Poverty and the Politics of Exclusion

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background paper for World Bank Study: Moving Out of Poverty
### Table 1: Checklist of Crucial Assets and Capabilities for Poor People

- material assets
- bodily health
- bodily integrity
- emotional integrity
- respect and dignity
- social belonging
- cultural identity
- imagination, information, and education
- organizational capacity
- political representation and accountability

(Source: Narayan and Petesch 2002: 463)
<table>
<thead>
<tr>
<th>Table 2: Historically Prominent Inequality-Generating Resources</th>
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<tbody>
<tr>
<td>• coercive means, including weapons, jails, and organized specialists in violence</td>
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<tr>
<td>• labor, especially skilled and/or effectively coordinated labor</td>
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<td>• animals, especially domesticated food- and/or work-producing animals</td>
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<td>• land, including natural resources located in and upon it</td>
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<td>• commitment-maintaining institutions such as religious sects, kinship systems, and trade diasporas</td>
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<td>• machines, especially machines that convert raw materials, produce goods or services, and transport persons, goods, services, or information</td>
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<td>• financial capital – transferable and fungible means of acquiring property rights</td>
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<td>• information, especially information that facilitates profitable, safe, or coordinated action</td>
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<tr>
<td>• media that disseminate such information</td>
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<tr>
<td>• scientific-technical knowledge, especially knowledge that facilitates intervention – for good or evil – in human welfare</td>
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<tr>
<td>Question</td>
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<td>------------------------------------------------------------------------</td>
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<tr>
<td>1. What major resources do exploiters control – land, labor, capital,</td>
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<tr>
<td>knowledge, something else?</td>
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<td>2. What major resources do opportunity hoarders control?</td>
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<td>3. What boundaries separate exploiters and opportunity hoarders from</td>
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<tr>
<td>the rest of the population?</td>
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<td>4. To what extent do those boundaries correspond to other divisions</td>
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<td>such as gender, caste, religion, ethnicity, or citizenship?</td>
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<td>5. What controls and constraints maintain individual and collective</td>
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<td>locations on either side of prevailing boundaries?</td>
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<tr>
<td>6. To what extent and how do beneficiaries of surpluses from exploitation</td>
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<tr>
<td>and opportunity hoarding apply those surpluses to reproduction of</td>
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<tr>
<td>exclusionary boundaries and unequal relations across them?</td>
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<tr>
<td>7. How frequently do people cross those boundaries in either direction?</td>
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<td>8. To what extent is boundary crossing, when it occurs, individual or</td>
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<tr>
<td>collective?</td>
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<tr>
<td>9. What processes facilitate and inhibit boundary crossing, whether</td>
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<tr>
<td>individual or collective?</td>
</tr>
<tr>
<td>10. Through what channels – kinship, religious affiliation, political</td>
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<tr>
<td>connections including government employment, underground economies,</td>
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<tr>
<td>occupational mobility, or educational achievement – do local people</td>
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<tr>
<td>most regularly move out of poverty?</td>
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<tr>
<td>11. At what pace, and in what ways, are these arrangements changing?</td>
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Figure 1: A Crude Typology of Escapes from Poverty

Collective

CATEGORICAL
BOUNDARY-CROSSING

REVOLUTION

SPI LLOVER FROM
ECONOMIC GROWTH

NEW
CHANNELS

INDIVIDUAL
PASSING

Individual

None

Extensive

Transformation of System
Among the many vivid vignettes of poor people's lives recorded in the World Bank's sweeping survey, *Voices of the Poor*, listen to one of the more hopeful stories:

Mahood Rab was destitute when he arrived at the slum of Chittagong City with his wife at the age of 18. He left his village after his father died, and his family had become impoverished covering medical expenses. When Mahood arrived in the city, he worked as a rickshaw puller, and his wife took jobs as a maidservant in several homes. Through hard work, and with his own and his wife's savings, he was finally able to buy a rickshaw. Within a year, he owned four. Today, at age 50, Mahood owns eight rickshaws, but does not rely just on this business. He took out a loan from Proshika (a national NGO) and rents five houses he built in another slum area. Mahood shared with the researchers that due to his wealth everyone knows him, and he is among those who are respected and take part in the major decisions of the neighborhood (Narayan, Chambers, Shah and Petesch 2000: 52; see also Narayan 2000).

Thirty-two years after Mahood's arrival in Bastuhara, a Chittagong slum, his story reads like a free enterprise morality tale: take risks, work hard, accumulate capital, invest wisely, and you will escape from poverty. According to the Voices of the Poor study of Bastuhara, the slum houses a number of migrants who have moved up through saving, investing, and working hard; new factories and NGOs' backing of micro-credits facilitated their rise (Narayan and Petesch 2002: 124). Mahood Rab's story also appears to illustrate the importance of crucial assets and capabilities on the Narayan and Petesch checklist for poor people, reproduced in Table 1.

Table 1 about here

The vignette does not tell us to what extent Mahood capitalized on emotional integrity, imagination, information, education, or political representation and accountability. But he clearly benefited from other assets on the checklist. He deployed some of them during his exit from poverty, then enjoyed others as a result of his exit. Even the brief sketch, for example, shows him enjoying material assets, respect, dignity, and social belonging. What we don't know, however, is to what extent he already belonged to some social category that facilitated his exit and/or used previously existing connections on his way to Chittagong. Most likely he benefited from both social connections and membership in a favorable social category. After all, the landmark study of poverty in India's Palanpur, Uttar Pradesh, indicates that connections and categories matter greatly to South Asian exits from poverty (Lanjouw and Stern 2003).

In the very act of affirming the value of cultural identity to poor people, indeed, Narayan and Petesch note its downside:

Cultural practices, however, can also be exclusionary. In Nigeria the poorest of the poor are excluded from social events and ceremonies. In India women are
excluded from many community and religious rituals conducted by men. In Ughoton, Nigeria, it is taboo for women to enter the Court Hall because it is regarded as a sacred place. Women may sit outside, where they can only listen while important decisions are made. In Adaboya, Ghana, the churches are perceived to sow seeds of disunity by engaging in competition between denominations (Narayan and Petesch 2002: 468).

