-format. Nor do I want the website to be tied up with a structure reflecting the standard divisions between Developing and Developed Nations; High, Medium and Low Income Countries; High and Low Human Development Rank. It is annoying, when you want to compare two countries, to find that they belong to different categories, and that the same kind of indicators are not reported for the different categories.

What I want to see on the left hand side of the screen, is an alphabetic list of all the world's countries and a box where I can click if I instead want the list to be grouped according to geographic region, size of population, GDP or Human Development Index. Then I want to be able to click on the country or countries I'm looking for data about, and once I've clicked on a country, I want to be offered a list of its states or provinces so I can get separate data for each.

On the right hand side of the screen I would like to see an alphabetic list of indicators (income poverty, education, fertility, GDP, gender, literacy, mortality, etc.) and a place where I can click if I want the indicators to be grouped in categories (culture, demography, economy, politics, social affairs, etc.). Once I've clicked on one particular indicator, I want to see a list of years for which data are available.

Space, topic, time: These are the three dimensions of the database. There must also be a clickable box where you can get information about the source and reliability of the figures. And it must be possible to combine data along all three dimensions in all possible ways, and ask the website to do all sorts of calculations.

I'm tired of the cumbersome, inflexible, rigidly structured tables of the annual publications *World Development Indicators* and the *Human Development Report*. I'm tired of having to use my own calculator whenever I want an aggregate or comparison which the staff of the UNDP or World Bank have not been thinking about. A source of inspiration for the public database we need is the International Database of the US Census Bureau, which has made it so much easier to quickly access basic demographic data.

A shared base of reference on poverty and development would make it easier to have better qualified and more precise debates about global development. Electronic debates could be organised around the database.

### **3. Aid can just be a small part of a strategy for poverty reduction**

My third point is inspired both by the reading of the new World Development Report and by the new title of the Norwegian *bistandsminister* (Minister of Foreign Aid). She is no longer a minister of just foreign aid, but an *utviklingsminister* (Minister of Development). This change of title is – or ought to be seen as – ambitious, at least if we take it seriously. Let us see where such ambition could bring us.

The World Development Report shows that aid can only have a limited role to play in a global effort to reduce poverty. The report singles out three main so-called 'frameworks for action': 1) Empowerment, 2) Security, 3) Opportunity. Political mobilisation, change in gender relations, institutional reforms on the national as well as the global level, land reforms, pro-poor trade regimes, developmental foreign investments, establishment of safety nets to protect the poor are among the main elements in a comprehensive poverty-reducing strategy. Bilateral and multilateral aid and loans can make contributions, but the aim, I think, should be to

transform the system of foreign aid into a system of global taxation and redistribution. Then the poor would have a *right* to redistribution rather than being recipients of assistance from so-called 'donors'. And the most important contribution that rich countries can make is not necessarily associated with aid. Other measures may be more important than aid in reducing poverty.

Therefore, if the minister's new title is taken seriously, she will have to interfere in the areas of responsibility of the ministers of trade and industry, the environment, research and education, health, and so on, to make sure that concern for reducing global poverty is taken into consideration in connection with all kinds of Norwegian interaction with other countries. For instance, when the future of the Norwegian Statoil company is being discussed, the most important question from a developmental perspective is not how Statoil can promote its own corporate interests. Nor is the main question how Statoil can promote the interests of the Norwegian society. The pertinent question is how Statoil, through its investments abroad, can contribute to reducing poverty in an environment-friendly way in the countries where it chooses to invest: Angola, Azerbaijan, Nigeria, Venezuela, Vietnam, and other countries.

When reading the World Development Report on poverty, I felt a need to see an annual report from the Minister of Development not only about the way the money on the budget of foreign aid has been spent, but on how Norway as a nation has contributed to reducing global poverty in the previous year. Such a report would have the following chapters:

**Chapter 1: Peace-keeping.** The top priority in defending the poor is to keep peace. War is the leading producer of poverty. What has Norway done to keep peace? This is a highly relevant topic in a report about poverty reduction.

**Chapter 2: Political mobilisation.** Poor population groups and nations need allies in their struggle to promote their interests. What have Norwegian NGOs done to build alliances with women's groups, peasant organizations, organizations representing the children, environmental groups and trade unions in countries with many poor people? What has the Norwegian government done within the various multilateral institutions to promote the interests of poor countries?

**Chapter 3: Institution-building.** In this chapter the report should assess to which extent Norwegians have been able to offer advice and contribute economically to poor countries who are building 'pro-poor' institutions. Measures to create manageable tax systems, provide credit to the poor, and to prevent corruption and kleptocracy should be treated here.

**Chapter 4: Trade.** How much value in goods and services did Norway buy from poor countries in the previous year? How much did Norwegian subsidies to protect its own agriculture cost the food-exporting countries in lost market shares? The same for other kinds of goods.

**Chapter 5: Investments.** How much has Norwegian companies invested in poor countries? What have been, or are likely to be, the developmental effects of these investments? How many work places? How much local demand? Are they environment-friendly? Are the investments popular with the local populations?

**Chapter 6: Emergency aid and safety nets.** This has to do with the protection of the poor against the effects of natural catastrophes and economic crises. The draft World Development

Report shows that the better off people in poor countries are much better protected against the effects of crises than the poor people, who pay the major costs whenever there is a calamity. The report launches some good proposals for what to do to institute better safety nets. Norway should report how it contributes.

I know that all of these matters are already under continuous discussion. Reports of what Norway does can be found in many documents. What I suggest is that it should all be seen as a whole, and combined in one annual report in order to generate qualified political debates about global developments. Norway should consider following up the World Development Report on poverty by designing a systematic way of monitoring poverty reducing actions within all the most relevant frameworks in a comprehensive way.