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***Politicising poverty in Latin America in the
light of Rawls' 'strains of commitment'
argument for a social minimum***

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Abstract

The paper discusses the rise of poverty and poverty reduction in the political and policy agenda in Latin America, reflected *inter alia* in the growth of social assistance. It identifies and discusses two main explanations offered in the literature: democratisation and left partisan power. It then introduces a third explanation based on Rawls' theory of justice, in which a social minimum is essential for preventing the 'strains of commitment' from becoming excessive. Analysis of cross-country panel data for 18 Latin American countries for the period 1990-2008 assesses the plausibility of these explanations.

Keywords: Poverty, Latin America, social minimum

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Introduction

Since the turn of the century, poverty and poverty reduction have risen near the top of the political and policy agendas, especially when compared to the 1980s and early 1990s. The emergence of large-scale social programmes focused on the poor and poorest, and a more gradual rebalancing of public subsidies to social protection from social insurance to social assistance, reflect this shift. The fact that poverty and anti-poverty policy are at the centre of political debate in the region is remarkable. Public debate in Chile in August 2012 over the significance of a 0.7 percentage point official decline in annual extreme poverty,¹ for example, or the debate on the role of *Bolsa Família* in Lula's re-election in 2006,² demonstrate that poverty and poverty reduction have become politicised. This raises some interesting questions: What factors can explain this shift? Is the 'politicisation' of poverty sustainable? Will this shift prove transformative of social policy in the region? The paper argues that Rawls' 'strains of commitment' argument for a social minimum can help to address these questions.

There is a consensus around the view that democratisation and left partisan power explain the politicisation of poverty. Investigating the 'left turn' in Latin American politics, Levitsky and Roberts (2012) argue that democratisation and the failure of liberal policies to successfully address poverty and inequality allowed "left parties and movements to 're-politicize' inequality and place redistributive policies back on the political agenda" (Levitsky and Roberts, 2012: 8). This view tallies with the literature examining the linkages existing between politics and poverty in the region. Using cross-country panel data, Pribble et al (2009) find that democratisation, and left partisan power are associated with lower poverty headcount rates. This is confirmed in Huber and Stephens (2012), who add that longer term democratic institutions are needed for a sustained reduction of poverty and inequality. Cornia (2010) enquires whether there is a new development model in Latin America and concludes that democratisation and left-of-centre governments contributed significantly to a rise in social expenditure and to a reduction in poverty and inequality. Focusing on inequality, Birdsall et al. (2011) find that the reduction in the skills premium and more progressive social policies, especially anti-poverty transfer programmes, have resulted in redistribution to households at the bottom of the income distribution.

Despite the consensus in the literature, its core claims need further clarification. Partisan explanations can be problematic. Left-of-centre governments have shown considerable activism in supporting anti-poverty transfer programmes, but right of centre governments have followed suit. As a matter of fact, the expansion of anti-poverty transfer programmes can be observed in countries with left-of-centre governments as well as countries with right-of-centre governments. Moreover, there are examples of anti-poverty transfers surviving and even prospering in circumstances where governments shifted to the right (Chile, Mexico) or faltering when the shift was to the left (Nicaragua). Levitsky and Roberts (2012) and Birdsall et al. (2011) distinguish variants of left-of-centre governments, 'social democratic' from 'populist' for example. As regards the role of democracy, Mares and Carnes (2009) argue that in "many developing countries, social policies have originated under authoritarian regimes" (p.110). They focus on social insurance, whereas the focus in this paper is on social assistance, but this raises the issue of whether the politics of social assistance in Latin America are different. Significantly, the studies reviewed above differ in their assessments of whether the politicisation of poverty is sustainable and whether it can

¹ See Financial Times 3 September 2012 'Chile accused of distorting poverty statistics'.

² See Zucco (2008) and Hunter and Power (2007).

be transformative of social policy in the region. Huber and Stephens (2012) suggest that the permanence of democratic institutions will strengthen movement towards 'basic universalism',³ whereas Levitsky and Roberts (2012) conclude that whether "the reforms adopted by Latin American left governments in the 2000s constitute the first steps towards a cumulative process of social democratization is an open question" (Levitsky and Roberts, 2012: 414)

This paper develops a different approach to this issue, based on social justice and the role of the social minimum in the work of John Rawls. At first sight, this might appear to be an unwarranted detour, but the paper argues this is essential to understand the reasons why poverty has been politicised in Latin America. Rawls writes about societies in which economic cooperation is regulated by inequality generating institutions. In this context, sustaining commitment to the basic economic structure is problematic, especially for disadvantaged groups. The social minimum has the function of preventing the 'strains of commitment' from becoming excessive. The role of the social minimum is therefore different from the prudential role of social insurance or the humanitarian role of emergency assistance. The social minimum ensures that groups disadvantaged by the economic structure remain committed to full political participation. The social minimum is a sine qua non for 'ordered societies' based on shared notions of justice emerging from epistemic deliberative processes. This perspective is illuminating in the context of current conditions in Latin America, and highlights the transformative effects that a focus on poverty can have on welfare institutions and the social contract.

The rest of the paper is organised as follows. Section 1 will briefly outline poverty trends in the region and the growth of social assistance. Section 2 reviews democratisation and left partisan power explanations for why poverty has become politicised. Section 3 examines the role of the 'social minimum' as a means of addressing the 'strains of commitment' in Rawls' theory of justice and proposes another explanation for the politicisation of poverty in the region. Section 4 reports on the analysis of panel data for Latin American countries aimed at providing some empirical assessment of the relative plausibility of these explanations. A final section draws out the main conclusions.