A broader look at the case studies in the World Bank’s portfolios therefore suggests two qualifications to any straightforward inference from the Mahood Rab story that virtue x effort = success. First, very few of the poor people surveyed for Voices of the Poor actually accomplished anything like Mahood Rab’s spectacular family exit from poverty. In the study’s detailed analysis of Bangladesh, for example, some of the “social poor” had connections to draw on, but the “helpless poor” did not, and the “hated poor” clearly belonged to the wrong categories for any such assistance (Narayan and Petesch 2002: 121). Most of the Bangladeshi poor apparently lack favorable categorical memberships and interpersonal connections.

Second, whether or not social connections and membership in a favorably situated social category facilitated Mahood’s ascent, in general both of them affected mobility or immobility a great deal more than did individual pluck or luck. Most of the world’s very poor people, it seems likely, lack favorable categorical memberships and helpful connections. If so, their exits from poverty – if they happened – would result from either 1) their acquisition of new categorical memberships and/or connections or 2) political-economic changes that subvert the usual effects of categories and connections. Socially organized patterns of exclusion set formidable barriers to mobility in the way of most poor individuals and households (Munck 2005).

The real-life availability of most “assets and capabilities” on the comprehensive Narayan-Petesch checklist results from economic, organizational, and political processes over which any particular poor individual or household exercises precious little control. Those processes produce and maintain the crucial categorical memberships and social connections. They thereby cause differential exclusion of poor individuals and households. In order to explain how politics affects individual and collective exits from poverty, we must look directly at the impact of politics on organized exclusion from benefits.

The analysis that follows concentrates on causal links among four elements: social exclusion, poverty, exits from poverty, and overall processes that generate inequality among social categories. It argues that social exclusion lies at the heart of inequality-generating processes, that exclusion itself promotes poverty, and that exits from poverty therefore depend on eliminating or bypassing the usual effects of social exclusion.
Exclusion and Exits from Poverty

The World Bank's Moving Out of Poverty (MOP) Study intersects with this paper's themes when it deals with inclusion and exclusion. The study operates at three levels:

1. the local community, in which evidence comes from a general analysis of community characteristics, observations of female and male focus group discussions, ladders of life produced by those focus groups, placements of local households on those ladders for both past and present (likewise produced by focus groups) and household histories from a limited number of interviews

2. national syntheses based on combinations of data from multiple communities with general observations on the countries

3. the MOP central staff's analysis of variation, change, and common properties across all countries

The study therefore embodies an obvious tension between hoped-for conclusions (international patterns promoting or inhibiting attempts to facilitate exits from poverty across the world) and systematic evidence (detailed observations within single communities). It compounds the tension by insisting on identification of local standards of poverty or wealth instead of adopting putatively uniform standards such as nutritional sufficiency or income equivalents. Those tensions, paradoxically, give the study its peculiar strength: the possibility of connecting local processes of mobility, immobility, and inequality with worldwide patterns.

For all its strengths, the MOP study design obscures the processes on which this paper concentrates: the politics of exclusion and the political production or reproduction of poverty. It obscures those processes in two unavoidable ways. First, it relies on local holders of power for access to the community, formation of focus groups, and selection of households for interviews. Second, it diverts attention from all sorts of political connections between the community and its individual households, on one side, and holders of power outside the community, on the other. The analysis that follows can therefore help the final synthesis of MOP findings both by identifying hidden influences on exits from poverty and by suggesting plausible supplementary explanations of differences among communities and among countries.

If so, this paper's task becomes clear. It involves these steps: 1) a general sketch of exclusionary social processes that generate inequality in assets, capabilities, and social connections among different categories of the population, and thereby produce poverty among the excluded; 2) an equally general review of political underpinnings for inequality and its changes; 3) spelling out of policy implications following from that analysis.

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Just as clearly, to focus on these aims, this paper deliberately neglects a whole series of relevant questions. It does not spell out its arguments’ implications for change and variation in national configurations of material inequality among individuals or households as measured by such devices as the Gini coefficient. It does not propose a typology of countries or regions that differ significantly with regard to either their overall patterns of material inequality or the processes that generate material inequality. It does not, finally, assess existing or possible poverty-reduction strategies in terms of the likelihood, if the paper’s arguments are correct, that they will actually reduce poverty and/or facilitate poor people’s exits from poverty. In such a brief analysis, taking up any one of these crucial questions would enormously complicate the argument, and very likely obscure its main elements.

To defend itself against likely misinterpretations, nevertheless, this paper takes a meandering path to its destination. Many factors other than social exclusion produce poverty, most notably the overall character of economic activity within a given region. Many other factors than politics in any large sense of the word promote social exclusion, for example the salience of religious, ethnic, racial, and gender divisions within a population. Finally, any poverty-affecting political intervention (for instance, massive redistribution of income by means of progressive taxation) yields effects well outside of poor people’s lives, and may turn out to be impractical because of those other effects rather than because of its impact on poverty.

Yet without general pictures of inequality-producing processes and their connections with politics at large we are likely to draw mistaken conclusions about relations between poverty and the politics of exclusion. The paper’s general discussions of inequality and politics therefore set the backdrop for its narrower treatment of political impacts on escapes from exclusion-induced poverty.

**Social Processes that Generate Inequality**

Prevailing views of inequality’s production and maintenance make it difficult to grasp the processes by which exclusion generates inequality, and inequality causes poverty among excluded populations. In particular, a view of inequality and poverty as outcomes of individual-by-individual competition according to widely shared standards of merit, worthiness, or privilege obscures the significance of organized distinctions and interactions among members of different social categories. Since my main argument concerns categorical distinctions and interactions, it should help to sketch the common view the argument rejects.

Compare two very different perspectives on the processes that produce inequality: *individuals* and *interactions*. In an individual perspective, a person’s attributes and behavior locate that person within one or more hierarchies. Individual accounts differ greatly with regard to personal agency: At one extreme, a person’s performance determines where s/he ends up within this or that hierarchy. At the other extreme,
holders of power decide which attributes to punish or reward, thus placing people with different attributes at different positions within hierarchies (for surveys of competing individual views, see Grusky 2001, Romero and Margolis 2005). To be sure, most individual accounts of inequality recognize that previous social experience strongly affects individual attributes and behavior. Still, the perspective’s organizing ideas stress how inequality emerges from the sorting of individuals according to their attributes and behavior. In the Mahood Rab story with which we began, Mahood’s individual attributes (his “crucial assets and capabilities,” in Voices of the Poor terms) and his individual behavior (for example, his extraordinary entrepreneurship) caused his ascent from destitution to wealth.

