Toward an Economic Sociology of Chronic Poverty:
Social Theory, 'Inequality Traps' and the Development Process

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Overview

- Social theory in action: an optimist's view
- Policy debates as competing narratives
  - 'Poverty traps' and (now) 'inequality traps'
- Three strands of social theory have had 'policy' influence on international poverty debates:
  - Networks ('social capital')
  - Exclusion/inclusion
  - Culture
- The tasks of a comprehensive social theory
  - The above as necessary but incomplete
- Three elements of such a theory

Social theory in action: a guarded optimist's view

- Where you sit shapes where you stand..
  - Where I sit: at the busy intersection of multi-disciplinary research, *and* scholarship-practice
- Yes, clear dominance of 'normal economics' in development policy, but important recent changes
  - Within economics itself
  - Conditions shaping receptivity to social theory
- Evidence of social theory in action:
  - WDR 1997 (the state), 2000/01 (poverty), 2004 (service delivery), 2006 (equity)
  - HDRs on culture, inequality, human rights
  - Various new development projects at the World Bank (and elsewhere), especially Indonesia

Policy (and poverty) debates as 'rival views' (stories)

- Core economic story
  - 'Poverty traps' (micro stronger than macro)
  - The poor are poor because they are poor (Banerjee)
    - Reinforcing conditions of inadequate nutrition, low investment in schooling, low productivity, susceptibility to shocks, etc
    - Weak property rights
      - Undermines incentives to invest in property and persons
      - Assets can be expropriated at will
    - Pervasive market failures
      - In finance, insurance, labor, information
- Yet increasing recognition that poverty is 'multi-dimensional'…

Openings for social theory

- Limits of the 'poverty trap' account:
  - Why are particular groups consistently poor?
  - Why do particular groups (e.g., Roma) chose to remain outside the purview of the state? (Scott, forth.)
  - Why is rising prosperity so often accompanied by violence? (Bates 2000)
  - How are *systemic* poverty traps (sometimes) broken?
- If 'poverty traps' are the policy shorthand for the microeconomics of poverty, 'inequality traps' (WDR 2006) can be seen as the equivalent for social theory.

Inequality traps?

- Self-perpetuating (or 'durable' (Tilly 1999)) structures of economic, political, and social difference that serve to perpetuate and legitimize elite power

- Mechanisms:
  - Consolidation of institutionalized discrimination and 'capture' of political, judicial power
  - Erosion of broad political support for public services
  - Rich begin to purchase private health care, insurance, security, education… Rarely encounter the poor in everyday life, and thereby live in separate 'moral universes' (Skocpol 1990)

Intellectual antecedents

- The idea of 'inequality traps' draws on three strands of social science research:

  1. Networks ('social capital')
     - Chicago School urban sociology (Wilson), then Putnam; spatial isolation of the poor, survival and mobility strategies (Fafchamps, Briggs)

  2. Exclusion/inclusion
     - European influences (Silver); a pillar of the SD strategy

  3. Culture
     - <u>Not</u> 'culture of poverty' descendents (though that lives on in Huntington, Landes et al), but recent work on aspirations (Appadurai), capacities to engage (Gibson and Woolcock) and 'relationality' (Rao and Walton)

Where to from 'inequality traps'?

- An important addition/corrective to the prevailing discourse; should be recognized as such (inadequacies notwithstanding)
- But hardly the full corpus of social theory… What else needs to be incorporated? What core problems must it help explain? How can it be 'framed' in such a way that it stands a chance of gaining policy traction?
- Time is ripe for answering these questions; hard-won openings must be consolidated.

A comprehensive social theory of chronic poverty must…

- Be embedded in a larger theory of the development process
  - i.e., be able to account for
    - shifting relations between class, occupational, and identity groups over time (Moore), and the conflicts to which they give rise
    - the mechanisms and consequences of the ongoing "great transformation" (Polanyi) of rules and relationships between people, and people and 'things'
- Be grounded in a clear model of human behaviour
- Be able to explain 'durable inequality' (Tilly), or the persistence of poverty amongst particular groups in the midst of general rising prosperity
- Lend itself to accessible, supportable implications for 'policy' (what is done) and 'practice' (how it is done, by whom)
  - especially those enhancing the political efficacy of the poor
  - especially for problems that inherently have no 'technical' solution [9]

Quick case example

- (Expectant mothers in Manangrida, Australia)
- (Slum dwellers in Delhi)
- (Reducing AIDS in rural Kenya)
- Kecamatan Development Project, Indonesia
  - Nation-wide program based on social theory
    - 'Local governance project masquerading as development project'
  - Context: post-authoritarian government; most villagers have no lived experience of bottom-up accountability
  - Block grants to sub-districts
  - Groups of villagers prepare proposals, with assistance of trained facilitators
    - At least two must come from women's groups
  - Elected villagers, in a community forum, select the 'best' proposals for funding (thereby creating real winners and losers)
    - Better targeting, more legitimacy, but heightened potential for conflict
  - Outcomes, with explanations, posted on community bulletin boards; press given full access to meetings; clear grievance procedures

Elements of a comprehensive social theory of chronic poverty

1. Social Relations

– How groups are defined, how 'us-them' boundaries are created, sustained, and transgressed (cf. Tilly, social psychologists)

– Preferences, aspirations, strategies 'embedded' in social relations (cf. recent work in experimental economics)

– Many key services—health, education, social work—are *necessarily* delivered in and through social relationships (doctor-patient, teacher-student, counselor-client)

  • Need to worry about 'policies', 'programs' *and* 'practice' (Pritchett and Woolcock 2004, "Solutions when the solution is the problem" *World Development*)

Elements of a comprehensive social theory of chronic poverty

2. Rules Systems

– Beyond broad agreements on 'understanding the rules of the game', 'leveling the playing field' and 'building the rule of law' to

- Enhancing access to and quality of justice for the poor; bridging state and non-state justice systems
- Creating new deliberative spaces (Habermas, Taylor) for decision-making, political reform

– Everything from constitutions to contracts to norms ('institutions'); are all human inventions to control, regulate behavior, facilitate exchange (cf. languages)

- Sage and Woolcock, eds. *Law, Equity and Development*, forth.

Elements of a comprehensive social theory of chronic poverty

3. Meaning Systems

– How people make sense of what happens in the world and to them; how they understand the role of their own agency vis-à-vis 'structures' and 'the fates'

– Lamont and Small (2006)

- Culture as 'frames', 'repertoires' (Swidler), identity, symbolic boundaries, cultural capital
- How people navigate/negotiate institutional boundaries, power differentials, learn the 'language'/mannerisms
- How people actively resist incorporate by the state (Scott's *Weapons of the Weak* cf. Gledhill's *Power and its Disguises*)

– Enhancing capacities to 'aspire' and 'engage'

Conclusion

- Development, whether it 'succeeds' or 'fails', challenges prevailing (and sometimes changes) social relations, rules systems, and meaning systems
  - Thus has the potential to generate lots of conflict as
- These three realms also shape some of the basic, urgent challenges in development:
  - Delivering vaccines, clean water, primary education
- Many such challenges, and especially more vexing ones pertaining to 'institutions', do not have a technical solution, and cannot be lifted from one context to another ('best practice')
  - These are largely political problems which require political solutions (Leftwich)
  - Development as "good struggles" (Adler, Sage and Woolcock)