1. Poverty trends and social assistance

This section begins with a snapshot of poverty trends in the region, followed by a brief discussion of policy indicators of the politicisation of poverty and poverty reduction: the growth of anti-poverty transfer programmes and a gradual shift in public subsidies to social assistance.

Poverty trends

Figure 1 shows estimates of poverty and extreme poverty headcount rates for Latin America plus Haiti, estimated from household survey data on a consistent basis.⁴ The Figure also shows estimates for the poverty gap for Latin America and the Caribbean.

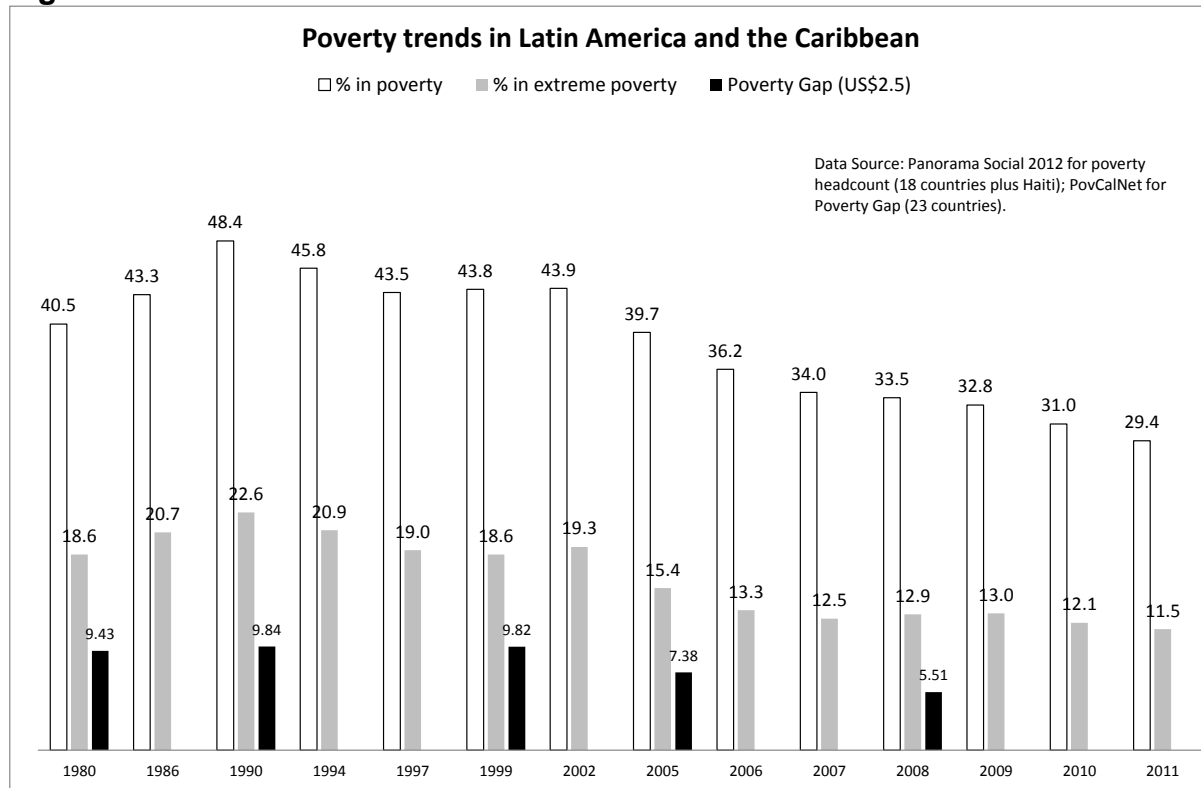
Structural adjustment and crises led to a sharp and generalised rise in poverty in the 1980s.⁵ As can be observed from the Figure, there was a sharp rise in the poverty headcount from 40.5 percent in 1980 to

³ Although they condition this outcome on long-term left incumbency and significant tax reforms.

⁴ In Latin America households are considered to be in extreme poverty if their income is below that required to purchase a basic food basket. Households are in poverty if their incomes fall below the income required for purchasing a basic basket of food and non-food items. Roughly, the poverty line is twice the extreme poverty line, or food poverty line.

48.3 percent in 1990, and in the extreme poverty headcount from 18.6 percent to 22.6 percent in the same period. An expectation among policy makers was that structural adjustment and the shift to export-led growth would leave the economies in the region in a stronger position to make up the initial losses in income and employment. However, poverty rates stagnated through the recovery phase in the 1990s, leading to the conclusion that structural adjustment would not deliver significant improvements in poverty and vulnerability.

Figure 1



This opened the way for greater policy activism focused on anti-poverty programmes. This is the point at which Latin American governments engaged with poverty.⁶ A stronger downward trend can be observed from 2002 onwards. By 2005, headcount poverty (and extreme poverty) was just below the 1980 level estimate, but had remained above it throughout the intervening period. Between 2002 and 2007, the incidence of poverty declined by around a quarter in the region, from 44 percent to 34 percent; while extreme poverty declined by close to one-third. The Figure also shows a sustained reduction in the poverty gap.⁷

⁵ For a discussion of poverty in the 1980s, see Altimir (1997); and for a discussion of longer-term trends see Londoño and Székely (2000).