In individual perspective, how do hierarchies work? Imagine a rectilinear space with social rank defining its vertical axis, and various social sites its horizontal axis. In the individual view, inequality consists of differential location within such a space. We can follow current fashion by constructing that space around monetary income or wealth, but nothing in principle keeps us from adding or substituting criteria such as power, fame, prestige, and overall well being. Any array of social units – individuals, groups, categories, jobs, or other positions -- is unequal to the extent that its members occupy different positions along that space’s vertical dimension.

The idea lends itself easily to the notion of a single hierarchy within which every individual has a defined place. The hierarchy may, of course, array individuals according to income, wealth, power, prestige, or some combination of these advantages. The perspective also articulates neatly with the notion of social mobility as movement of individuals from step to step within such a hierarchy. Aggregate inequality thus conceived refers to distributions: in static terms, the extent to which higher-ranking individuals enjoy greater advantages than lower-ranking individuals. In dynamic terms, it concerns the extent to which the average individual and that individual’s offspring stay in the same inferior location throughout careers, lifetimes, or generations. A highly unequal system, in these terms, concentrates advantages at its hierarchy’s top and fixes individuals or social units at their positions within the hierarchy.

A popular version of the individual perspective portrays the selection process within such hierarchies as a queue. In today’s western analyses of inequality, indeed, queuing images prevail. A queue, in this view, lines up individuals to pass a checkpoint where a monitor scans them, matches their various attributes and performances with well-established templates, then shunts them into different channels, where they join other people having similar attributes and performances. In a queue, inclusion or exclusion operates one person at a time, even if categorical attributes of individuals such as race, gender, or religion affect an individual’s inclusion or exclusion.

The best-known version of the queue employs one main template: human capital. In this scenario, the monitor is a market or its human agents. The monitor scans each individual for human capital, then matches the detected human capital with a position.
in which it will produce a net return for the market as well as for the individual. In competing versions of the queue, the monitor selects for gender, race, fame, estimated commitment, or other attributes instead of – or in addition to – human capital. Thus the manager of a fast food restaurant hires, fires, assigns, pays, and promotes counter workers on the basis of a personal preference schedule, but in implicit competition with other potential employers of the same workers.

More complex accounts in the same vein allow for additional effects of effort, inheritance, social connections, and learning, with the individual passing multiple monitors over a career. Still the central image shows us one person at a time passing a checkpoint and moving on to differential rewards as a consequence of attributes or performances registered at that checkpoint. Cumulatively, such a process generates distributions of individuals and positions differing significantly in current rewards and accumulations of past rewards as a function of their relationship to criteria built into the monitor.

Inequality-producing queues do exist. Law firms vie vigorously for high-ranking graduates of prestigious law schools, as graduates compete for positions in high-ranking firms. Competitive tryouts for ballet corps, football teams, and Rhodes Scholarships produce sharp divisions between winners and losers. First-past-the-post elections cumulate individual votes into a monitor having fateful consequences for politicians in parliamentary democracies. A knack for answering questions on what my colleague Nicholas Lemann (1999) calls The Big Test, early equivalents of the Scholastic Aptitude Test, helped me become the first member of my large, recently immigrant kin network to attend college.

That examination emphatically established a queue – a queue into elite American colleges. The question, then, is not whether inequality, immobility, and mobility ever result from queuing processes, but whether we can reasonably take the queue as a general model for the production of inequality. Later I will give reasons for thinking that, on the contrary, the inequality-generating queue constitutes an exceptional case that only works under special institutional conditions.

Scholars have reached little consensus on causes of long-term transformations over whole inequality spaces. The prevailing economic account, however, expands queuing mechanisms to a national, or even an international, scale. Markets, in that account, serve as monitors, sorting out individuals according to the marginal increases in productivity caused by incremental inputs of the resources they embody or control.

Thus, in general, resources currently in short supply that make large contributions to productivity command greater rewards than those in excess supply and/or without significant impacts on productivity. The relative supply and significance of such resources as land, labor power, knowledge, information, machines, and financial capital
shift massively over time as a function of interactions between their own transformation, on one side, and the changing organization of production, on the other.

With lags due to the accumulation of wealth, in such a view, basic inequalities shift from dependence on control of one kind of resource (say land) to another (say capital). Explanation of inequalities therefore requires identifying forms of production and the resources whose possession those forms reward. People who control the crucial resources will, according to the argument, reap disproportionate gains. While raising doubts about the generality of queuing processes as causes of inequality, I will borrow that important insight from queuing approaches later on.

**Interactive Origins of Inequality**

What about interaction as a source of inequality? As an inequality-generating process, an interaction looks quite different from a queue, indeed from any set of arrangements that sort individuals one by one according to their attributes and behavior. In individual perspective, markets sort individuals by the attributes (e.g. human capital) and behavior (e.g. hard work) they bring to exchanges such as those between bosses and workers. Turning the market back into a dynamic set of social relations, however, reduces the difference between individual and interactive perspectives. Recognizing relations within a Middle Eastern bazaar, relations within a stock exchange, and relations within a local bake sale as different manifestations of markets makes it easier to conceive of markets in general as interactions (White 2002).

Assuming that market operations play a part in creating inequality, then, we have a choice between a) imagining the market as an impersonal sensor that sorts persons, performances, and objects according to unchanging general criteria and b) including dynamic, negotiated, interactive social relations in our picture of the market (Zelizer 2005). To the extent that we take the second option, we move away from strict individualism.

For a strong analogy, think about a crucial form of interaction: conversation. Conversation provides an illuminating example and model of social life because it so blatantly contradicts individual-interest-driven portrayals of social life (Tilly 1998b). Participants in conversation obviously build on previous experience and follow known scripts. Yet they also improvise incessantly, and collectively produce new outcomes that affect their subsequent interchanges. In the most elementary conversation, only two parties engage in negotiated communication. Although the parties begin with at least partially shared definitions of their identities and relationship, both identities and relationships modify as a result of the colloquy. In the course of their exchange, each party deploys available resources in efforts to influence the other party and to shape the collective output of their talk. Many conversations operate asymmetrically, producing a net flow of advantage to one party or the other. Those conversations alter relationships between interlocutors.
In the analysis of inequality, the best-known interactive image represents the relationship between the parties as joint participation in material production. Here we see one party imposing controls and restrictions on the other such that the two parties leave their interchange with unequal gains or losses. Marxist models of inequality generally fit that image, but so do a number of non-Marxist and semi-Marxist materialist accounts (see e.g. Bowles & Gintis 1976, 1993, Earle 1997, Granovetter & Tilly 1988, Kalb 1997, Midlarsky 1999, Tilly & Tilly 1998). They generally argue that the organization of material production creates unequal categories of participants in productive processes and their rewards. They therefore build in exclusion from control of production and from its benefits into their accounts of inequality.