⁶ This rough generalisation at the regional level needs to be supplemented with more detailed country-specific factors. In Chile, the restoration of democracy in 1990 generated strong expectations that the new *Concertación* government would address poverty. In Brazil, the new Constitutions in 1988 led to a strengthening of anti-poverty policy (Jaccoud, et al., 2009). In Bolivia, the need to garner public support for the privatisation process led to government commitments on social protection (Gray-Molina, 1999).

⁷ The poverty gap is estimated by adding the income shortfall of households in poverty and dividing by the full population to yield the average poverty gap. This is presented as a percentage of the poverty line to enable comparison across countries and time.

The global financial crisis in 2008 produced a rise in extreme poverty, but the poverty headcount continued to fall. The extreme poverty headcount resumed its downward trend after 2009. Despite the advances in poverty reduction since 2002, it remains the case that, after crisis and recovery, around one in every three Latin Americans is in poverty and one in every eight is in extreme poverty.

Growth of social assistance

Perhaps the strongest indication of the politicisation of poverty in the region is provided by the emergence of social assistance programmes focused on the poorest. There has been a very rapid rise in the number and coverage of anti-poverty transfer programmes in the region. Estimates from CEPAL suggest that by 2010 human development conditional transfer programmes alone reached 25 million households or 113 million people in 18 countries (Cecchini and Madariaga, 2011). This figure does not include categorical transfer programmes, such as social pensions or child and family allowances.⁸

Human development income transfer programmes, a.k.a. conditional cash transfers, have monopolised the attention of international organisations, but there is significant diversity in the design of emerging social assistance programmes in the region, ranging from categorical income transfer programmes – especially non-contributory pension schemes in Bolivia, and expanded schemes in Chile, Argentina and Brazil, and child subsidies in Argentina and Uruguay – through human development programmes, such as *Oportunidades* in Mexico and *Bolsa Família* in Brazil, to integrated poverty eradication programmes, such as the former *Chile Solidario* and *PANES* in Uruguay. This three-fold distinction reflects the emergent new forms of social assistance in the region. Pure income transfer programmes focus mainly on supplementing household income. Transfer programmes combined with services reflect a concern with facilitating investment in human development. Integrated anti-poverty programmes reflect a multidimensional approach to poverty reduction coupled with a strong attention to intermediation and social inclusion. The emergence and rapid expansion of social assistance programmes is important for the future of social protection in the region. These programmes have the potential to become the missing component of social protection systems in the region (Barrientos and Santibañez, 2009).

It is also possible to glean the beginnings of a shift in the relative weight of public subsidies from social insurance to social assistance. Studies on the incidence of public subsidies to social insurance in Latin America have found them to be regressive (Skoufias, et al., 2010), although not less regressive than market income (Huber and Stephens, 2012). This is in contrast to social assistance subsidies which, taken as a whole, are progressive. As expected, social assistance programmes focused on poorest households are also strongly progressive (Soares, et al., 2007). Government commitments to address poverty and vulnerability recommend, at the very least, a rebalancing of public subsidies towards social assistance. This is particularly the case in countries like Mexico and Brazil, where the shift to social assistance expenditure reflects medium-term public expenditure planning (Barrientos, 2009).

2. Politics and poverty

What explains poverty and poverty reduction becoming politicised in Latin America in the 2000s? The introduction provided a brief review of the scarce literature linking poverty and politics. Here, a discussion of underlying views of the role of politics will help shape appropriate hypotheses.

⁸ In Brazil, the two non-contributory pension programmes, *Benefício de Prestação Continuada* and *Prêvidência Social Rural* register just under 10 million beneficiaries in 2010 (Barrientos, 2011)

As noted above, there is consensus around the view that the restitution and resilience of democratic institutions and the emergence of left-of-centre governments are key factors explaining the politicisation of poverty. This assessment finds support in the literature explaining the current left turn in the region (Levitsky and Roberts, 2012); the literature analysing longer-term correlations between politics and poverty trends (Huber and Stephens, 2012; Pribble, et al., 2005, 2009); and in the emerging literature aiming to explain inequality trends (Birdsall, et al., 2011; Cornia, 2010).⁹ The general view is that democratisation and left power are complementary factors. Democratisation enables left-of-centre parties to secure power and to push through redistributive policies favouring low-income groups. In this sense, democracy is good for the poor. It will be helpful to dig deeper on the conceptual bases supporting this view.

In the context of poverty reduction, these two explanations, democratisation and left partisan power, suggest connected, but different, roles for politics.

Democratisation could be expected to lead to improvements in the capacity of political institutions to aggregate social preferences. This is especially the case in the region, where countries are recovering from the wave of authoritarian governments in the 1980s and 1990s. Coupled with a wide consensus on the 'deuda social' (social debt) left by authoritarianism and structural adjustment, democratisation cannot fail to provide a stronger voice, and therefore political influence, to the less well-off sections of the population. In a majoritarian approach, democratisation re-enfranchises low-income groups, shifting the median voter towards a lower-income individual who favours stronger redistribution. Democratisation also encourages stronger programmatic competition among parties. In this approach, individual policy preferences can be read directly from their economic interests, with politicians responding to these preferences. In a variant of the majoritarian approach, Carnes and Mares (2010) argue that the change in the nature of employment status, and specifically the growth of autonomous employment, can explain the expansion of non-contributory pension and health insurance in Latin America.

Left partisan power is also in evidence in the region. Left parties have a natural affinity with the less well-off and they could be expected to prioritise redistribution to these groups when in power. The exercise of their political agency would favour policies aimed at poverty and inequality reduction. Democratisation makes it possible for left-of-centre parties to compete for power, but the focus is not on median voter, majoritarian politics. Here, politics is to do with partisan agency. Huber and Stephens' (2012) analysis, for example, is constructed around a version of the 'power resources theory', which explains welfare regimes as the outcome of class conflict in economies which are increasingly globalised.

The prominence of democratisation and partisan power draws from the two main approaches dominating the literature on the political economy of public finance: the median voter model, which views political processes as fundamentally an aggregation mechanism; and the political agency model, which emphasises citizens' limited ability to restrain the power of politicians (Besley, 2006).¹⁰ On the ground, these two perspectives unfold in interconnected and overlapping dimensions of real politics, but they

⁹ The literature on the politics of anti-poverty transfer programmes is largely country-, and programme-, specific and often more focused on policy than politics (Britto, 2008; Giovagnoli, 2005; Golbert, 2004; Levy, 2006).

¹⁰ These two approaches are also relevant in the context of the politics of redistribution in advanced economies, see McCarty and Pontusson (2009).

suggest distinctive hypotheses regarding the politicisation of poverty in Latin America. Their relevance will be assessed below, but a third hypothesis will be added in the next section.

3. Rawls, the social minimum and the ‘strains of commitment’

The core argument in this section is that Rawls’ perspective on the social minimum, as a means to address the ‘strains of commitment’, defined a framework appropriate to explaining the politicisation of poverty and poverty reduction in Latin America.

The role of the social minimum in justice as fairness

Rawls’ aim was to develop a political notion of justice that could inform a society in which pluralism of worldviews coexists with economic relations that are not intrinsically oriented to meeting the needs of the population.¹¹ In societies with these characteristics, he reasoned, an overlapping consensus is needed to ensure sufficient commitment among the members of that society to both economic cooperation and stable institutions.

Relying on the ‘veil of ignorance’ device, he concluded that two main principles of justice would emerge from a political process. The two principles are described thus: “Each person has the same indefeasible claim to a fully adequate scheme of equal basic liberties, which scheme is compatible with the same scheme of liberties for all; and social and economic inequalities are to satisfy two conditions: first they are to be attached to offices and positions open to all under conditions of fair equality of opportunity; and second, they are to be to the greatest benefit of the least advantaged members of society (the difference principle)” (Rawls, 2001: 44).

Rawls’ justice as fairness has been subject to extensive criticism and development.¹² The paper progresses directly to the issue at hand, the role of a social minimum.

In Rawls, the idea of a social minimum emerges in the context of considering “how the two principles work out as a conception of political economy, that is as a standard by which to assess economic arrangements and policies, and their background institutions” (Rawls, 1971: 238). He starts from the basis that diverse values in society and the working of markets result in strong tendencies pushing away from a just society. As a consequence, what the “theory of justice must regulate is the inequalities in life prospects between citizens that arise from social starting positions, natural advantages and historical contingencies” (Rawls, 2005: 271). The first principle of justice, for example, enshrines freedom in selecting occupation, leading inevitably to income differentials. It is therefore crucial that the second principle is embedded in appropriate and effective institutions, ensuring that the inequality which inevitably emerges actually works to the advantage of the least advantaged group. Adherence to the two principles, and to the institutions in which they embed themselves, is essential to ensure society maintains full commitment to economic cooperation.

¹¹ Rawls developed and refined this notion over time, beginning with the *Theory of Justice* (1971, with a fully revised version published in 1999) ; followed by *Political Liberalism* (2005, originally published in 1993 and revised in 1996); and *Justice as Fairness: A Re-statement* (2001). The discussion in the paper focuses on these three statements.

¹² See Pogge (1989) for a short review.

The subject of the overlapping consensus is the basic structure of society, by which Rawls meant “society’s main political, constitutional, social and economic institutions and how they fit together to form a unified scheme of cooperation over time” (Rawls, 2005: xli). It comprises “first the institutions that define social background and includes as well those operations that continually adjust and compensate for the inevitable tendencies away from background fairness” (Rawls, 2005: 268). He emphasises that this “structure lies entirely within the domain of the political” (Rawls, 2005: xli). Rawls notes the important role of commitment in ensuring continuous support for the basic structure.

A political notion of justice requires that the members of society are prepared to endorse its basic structure. Given inequalities inherent in the working of this society, sustaining this commitment to economic cooperation and institutions is problematic, especially for disadvantaged groups. Rawls explores the reasons which can be provided to persuade them to remain committed to the basic structure. He rejects the utilitarian approach, which requires the least advantaged to accept their sacrifice for the benefit of others. This explains “why utilitarians should stress the role of sympathy in moral learning and the central place of benevolence among the moral virtues. Their conception of justice is threatened with instability unless sympathy and benevolence can be widely and intensively cultivated” (Rawls, 1971: 155). Instead, Rawls argues that justice as fairness provides an adequate basis for the kind of institutions capable of ensuring continuous commitment, even from the least advantaged. In this context, the difference principle finds its primary justification in ensuring the strains of commitment never become excessive and undermine the stability of the overlapping consensus. The social minimum is the key institution embedding the difference principle. In Rawls’ view, the difference principle requires that a social minimum is guaranteed by the government, “either by family allowances and special payments for sickness and employment, or more systematically by such devices as a graded income supplement (a so-called negative income tax)” (Rawls, 1971: 243).¹³

It will be helpful at this point to take a short detour in order to draw out in more detail the very specific nature of the social minimum in Rawls.