Competing interactive explanations of inequality—especially inequality by gender, race, ethnicity, nationality, and other criteria that are not ipso facto economic—stress guile, coercion, mystification, and rhetoric as bases of unequal exchange. The elementary two-person model has its uses as a starting point. Yet interactive explanations of inequality gain in value when they incorporate three or more interlocutors, when categorical boundaries separate at least two of the parties, and when the residues of previous interactions among the parties shape their current interchange.

In the interactive view, inequality is a relation between persons or sets of persons in which interaction generates greater advantages for one than for another. At a small scale, we might trace out the unequal relations that characterize a shop, a household, or a neighborhood. At a large scale, multiple relations of this kind compound into vast connected webs of inequality. At either scale, the interpersonal networks involved only approximate single hierarchies under extraordinary circumstances—for example when some powerful institution such as an army, a corporation, or a church clumps people into distinct levels. We cannot easily locate most such webs in the sorts of abstract inequality spaces according to income, wealth, or prestige commonly associated with queuing models. Yet the web-like structure poses no fundamental barrier to assessing aggregate inequality. It simply requires shifting from examination of static stocks to study of dynamic flows (see, e.g. Brudner & White 1997).

Just as we can detect dominant economies by tracing international trade flows, dominant firms by tracing interlocking directorates, and dominant universities by tracing movements of scientists among institutions, we can identify dominant clusters within larger interpersonal webs by tracing net flows of advantages among social locations. Analyses of US black-white differentials in wealth and well being (e.g. Oliver & Shapiro 1997, Conley 1999) indicate, for example, that even at similar levels of current income parent-child transfers of wealth give US whites, on the average, great advantages over US blacks. Racial endogamy probably reinforces those differences. Social mobility, in interactive perspective, does not consist of individual movement up and down an abstract hierarchy. It involves concrete flows of persons among clusters, especially clusters that differ significantly in dominance.

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Long-run changes of inequality, in this view, depend on regrouping of relations among interlocutors. Like their neoclassical counterparts, Marxist explanations of major shifts in inequality emphasize control over productive resources. Classic Marxist explanations differ dramatically from neoclassical formulations, however, in two regards. First, they deny that markets do the crucial adjudicating, insisting instead on the generation of inequality within relations of production. Exploitation – unequal sharing of value added by effort in socially organized production – thus forms unequal social classes. (Some Marxists also make concessions to unequal exchange, but that remains a secondary current within Marxism.)

Second, Marxists differentiate between a medium run and a long run. In the medium run, interaction within modes of production creates changes in the degree, but not the type, of inequality. For the capitalist medium run, Marxist theories predict ever-increasing polarization between capital and labor. In the long run, coercion in the form of conquest, colonization, or revolution creates shifts from one mode of production to another. To the two time spans correspond contrasting styles of interaction: grudging collaboration in the medium run, shouting confrontation in the long run.

At best the Marxist historical account only explains the evolution of class differences. It lacks a plausible explanation of differences by gender, race, ethnicity, age, nationality, religion, and other categorical principles in so far as those principles operate in partial independence of class. The lack has led a number of Marxist theorists either to argue that inequalities among such non-class categories ultimately derive from class inequalities or to search for ways in which their existence serves the interests of dominant classes (see e.g. Leiman 1993).

**An Interactive Theory of Inequality**

While drawing considerable inspiration from Marxist accounts, I have taken a different tack, investigating the interplay of categorical distinctions with various forms of exploitation and opportunity hoarding (Tilly 1998a, 2005). To give it a full, cumbersome label, we might call my line of argument an “interactive resource control theory of material inequality generation.” Here is how the argument runs:

- material inequality results from unequal control over value-producing resources (example: some wildcatters strike oil, while others drill dry wells)

- paired and unequal categories such as male-female or white-black consist of asymmetrical relations across a socially recognized (and usually incomplete) boundary between interpersonal networks; such categorical pairs recur in a wide variety of situations, with the usual effect being unequal exclusion of each network from resources controlled by the other (example: in US urban ghettos, immigrant communities are often excluded from resources available to middle-class white residents)
merchants often make their livings by selling mainly to black people, but never simply integrate into the black community)

- an inequality-generating mechanism we may call exploitation occurs when persons who control a resource a) enlist the effort of others in production of value by means of that resource but b) exclude the others from the full value added by their effort (example: before 1848, citizens of several Swiss cantons drew substantial revenues in rents and taxes from non-citizen residents of adjacent tributary territories who produced agricultural and craft goods under control of the cantons’ landlords and merchants)

- another inequality-generating mechanism we may call opportunity hoarding consists of confining disposition of a value-producing resource to members of an ingroup (example: Southeast Asian spice merchants from a particular ethnic-religious category dominate the distribution and sale of their product)

- two further mechanisms reinforce the effects of exploitation and opportunity hoarding: emulation and adaptation; emulation occurs when those who control an inequality-generating set of social relations import categorical distinctions (e.g. by gender or caste) that bring with them readily available practices and meanings (example: early 20th century operators of South African gold and diamond mines build the distinction between “Europeans” and “Natives” directly into the workforce, with white workers enjoying supervisory positions and enormously higher pay)

- adaptation involves subordinates’ adjustment of their daily routines (e.g. their meetings with friends) so that they actually depend on the social arrangements generating inequality (example: factory workers meet their production quotas through speedups and collaboration in order to create time for sociable leisure with their workmates, but by that very effort commit themselves to management-imposed quotas)

- both exploitation and opportunity hoarding generally incorporate paired and unequal categories at boundaries between greater and lesser beneficiaries of value added by effort committed to controlled resources (example: the distinction between professionals and non-professionals – registered nurses and aides, scientists and laboratory assistants, optometrists and optical clerks, architects and architectural drawers, et cetera -- often marks just such boundaries)

- local categorical distinctions gain strength and operate at lower cost when matched with widely available paired, unequal categories so that their boundaries coincide (example: hiring women as workers and men as bosses reinforces organizational hierarchy with gender hierarchy)
• over a wide range of circumstances, mobility across boundaries does not in itself change the production of inequality, but alters who benefits from inequality (example: so long as college degrees remain essential for engineering jobs, acquisition of those degrees by immigrants reinforces the exclusion of non-degree holders, even among immigrants)

• inequalities produced in these ways become more durable and effective to the extent that recipients of the surplus generated by exploitation and/or opportunity hoarding commit a portion of that surplus to reproducing a) boundaries separating themselves from excluded categories of the population and b) unequal relations across those boundaries (example: landlords devote some of their available wage-labor to building fences and chasing off squatters)

Those are the theory’s bare bones (for more sustained treatments, see Tilly 1998a, 2005). Taken in these terms, it provides no direct explanations for individual-by-individual variation in success and failure or for change and variation in the overall distribution of a country’s wealth and income. Yet the theory has direct implications for exclusion and poverty. It centers on exclusion (complete or partial) from benefits generated by control of resources. Both exploitation and opportunity hoarding exclude members of subordinate categories from benefits. If the argument is correct, that exclusion usually produces categorical boundaries between ins and outs.

Exclusion relates differently to relative and absolute poverty. It inevitably produces relative poverty for the excluded. But whether excluded people experience absolute poverty depends on 1) the extent of exclusion, 2) the availability of alternative resources to excluded people, and 3) the absolute size of the shares coming to subordinate categories. As advocates of “trickle down” often argue, at least sometimes exploitation and opportunity hoarding generate increasing returns that benefit the excluded as well. In those cases, a rising tide lifts all ships.

Exclusion most emphatically and directly produces poverty, according to such a theory, if the crucial value-producing resources affect the livelihood of most or all people within the population under analysis. In an essentially agricultural region, for example, sharp differences in access to land increase the likelihood that landless households will suffer absolute poverty. Similarly, to the extent that an economy attaches benefits exclusively to employment in capital-intensive firms, categories of the population that systematically lack access to employment suffer absolute poverty. As the United Kingdom’s Department for International Development puts it:

For DFID, social exclusion matters because it denies some people the same rights and opportunities that are afforded to others in their society. Simply because of who they are, certain groups cannot fulfill their potential, nor can they participate equally in society. An estimated 891 million people in the world
experience discrimination on the basis of their ethnic, linguistic or religious identities alone (DFID 2005: 5).

The report goes on to specify that exclusion causes poverty in two complementary ways: by excluding individuals from opportunities available to members of other categories, and by under-using an economy’s productive potential. These effects become more powerful to the extent that one or a few value-producing resources dominate the economy. As we will soon see, most economies do center on a limited range of value-producing resources. Hence most economies harbor the potential for generating absolute poverty through exclusion of whole categories of people from access to those resources.

We can, of course, invert the theory. For example:

- For a given level of control, segmentation or multiplication of value-producing resources – such as prospectors’ discovery of new deposits in a gold field -- weakens exploitation and opportunity hoarding, thereby reducing exclusion and impoverishment.

- Collective action by members of excluded categories, if successful, induces greater sharing of benefits, and thus undermines exploitation or opportunity hoarding; relevant collective action ranges from strikes to revolutions.

- Discovery or creation of new value-producing resources by members of previously excluded populations may introduce new sites of exploitation and opportunity hoarding, but at least facilitates their escape from earlier subordination.

- Subversion of boundaries between the privileged and the excluded (for example, by affirmative action on behalf of talented members of excluded minorities) weakens control over value-producing resources.

For whatever reasons they occur, declines in the range and effectiveness of exploitation, opportunity hoarding, emulation, and adaptation reduce exclusion. The reduction of exclusion thus promotes individual and collective escapes from poverty.

The theory has some interesting extensions that likewise bear on exclusion and poverty. Within strong systems of exploitation, segments of excluded populations sometimes practice opportunity hoarding, and thus mitigate the poverty and inequality-producing effects of exploitation. Most obviously, subordinate population segments create niches that exclude others from their benefits: jobs that go only to members of a specific gender, ethnic category, or migration stream, crafts monopolized by a single connected population, trading diasporas, and so on. Niche formation often benefits members of the hoarding category, but the fact that it excludes others from opportunities means it
rarely reduces poverty in the aggregate. It sometimes even promotes aggregate poverty by blocking access of more productive workers to hoarded niches.

If exploitation and opportunity hoarding are the basic mechanisms behind inequality, while emulation and adaptation simply reinforce the two main mechanisms, then queuing is simply one of several differentiating mechanisms by which exploitation and opportunity hoarding produce their effects. Queuing requires unusual special conditions: individual-by-individual selection rather than collective incorporation of categories; centralization of monitoring rather than multiple, diverse points of entry; crisp and visible selection criteria; relatively extensive divisions both among candidates and among positions to be allocated.

While these conditions commonly occurred in twentieth century schools and firms – hence the recent popularity of queuing models – they have rarely appeared together in history. They rest, in fact, on extensive organizational infrastructure. Human beings working in concert organize the queuing, the monitoring, the assignment to positions, and the allocation of rewards to occupants of those positions. In the more general case, collective (rather than individual) selection occurs, monitoring operates in a dispersed fashion, criteria vary from situation to situation, as the numbers of categories and positions remain limited. Even within contemporary capitalist firms, for example, mutual recruitment to jobs within channels marked by common origin – migration stream, schooling, race, or ethnicity – still plays a large part in hiring. Such practices do not conform to simple queuing models. Queues are special cases.

**Describing and Explaining Systems of Inequality**

Whether or not queues figure prominently in any particular setting’s production of inequality, exploitation, opportunity hoarding, emulation, and adaptation always set crucial barriers in place. Understanding the basic mechanisms allows us to construct a questionnaire for the analysis of escapes from poverty. But a first take on inequality in any setting begins with specification of the value-generating resources on which exploitation and opportunity hoarding are operating. Table 2 lists the main classes of resources whose control has supported inequality in one setting or another across the long sweep of human history (Tilly 2005). It does not exhaust the possibilities. Control of precious metals or minerals has, for example, sometimes figured centrally in exploitation and opportunity hoarding. But the table does identify the main classes of resources that have supported large-scale systems of inequality over the last 5,000 years.