Waldron’s critique of the social minimum and Rawls’ response

The characterisation of the social minimum in Rawls’ 1971 *Theory of Justice* was subject to an insightful critique by Jeremy Waldron (1986). Waldron’s main point was that Rawls had justified the social minimum in terms of the requirements of distributive justice, rather than in terms of need. The former is grounded on equity, while the latter is grounded on the recognition that “a certain minimum is necessary for people to lead decent and tolerable lives” (Waldron, 1986: 21). In Waldron’s view, a needs-based social minimum fitted better with the aim of ensuring that the strains of commitment do not become excessive. Deprivation, as he eloquently writes, “in the despair that characterises it, the defiance it excites, and the single minded violence it may occasion, ... poses a simmering threat to the viability of the societies it afflicts. There is therefore a prima facie reason why any society should avoid the situation in which significant numbers of people are in need” (Waldron, 1986: 30). Waldron’s reading of Rawls’ difference principle locates it within an egalitarian project; and his own proposal within a basic needs framework.

¹³ Other policies are important too, such as ensuring basic liberties, fair equality of opportunity, preventing monopolies (Rawls, 1971). The social minimum is part of a package.

On the basis of this alternative approach to the social minimum, Waldron goes on to suggest a reworking of the difference principle as a sufficiency principle.¹⁴ Instead of a principle that affirms a priority to the least advantaged in the basic social structure simply because of their least advantaged status, Waldron proposes a difference principle which gives priority to the least advantaged “if there is a danger of members of that group falling below the level of the social minimum” (Waldron, 1986: 23), and presumably only up to the social minimum.

It might be helpful for our own purposes to note that the needs approach of Waldron echoes in important respects dominant discourses about poverty and poverty reduction in developing countries, and Latin America in particular. There is an emphasis on needs-based measures of poverty. Poverty lines are constructed as the monetary value of a basket of goods and services which are deemed necessary to ensure physical subsistence (food poverty line or indigence line) plus the cost of accessing basic services, such as education and health care (poverty line proper). Waldron’s description of the social minimum applies almost directly to the notions of poverty underpinning debate on poverty and poverty reduction.

Rawls’ response to Waldron is interesting, because it reinforces and clarifies that his approach to the social minimum is, in substantive terms, different from Waldron’s interpretation of it. In fact, in the original formulation of the *Theory of Justice*, Rawls had considered and rejected the basic needs approach to the social minimum. In the subsequent revisions of it, and in the re-statement in *Justice and Fairness*, the social minimum is further defined and developed. Rawls’ conclusion is that, in line with the difference principle, “the minimum is to be set at that point which, taking wages into account, maximises the expectations of the least advantaged group. By adjusting the amount of transfers, ... , it is possible to increase or decrease the life prospects of the more disadvantaged, their index of primary goods...” (Rawls, 1971: 252). The social minimum Rawls has in mind is not based on needs. It is not egalitarian, but instead prioritarian, as it is focused on the least advantaged;¹⁵ and it is developmental, not compensatory.¹⁶

The revisions in response to Waldron’s criticism helped Rawls identify two separate perspectives on the social minimum. The first perspective takes up Waldron’s proposal, and acknowledges that “the strains of commitment are excessive when our share of social resources does not permit us to lead a decent human life, and to meet what in our society is seen as citizens’ essential needs” (Rawls, 2001: 128). This approach to the social minimum falls within ‘restricted utilitarianism’, described above as a ‘sufficiency’ view. The second perspective is Rawls’ own proposal for a minimum that “together with the whole family

¹⁴ Sufficiency argues for a moral concern with the least advantaged up to a point, ‘what matters is not that some have less, but that they have enough’, (Frankfurt, 1987). This is in contrast to an egalitarian approach that argues for a moral concern with those who have less in all circumstances.

¹⁵ For a discussion of priority, see Parfit (1991). For a discussion linking priority to poverty, see Barrientos (2010).

¹⁶ Rawls argues that the minimum need not be high – in part because it has limits arising from the need to invest in future generations and also arising from the incentive effects of the collection of tax revenues to support it. “Now off hand it might seem that the difference principle requires a very high minimum. One naturally imagines that the greater wealth of those better off is to be scaled down until everyone has nearly the same income. But this is a misconception, although it might hold in special circumstances. The appropriate expectation in applying the difference principle is that of the long term prospects of the least favoured extending over future generations” (Rawls, 1971: 252). It is important to recall at this point that in Rawls the social minimum is one of a set of institutions maintaining fairness in the basic structure, also including institutions ensuring equality of opportunity and control of monopoly.

of social policies, maximises the life prospects of the least advantaged over time” (Rawls, 2001: 129). The social minimum is intended to ensure that “the least advantaged feel they are a part of political society” (Rawls, 2001: 129), thus preventing the ‘strains of commitment’ from becoming excessive. A social minimum solely addressing basic needs is insufficient to achieve this objective.

This distinction also helps Rawls to contrast what he calls a capitalist welfare state with a property-owning democracy. As he puts it, while “a social minimum covering only those essential needs may suit the requirements of a capitalist welfare state, it is not sufficient for what ...I call a property-owning democracy in which the principles of justice as fairness are realized” (Rawls, 2001: 130). The revised version of the *Theory of Justice* spells out this vision in greater detail. “The idea is not simply to assist those who lose out through accident or misfortune (although this must be done), but instead to put all citizens in a position to manage their own affairs and to take part in social cooperation on a footing of mutual respect under appropriately equal conditions” (Rawls, 1971: xv).

In sum, Rawls social minimum is quite different to a floor covering basic needs. Nor is it a prudential minimum, due to uncertainty in outcomes. The social minimum is intended to ensure that members of society can take part ‘in economic cooperation’ on ‘appropriately equal conditions’. It is developmental in as much as it focuses on primary goods and economic inclusion. The ‘strains of commitment’ Rawls is keen to prevent from becoming excessive are not those associated with unmet need or the impact of hazards; instead, they are those associated with deficiencies in primary goods and especially economic and political exclusion.

This leads to a distinctive perspective on the politicisation of poverty. Political engagement with poverty is an important component of justice as fairness. In a pluralistic society, in which economic cooperation is regulated by inequality-generating institutions, addressing the ‘strains of commitment’ is crucial to its sustainability as an ‘ordered society’. The social minimum is the institution embedding this requirement of justice as fairness. The social minimum can be designed in a variety of ways, but it must ensure political participation and economic inclusion, measured in terms of primary goods (which include but are not restricted to income). The establishment of the social minimum paves the way for ‘ordered societies’ and social contracts.¹⁷ Political processes and institutions ensuring a social minimum have an epistemic and transformative quality. This is different from the more procedural preference aggregation role of democracy and from the political agency role exercised through partisan power.

3. Empirical analysis

The discussion above identified three main hypotheses regarding the factors explaining the politicisation of poverty and poverty reduction in Latin America: democratisation, left partisan power, and the ‘strains of commitment’ argument. This section explores empirically the relevance of these hypotheses.

¹⁷ They are the kind of epistemic and transformative processes informing the establishment of welfare states in European countries after WWII. Here the term ‘social contract’ is not used in the classic sense of a compact between individuals and governments, as in Rousseau, Locke and Hobbes. Instead it is employed in the more restricted Rawlsian sense of an overlapping consensus, emerging in pluralistic societies with economic structures generating inequalities, as to the equal distribution of primary goods and priority to the least advantaged (Freeman, 2007). It highlights European, but perhaps not Anglo-Saxon, perspectives on the ‘social’, which include both institutions and political commitment to ensuring appropriate levels of wellbeing for the entire population. See (Leisering, 2003).

The analysis explores correlations between variables capturing these hypotheses and poverty outcomes. It relies on multilevel effects regressions estimated on an unbalanced panel of country data for 18 countries in the region for the period 1990-2008.¹⁸ The data come from three regional datasets covering poverty (CEDLAS and The World Bank, 2012); political regimes (Huber, et al., 2012) and politics, economics and demographics (Martorano and Cornia, 2011). It should be obvious to readers that the object of the exercise is not to recover the causal mechanisms involved, but instead to evaluate the plausibility of the three hypotheses identified above.¹⁹

The dependent variable, the poverty gap squared, captures a key poverty outcome. The lack of appropriate indicators of poverty politicisation makes it necessary to rely on proxy indicators. Poverty outcome indicators have a stronger justification than poverty input indicators – social expenditures for example. Poverty policy indicators – say, the coverage of social assistance programmes or the resources allocated to poverty reduction policies – have the disadvantage that they capture only part of the politicisation of poverty.²⁰ They exclude, for example, the impact of institution building or the impact of economic and labour market policy. A poverty outcome indicator is preferable in this context. The literature has focused on the poverty headcount rate to measure poverty outcomes, but this is, in several respects, a deficient measure. It gives undue prominence to crossing the poverty line and fails to reflect a reduction in poverty which does not take households above the poverty line. Put in a different way, it is more focused on moderate poverty than on extreme poverty. The poverty gap, on the other hand, measures the aggregate poverty gap in a country divided by its population, standardised as a proportion of the poverty line. It makes no difference to the poverty gap measure whether improvements in welfare affect the richest of the poor or the poorest of the poor; every one dollar reduction in poverty counts the same. The poverty gap square weighs the poverty gaps by the poverty gaps themselves and is therefore more sensitive to changes in welfare among the extreme poor. For the purposes of this paper, the poverty gap square is a more appropriate measure of poverty outcomes. The poverty line is US\$2.5 per day in purchasing power parity.

The analysis assumes that poverty outcomes are associated with economic and political factors. Admittedly, this is a simplification. The independent variables include gross domestic product per capita in purchasing power parity terms to account for economic factors; and four variables capturing the three hypotheses discussed above on the impact of politics on poverty reduction. The median-voter/democratisation perspective is captured by two variables: a dummy variable denoting democracy; and a continuous variable measuring partisan competition.²¹ The political agency/left partisan power is captured by the share of left party legislators in the lower chamber. The ‘strains of commitment’ perspective is captured by an electoral turnout variable. This is a parsimonious set of independent variables.²² Table 1 below provides variable descriptions and summary statistics.

¹⁸ The period covered is centred on the turn of the century, which has been suggested as a rough watershed. In part this periodisation is data driven, as reliable poverty data for a cross-section of countries is scant before the 1990s.

¹⁹ The weaknesses associated with the data and estimation methods employed will be noted below, but critical perspectives on the use of time series cross-section data in political analysis go much further (Kittel, 2006).

²⁰ Reliable time series data on these indicators are lacking in the region.

²¹ The binary variable capturing democracy shows little variation for most of the countries in the region in the period under examination; partisan competition is therefore a good complement to the democracy variable.

²² The pervasive influence of politics on social and economic trends advises against including a battery of control variables.