**Table 2 about here**

All of these resources lend themselves to production of benefits for some recipients by means of coordinated effort. When they are in short supply and relatively easy to circumscribe, they all lend themselves to exploitation and opportunity hoarding, hence
to the generation of inequality. Coercive means, for example, have underlain many systems of inequality for thousands of years, and still play at least some part in the maintenance of inequality throughout the world despite the rising importance of later items on the list. Only much more recently, in contrast, has control over scientific-technical knowledge become a major basis of inequality across the world.

It may be obvious that early items on the list – coercive means, labor, animals, and land – lend themselves to punishing, poverty-inducing exclusion. Civil wars, for example, always involve huge disparities in access to lethal arms, and almost always leave impoverished populations in their wakes. More slowly, less visibly, but no less powerfully, monopolization of land in agrarian regions regularly produces acute poverty among the landless. But it is equally true that where employment in firms – capitalist, socialist, or otherwise – provides the chief source of material benefits, in the absence of extensive social insurance, unemployment and barriers to employability also generate acute poverty.

Of course these value-producing resources operate in combination. Once settled agriculture began to prevail in Eurasia 5,000 or so years ago, those who controlled land and animals on a large scale usually also controlled coercive means, and acted either to contain, to displace, or to co-opt those who deployed coercive means locally. Until recent centuries, the early items on the list – coercive means, labor, animals, land, and commitment-maintaining institutions – predominated in the world’s production of categorical inequality. Even today, they probably account for the bulk of the world’s inequality at the local and regional scales. Local reports in the Voices of the Poor study suggest that exclusion from control of coercive means, labor, animals, land, and/or commitment-maintaining institutions is still the proximate cause of deep poverty across poorer parts of the world.

Between the 18th century and the recent past, however, control over machines gained ever-increasing prominence as a base of exploitation and opportunity hoarding. Then during the later 20th century, the last four items on the list – financial capital, information, media, and scientific-technical knowledge – began in their turn to displace control over machines as worldwide bases of inequality.

The prevalence of one combination of inequality-sustaining resources or another strongly affects patterns of individual and collective mobility, hence escapes from and entries into poverty. Where coercive means prevail, individuals and groups that acquire arms and warriors gain crucial mobility advantages. In agrarian systems, acquisition or loss of land (which often occurs, to be sure, through someone’s use of coercive force) makes the great difference. Only in recent eras of wage labor and extensive commerce has it been widely possible for workers to save money from wages, then invest it in such small enterprises as craft production and retail trade.
By themselves, prevailing resources strongly differentiate systems of inequality, hence channels of individual or collective escape from poverty. Across the contemporary world, for example, the great prominence of land plus coercive means in the inequality of such countries as Uganda and Cambodia contrasts greatly with the sorts of inequality based on financial capital and scientific-technical knowledge in France or Japan. Brazil is moving from a system of inequality based chiefly on enormous differences in control over land to another one - no less unequal - based much more heavily on control over financial capital and scientific knowledge (Telles 2004).

For the purposes of MOP analysts, then, Table 2 provides a convenient checklist of resources that figure prominently in the forms of inequality prevailing in a given community or country. It also suggests some crude hypotheses for analysis of MOP evidence. We might, for example, reasonably expect ladders of life produced by local focus groups to differ significantly following the extent to which control over land, labor, animals, or machines sustained local systems of exclusions. We might expect local ladders to stress household capacities and obligations in regions of subsistence agriculture and to focus much more heavily on income and wealth in highly commercialized locales.

Once they have identified the fundamental resources involved in the production of inequality, however, analysts must still figure out how processes based on those resources actually work. Table 3 provides an all-purpose questionnaire for identification of the crucial processes.

**Table 3 about here**

The table simply translates my earlier arguments into a series of operations applying to any inequality-generating system anywhere. It describes a search for value-producing resources, exploitation, opportunity hoarding, boundaries, and the rest of the apparatus that generates inequality. So doing, it shifts attention away from conventional concerns with queues, individual mobility, income distributions, and aggregate flows of persons or resources within an economic system. It directs attention toward the processes that produce, reproduce, and transform inequality. It asserts that categorical exclusion from benefits lies at the heart of inequality. It also asserts that categorically organized channels, rather than those that operate at a purely individual level, most often facilitate escapes from poverty when such channels actually form.

To identify such channels, analysts should look especially at the use of six kinds of connections in mobility: 1) kinship, 2) religious affiliation, 3) political connections including government employment, 4) underground economies, 5) occupational mobility, and 6) educational achievement. (One might add long-distance migration to the list, but substantial migration streams almost always operate within one or more of the six types of channels.) Occupational and educational mobility may well operate individually, although they too often involve sponsorship and categorical rather than
individual advancement. But the first four – kinship, religious affiliation, political connections, and underground economies – more frequently engage whole categories of people and their internal connections.

**Political Underpinnings of Inequality and its Changes**

Our all-purpose questionnaire serves an unexpected purpose. It specifies the pressure points through which political processes affect inequality and its changes. Politics sometimes enters the production, reproduction, and transformation of inequality through all eleven items on the list: control over resources for exploitation and opportunity hoarding, installation of crucial boundaries between controllers of resources and others, correspondence of those boundaries to gender or caste, and so on. Rather than a tedious item-by-item recitation of political influences, let us review them more generally.

Politics includes all exercises of power to which governments are parties, whether primary parties (as in military conscription) or secondary parties (as in legal enforcement of private contracts). Governments inevitably involve themselves in production, reproduction, and transformation of inequality. Governments specialize in controlling concentrated means of coercion. Indeed, we commonly identify governments by looking for organizations that control the greatest concentrations of coercive means – for example, troops, police, jails, and means of imposing humiliation – within their operating territories. Control of such means gives governments great initial influence over the allocation of other resources.

Governments produce, maintain, and transform inequality both directly and indirectly. Directly, all governments operate systems of exploitation and opportunity hoarding. Via taxation and expropriation, they use their coercive means to organize the production of collective goods, whether or not individual citizens would contribute willingly without coercion. Sometimes they engage in wars – civil or international – that destroy productive resources and thereby increase inequality between the protected few and the damaged many. In the Voices of the Poor study, the impact of Bosnia-Herzegovina’s civil war on poverty rivals the impact of Bangladesh’s devastating floods (Narayan and Petesch 2002).

Outside of war, governments coordinate exploitation of value-producing resources such as minerals and water so that major categories of the population contributing their effort receive less than the proportionate value they have added. Taxation of wages for governmental projects provides the obvious example, but military conscription and forced non-military labor operate in similar ways (Levi 1997, Tilly 1992). Of course, rulers commonly claim that their coordination of crucial resources adds so much value that everyone benefits in the long run. To say the least, real governments vary enormously in the extent to which they do add value, as opposed to operating

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essentially as protection rackets or as simple rent seeking to the benefit of rulers (Tilly 1985).

Governments regularly engage in opportunity hoarding. They do so when they monopolize such resources as oil or diamonds and restrict benefits realized from those resources to members of the ruling group. Similarly, in poorer countries governmental office often offers an escape from poverty. Despite meager salaries at all but the highest levels, they offer more secure and remunerative employment than work in the private sector. They also frequently provide opportunities for bribes, service fees, and other payoffs (Bayart 1993, Fatton 1992, Migdal 2004, Roitman 2005, Rotberg 2004, Varese 2000, World Bank 1997).

Much more broadly, all governments provide more protection for their own property rights – for example, rights to armed force, public land, minerals, waterways, and national currencies -- than for those of the general population. Distinctions of citizens from non-citizens likewise establish unequal protections for a wide variety of rights, including property rights (Ngai 2004). Those protections, too, involve opportunity hoarding.

Indirectly, but no less powerfully, all governments back up exploitation and opportunity hoarding on the part of their major supporters. To be sure, authoritarian regimes usually concentrate their support on the enterprises of much narrower elites than democracies do. We recognize a democracy precisely by the fact that a large share of the population has some control over how the government behaves and receives a degree of protection for its daily activity, including its pursuit of gain. But all historically known democracies have also favored the property rights, value-producing enterprises, and legal advantages of their dominant classes over those of ordinary people (Bermeo 2003, Tilly 2004).

Well before 19th century welfare systems, some governments installed protections against famine, disease, and disaster or their worst consequences. Chinese empires worked on authoritarian principles, but regularly stockpiled and distributed grain to palliate the effects of famine (Lee and Campbell 1997, Will and Wong 1991, Wong 1997). Until the Black Death struck Europe and the Middle East during the 14th century, England and Egypt roughly equaled each in wealth and productivity. But Egypt’s economy took centuries to recover from the pandemic, while England moved back to its previous economic level quite rapidly. Contrasting systems of rule involving very different forms of land ownership made the difference (Borsch 2005).

Since the 14th century, governments West and East have repeatedly intervened to promote one form of economic activity or another, and have thus affected patterns and intensities of exits from poverty. For better or worse, socialism’s state-run enterprises drew on centuries of experience in governmental intervention (Verdery 1996). Well short of state socialism, governments have regularly protected and regulated industries
on behalf of one national interest or another. Each such intervention affects who wins, who loses, and who suffers exclusion (Verdery 2003).

Since 1800, most countries have also used some of their top-down power to redistribute income and create some measure of security for vulnerable workers. Looking at a large number of countries, Peter Lindert has established how regularly economic expansion has led to formation of redistributive systems for social spending, especially as ordinary workers acquired political voice. “Since the eighteenth century,” he remarks,

> the rise of tax-based social spending has been at the heart of government growth. It was social spending, not national defense, public transportation, or government enterprises, that accounted for most of the rise in governments’ taxing and spending as a share of GDP over the last two centuries (Lindert 2004: I, 20).

But wage-labor became more central to economies, first in the West and then across the world. As it did so, redistributive social spending skyrocketed.

Most of that increase has occurred recently. Before the 20th century, social spending never sufficed to maintain poor people in idleness, much less to entice them away from viable employment. Conservative critics to the contrary notwithstanding, Lindert challenges the view that welfare benefits sap initiative. Lindert concludes, indeed, that social spending stabilized the labor force and increased its productive capacity. Because it did so, even very high levels of welfare expenditure occurred at little or no net cost to the whole economy. To that extent, governmental activity (like economic growth in general) produced aggregate exits from poverty. Thus some political initiatives do promote collective escapes from economic exclusion.

In recent years, both governments and international organizations have often targeted particular political interventions to the reduction of poverty and the inclusion of previously excluded segments of the population in opportunities for economic improvement. World Bank chief economist Nicholas Stern has warned, however, that investment-led economic growth alone will not mitigate poverty. “We should not,” he declares,

> . . . think only in terms of economic growth when we try to understand poverty reduction. It is vital that we work to empower poor people to participate in the process. And poverty occurs in many more dimensions than income. Hence, we must also recognize a second pillar in the fight for poverty reduction: empowerment. Empowering poor people so that they can participate in economic growth requires investments in health, in education, and in social protection as well as building institutions that enable them to participate in decisions that shape their lives (Stern 2003: xvii).
The prescription immediately raises a question: whom would an effective poverty-reduction program empower, and how? My argument implies an answer: without neglecting programs that make everyone richer, concentrate on empowering poor people to destroy, undermine, bypass, or create alternatives to the categorical barriers that exclude them from enriching opportunities. Do so by attacking the barriers directly, but also by offering poor people the means of destroying, undermining, bypassing, or creating alternatives on their own.

Directly political intervention obviously has a central part to play in either effort. Existing public programs to reduce exclusion and poverty range from investment in infrastructure to microfinance to direct promotion of employment. In such programs, international institutions including the World Bank, national governments, and nongovernmental organizations all play significant parts. The enormous current concentration of microfinance in Asia surely results in part from the fact that the Grameen Bank and similar lending organizations made their most visible and successful start as public programs in South Asia with the endorsement, however reluctant, of national governments (Gibbons and Meehan 2002).

Political effects on escapes from economic exclusion and poverty, then, cover the entire range of inequality-generating processes: which resources support exploitation and opportunity hoarding, which boundaries separate beneficiaries of exploitation and opportunity hoarding from non-beneficiaries, to what extent those boundaries correspond to other socially consequential boundaries such as gender or religion, what inhibits or facilitates movement across the boundaries, and the degree to which boundary crossing occurs individually or collectively. Our survey has, in fact, identified some rather different sorts of escapes from poverty. Figure 1 schematizes the possibilities. It distinguishes two dimensions: how much transformation of inequality's overall patterns the particular escape entails, and the extent to which escapes are individual or collective. The five stylized types named in the diagram merely indicate the range of possibilities, without by any means exhausting them.