The nature of the problem and data justifies a brief discussion on appropriate estimation models. The simplest approach would be to test for the association of the dependent and explanatory variables by pooling the observations, estimating a model such as:

$$Y_{i,j,t} = \sum_{k=1}^K X_{i,j,t}^k \beta^k + \varepsilon_{i,j,t} \quad (1)$$

Where i is the i th observation for country j in year t . Y is the outcome of interest, X^k ($k=1, \dots, K$) represents the k th explanatory variable, and ε is a conventional error term with zero mean and variance σ^2 . The parameters of interest are β^k corresponding to each of the variables capturing the three approaches. Pooling the data assumes that each observation is an independent draw from a region-population. This in turn implies that the associations which are established have a law-like application, as all countries are fitted by the same model. It is immaterial whether observations belong to one country or another. In several respects this approach to modelling is unrealistic, especially if there are systematic differences across countries. This is because the political processes under investigation unfold within countries.

Table 1 Variable definition and descriptive statistics					
Variable label	Definition (label in original dataset)	Mean	S.D.	Min	Max
PovGap2 ^a	Squared poverty gap (FGT225)	7.10	4.75	.29	21.8
GDP ^a	Gross domestic product per capita in purchasing power parity terms (Gdpc_ppp)	6663.6	2917.3	1742.9	13433.6
Democracy ^b	Democracy dummy, coded 1 if democracy, 0 otherwise (Chga_demo)	.932	.250	0	1
Competition ^b	The percentage of votes gained by the smaller parties in parliamentary and/or presidential elections; subtracts from 100 the % of votes won by the largest party in parliamentary elections or the party of the elected President (Van_comp)	50.42	10.59	0	70
LeftShare ^c	Share of left legislators in lower chamber (Leftsh)	.055	.115	0	.79
Turnout ^b	Voting turnout calculated as the percentage of the total population who actually voted (Van_part)	36.64	12.54	0	69
^a From the CEDLAS and World Bank (2012) database. In order to minimise missing observations, values for a year contiguous to the start and end year (1989, 2009) were substituted for missing observations for in a handful of cases. ^b From the IDLA dataset, Martorano and Cornia (2011). ^c From the Huber et al. (2012) dataset.					

Country-level processes underpin the three approaches considered above, but especially the ‘strains of commitment’ approach in which they are part and parcel of some form of social contract. Given the likely specificity of country-level political processes, differences across countries need to be modelled explicitly. A fixed effects model, with a fixed intercept for each country, could be employed to isolate systematic, but constant, differences across countries, as in

$$Y_{i,j,t} = \alpha_j + \sum_{k=1}^K X_{i,j,t}^k \beta^k + \varepsilon_{i,j,t} \quad (2)$$

The fixed intercepts model has the advantage that it allows for some dependency between the regressors and the error term, in so far as country-specific omitted variables are subsumed in the fixed effects parameters (Plümper, et al., 2005). The country effects are estimated as a constant, which presumes time invariant factors determining the association between political (and economic) processes and poverty outcomes. This model implies a common set of effects of political processes in the region, shifted upwards or downwards by country-specific fixed intercepts.

A more appropriate model allows for country heterogeneity, but instead of estimating country effects as a constant it assumes that the country-level coefficients are drawn from a common (normal) distribution. This suggests a random coefficient model or a multilevel model. In this type of models, the α_j is modelled as $\alpha_j = \alpha_0 + \delta_j$ with $\delta_j \sim N[0, \sigma_\delta^2]$. The random component of the country effect is not a parameter estimated in the model, but a latent variable. The random intercepts model includes the assumption that δ_j group effects are independent and identically distributed. In our case, this implies that the unexplained parts of the country differences “are governed by ‘mechanisms’ that are roughly similar from one group to the next, and operate independently across groups” (Snijders and Bosker, 2012: 47). This comes closer to matching the outlines of the linkages involved in the ‘politicisation’ of poverty as represented in the literature discussed above. This approach to estimation is also very helpful, because the model enables incomplete knowledge of population parameters to be partly compensated for by sharing information across units (Schor, et al., 2007).²³ The model is

$$Y_{i,j,t} = \alpha_0 + \sum_{k=1}^K X_{i,j,t}^k \beta^k + v_{i,j,t} \quad (3)$$

where $v_{i,j,t} = \delta_j + \varepsilon_{i,j,t}$. Table 2 shows the estimation results from the fixed and random intercepts models.

The estimates from the two models reach similar conclusions. The economic influence on poverty reduction is strong, higher gross domestic product per capita is associated with lower values for the poverty gap squared. Of the variables capturing the influence of political processes, only the turnout variable is significant, with a rise in the proportion of the population voting associated with a reduction in the poverty gap square indicator. The variables capturing democracy and party competition are not significant; the same applies to the variable capturing left partisan power. The results lead to the conclusion that democracy and left partisan power lack a clear association with the reduction in extreme poverty in Latin America. They also lend some support to the conjecture in the paper that the politicisation of poverty in Latin America has a strong association with rising turnout, which in turn could be explained by a growing recognition of the ‘strains of commitment’ in politics and public policy.

²³ Experimentation with random country parameters as well as random intercepts did not change the substance of the findings.