Let us circumnavigate the named possibilities:

*Passing* refers to individual movement across a boundary by change of identity, for example by acquiring a college degree or suppressing information about ethnic origins. Passing produces no significant transformation of the system. It often reinforces existing inequalities by confirming the value of credentials and committing successful boundary-crossers to maintenance of the boundary. To the extent that it drains away potential leaders, indeed, the promotion of individual passing aggravates poverty for remaining members of the already impoverished category.
Categorical boundary-crossing generally produces more change in the system, partly because movement of a whole category into the territory of privilege sets a visible challenge and precedent for other unprivileged categories, and partly because categorical movement brings new forms of culture and social ties into the privileged zone. The net movement of America’s Chinese immigrants from stigmatized labor during the 19th century to entrepreneurship and professional standing during the 20th did not make a new American revolution. But it did change the connection between Chinese migration networks and American centers of wealth (McKeown 2001).

Revolutions continue to occur in our own time. In addition to the East European revolutions of 1989, Jeffrey Goodwin’s short list of revolutions during the latter half of the 20th century includes Vietnam, China, Bolivia, Cuba, Algeria, Ethiopia, Angola, Mozambique, Cambodia, South Vietnam, Iran, Nicaragua, and Grenada (Goodwin 2001: 4; see also Goodwin 2005). Since they include displacement of a ruling class, revolutions simultaneously transform whole systems of inequality and produce substantial movements across existing boundaries of privilege. (As the painful experience of Russia since 1991 should remind us, however, revolutionary transfers of power do not necessarily reduce poverty across whole populations.)

Formation of new channels of mobility in systems of inequality transforms them over the long run by such means as connecting opportunities with new migration streams, moving people from agriculture to manufacturing or services, establishing new patron-client chains, and creating new entrepreneurial networks. If no significant economic growth occurs in the process, however, new channels produce turnover without net exits from poverty. One migrant stream or patron-client network simply displaces another.

Finally, spillover from economic growth does generate escapes from poverty to the extent that it opens new economic opportunities for the previously poor and/or involves redistribution of new benefits. Here political change or its absence makes a tremendous difference. On one side (as Lindert’s historical comparisons document), redistributive social spending can generate mass exits from poverty as well as further economic growth. On the other side (as the cases of oil-rich authoritarian countries such as Sudan indicate), if a narrow elite hoards the returns from economic growth, poverty often grows more prevalent.

These categories are necessarily abstract. But they become quite concrete in migration systems across the world. Migrants who move in chains and establish remittance systems commonly balance and mediate between advantages gained at the destination and reinvestment in mobility at the origin (Amuedo-Dorantes & Pozo 2005, Borges 2003, Gold 2005, Kurien 2002, Proudfoot & Hall 2005, Roberts & Morris 2003, Singh 2005, Smith 2005, Tilly 2000). They frequently do so by locating niches (such as retail trade) at the destination within which they then practice low-level opportunity hoarding despite frequently becoming objects of exploitation. Long-distance migrants

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demonstrate the possibility of individual and collective escapes from poverty through combinations of passing, categorical boundary-crossing, new channels, and spillover from economic growth. Similarly, microcredits allow sufficient initiative to budding entrepreneurs that they can, in principle, facilitate individual and collective escapes from poverty through paths that circumvent the barriers built into existing political and economic systems (Daley-Harris 2002).

My overall approach to poverty and the politics of exclusion, then, centers on an interactive understanding of inequality-generating processes. Material inequality, it argues, results from unequal control over value-producing resources. Exploitation and opportunity hoarding, reinforced by emulation and adaptation, characterize the interactions around value-producing resources that produce material inequality, especially inequality between paired categories of people. The range of resources on which people have built systems of unequal economic interaction has run historically from coercive means to scientific-technical knowledge. To the extent that division with respect to control of these resources cuts across an entire economy, categorical inequality becomes more severe, and the likelihood that whole segments of a population will remain in poverty increase.

Political arrangements that support exclusive control of value-producing resources and/or reinforce exploitation, opportunity hoarding, emulation, and adaptation promote both inequality and poverty. Passing, categorical boundary-crossing, revolution, creation of new mobility channels, and spillover from economic growth often mitigate or even destroy previously existing mainstays of inequality and poverty. Political interventions to reduce inequality can therefore fruitfully aim at one or more of these pressure points.

Implications

Despite these hints, no one should read promising poverty-reduction policies directly from my extremely general analysis of poverty and the politics of exclusion. At best, the analysis identifies elements that any worldwide program of poverty reduction must take into account lest it produce perverse consequences. I have not taken the obvious next step: to construct a typology of national inequality regimes that would permit distinctions among different settings requiring differing approaches to policy reduction. We can hope that the World Bank’s current Moving Out of Poverty Study will lend itself to construction of just such a typology.

In the meantime, here are some implications of the analysis that bear on possible policy interventions to facilitate exits from poverty:

1. Although overall investments in economic growth may well produce collective exits from poverty, the social, economic, and political organization of exclusion makes it likely that very poor people will benefit least and latest from broad interventions.
2. In the short and medium runs, broad investment programs that succeed will commonly increase inequality, and therefore the relative deprivation of the very poor.

3. In particular, membership in stigmatized categories and lack of facilitating interpersonal connections regularly combine to exclude very poor people from mobility opportunities.

4. Existing political arrangements, furthermore, usually reinforce those forms of exclusion.

5. Any wide-ranging and effective intervention to reduce inequality and poverty will therefore harm some existing political interests, and require a political program to attack, subvert, bypass, or buy off those interests.

6. Individual exits from poverty can occur through deliberate facilitation of poor people’s crossing of previously effective exclusionary boundaries, especially boundaries separating poor people from those who control crucial resources and benefit from them by means of exploitation and opportunity hoarding.

7. With greater difficulty but larger consequences for existing political arrangements, collective exits from poverty can also occur through facilitated movement of whole categories across boundaries from exclusion to inclusion.

8. New systems of production in which previously poor people acquire collective control over newly productive resources are likely to benefit whole categories of poor people more directly and rapidly than facilitated crossing of existing boundaries.

All of these changes involve transformation of existing systems of inequality and the political arrangements that support them. All of them together would amount to a quiet revolution across the whole world.
Note: Eric Calderoni, Andreas Koller, Deepa Narayan, Viviana Zelizer, Elke Zuern, and anonymous World Bank critics provided helpful critiques of this paper's earlier versions.

References


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