Table 2. Estimates from fixed and random effects models				
Variable	Fixed intercept model		Random intercept model	
	<i>Parameter</i>	<i>S.E.</i>	<i>Parameter</i>	<i>S.E.</i>
Constant	19.818*	1.841	18.739*	2.150
GDP	-.0012*	.0001	-.00114*	0.0002
Democracy	-.395	.960	-.678	.438
Competition	.0274	.0197	.030	.021
LeftShare	-1.507	1.561	-1.783	1.158
Turnout	-.121*	.032	-.108*	.031
	RSq. = 0.51 F(5,202) = 19.93 ; Prob>F= 0.000 F test that all u_i=0:F(17, 202) = 18.08; Prob > F = 0.00		RSq. = 0.51 Wald chi2(5) = 123.45; Prob > chi2 =0.000	
	*Significant at the 1% S.E. are robust standard errors N = 225; number of countries = 18; Observations per country: minimum = 4; average 12.5; maximum = 19			

The results are robust to alternative specifications of the estimating model and to transformations of the variables involved,²⁴ but they need to be taken together with the limitations of the data and estimation strategy. The appropriateness of the selected proxy variables capturing the three main hypotheses and therefore the interpretation of the results can be contested. Limitations in the data available made it necessary to select among imperfect empirical counterparts. An acknowledged weakness in cross-country panel data analysis like the one undertaken above is the difficulty in modelling structural change (Plümper, et al., 2005). The argumentation in the paper suggests structural change in the role and significance of poverty and poverty reduction in politics and the policy agenda. This is hard to identify with precision with the data and estimation methods employed in the paper. The results are taken to indicate that the ‘strains of commitment’ argument is plausible, and no more. Capturing and evaluating the epistemic dimensions of political processes remains a challenge.

Coda

The paper examined explanations for the politicisation of poverty and poverty reduction in Latin America apparent in the new century. Poverty and poverty reduction have risen up the political and policy agenda. This is remarkable in Latin America, a region until recently characterised by high inequality, conflict and the absence of social assistance. In the new century, governments of the left and right have introduced

²⁴ Excluding the variables in the model one at a time does not change the findings. Using natural logs of the GDP variable does not change the main findings. The inclusion of a cumulative variable capturing the number of years of democratic rule, as recommended in the literature (Huber and Stephens, 2012; Pribble, et al., 2009), does not change the findings. Dropping one country at a time and re-estimating the model does not change substantively the main findings. Dropping Panama, Uruguay and Venezuela respectively makes the partisan competition variable marginally significant at the 10 percent level (5 percent for Panama). Dropping Venezuela makes the LeftShare variable marginally significant at the 5 percent level.

and expanded anti-poverty transfer programmes. The paper considered explanations for this shift and the political processes which could have influenced it.

The literature on the politics of redistribution can be organised around two main approaches: the median voter model, which views political processes as fundamentally a preference aggregation mechanism; and the political agency model, which emphasises citizens' limited ability to restrain the power of politicians. The literature on the politics of poverty and inequality reduction in Latin America highlights two main explanations for the politicisation of poverty: democratisation and left partisan power. These two explanations highlight different roles for politics. Democratisation could be expected to lead to improvements in the capacity of political institutions to aggregate social preferences. Left parties have a natural affinity with the less well-off and they could be expected to prioritise redistribution to these groups when in power.

The paper developed a third hypothesis. Focusing on Rawls' justice as fairness, it considered the role of a social minimum in preventing the 'strains of commitment' from becoming excessive. In the context of a society in which plural values and worldviews prevail, and in which market-regulated economic cooperation generates inequality, preventing the strains of commitment from becoming excessive is essential to its sustainability. Political processes and institutions ensuring a social minimum have an epistemic and transformative quality. The paper conjectured that this approach throws light on the politicisation of poverty in Latin America.

The findings from an analysis of a panel of cross-country data for 18 Latin American countries in the region 1990-2008 confirm an association between voter turnout and poverty outcomes, specifically the poverty gap squared. The findings suggest that the 'strains of commitment' argument is a plausible conjecture in explaining the politicisation of poverty. At the same time, the findings offer scant support for the influence of democratisation and left partisan power.

While it is essential to keep firmly in mind the limitations of the empirical analysis, we could speculate on the potential implications of its findings for the questions identified in the Introduction. Is the politicisation of poverty likely to continue in the future? Mahon (2009) questioned the sustainability of the emerging anti-poverty transfer programmes in the region, on the grounds that 'they do not create a stable distributional coalition' (p. 4), especially when compared to social insurance. He also asks an interesting question: "will beneficiaries of social protection and conditional transfers turn out to be poor defenders of democratic rules?" (p. 7). Levitsky and Roberts (2012) and Huber and Stephens (2012) raise concerns over the sustainability of pro-poor social policy, given the weakness of organised labour in the region, especially when compared to the emergence of European welfare states. These concerns are valid, but they are stronger in a median voter or political agency context than they are in a 'strains of commitment' context. Research on the impact of human development transfer programmes on political participation of beneficiaries finds that registration and turnout rise with programme participation (Baez, et al., 2012; de la O, forthcoming).

Is the politicisation of poverty in Latin America likely to be transformative? It is perhaps too early to answer this question. Molyneux (2006) queries whether human development transfer programmes reinforce residualist and maternalist social policy; while Hall (2008) is concerned over the potential for *Bolsa Familia* to reinforce dependence and clientelistic forms of politics. These are valid concerns, but

the reach and growing institutionalisation of social assistance in the region provide some indication that the politicisation of poverty will transform welfare provision in the region. The issue raised in the paper is whether the qualitative change in the political priority given to poverty in the region is indicative of epistemic processes contributing to a structural change in social policy. Perhaps the penny has dropped among politicians in the region, as it did for post-WWII political elites in Europe, that political and economic inclusion are essential to stable democracies and growing economies. It is commonplace among social policy researchers in Latin America to focus on the institutions of European welfare states, but at their core is a political commitment to the eradication of poverty. Perhaps the politicisation of poverty in the region reveals an understanding that addressing the 'strains of commitment' is fundamental.

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