

DEMOCRACY AND POVERTY

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Introduction: What Questions?

Democracy in the developing world has had an unimpressive record at poverty-alleviation. While it is true that no long-lasting democracy in the Third World has allowed the conditions of its poor masses to deteriorate consistently or dramatically, none so far has successfully eliminated poverty (Table 1). Democracies have been slow and steady, not spectacular, in attacking poverty. In comparison, countries with long authoritarian rule show no such pattern (Table 2).¹ Over the last four or five decades, some like South Korea, Taiwan and Singapore² have almost entirely removed poverty from their midst, and even countries like Indonesia made an awesome progress on poverty-reduction before the financial meltdown hit them; others, especially from Sub-Saharan Africa³ and Latin America⁴ have either allowed conditions to worsen, or have made a very small dent in poverty; and still others⁵ have, like democracies, reduced mass poverty moderately, but have not eliminated it. Democracies, in others words, have prevented the worst-case scenarios from happening, including prevention of famines, but they have not achieved the best results; and the performance of dictatorships, in comparison, covers the whole range of outcomes: the best, the worst, and the moderate.

Figure 1 captures the situation.

¹ The World Development Indicators of the World Bank constitute about the only comparative data-base on poverty. I have relied on the figures available there and, wherever gaps exist, I have supplemented them with more in-depth country-based or region-based figures. For example, ECLAC constitutes one of the best sources for poverty figures in Latin America.

² Singapore has been authoritarian since its birth in the mid-1960s, and South Korea and Taiwan conquered poverty in the three decades they were dictatorial -- between the mid-1950s and mid-1980s. Both have become democratic only in the last ten years. Finally, in Indonesia, a massive reduction in poverty between 1971 and 1991 for which data are plentifully available (The World Bank,), was achieved under Suharto's dictatorial rule.

³ For example, Ethiopia, Guinea-Bissau, Niger, Nigeria, Senegal, and Uganda, according to World Development Indicators. See also Table 2 for these and some other figures, which form the basis of the summary of authoritarian record in the lines here and below. Also, see the discussion later about the methodological issues.

⁴ For example, Guatemala, Honduras, Peru, Nicaragua and arguably Brazil.

⁵ Such as Thailand, Pakistan, South Africa, Pakistan and Mexico.

Why has no democracy in the developing world eliminated poverty completely? There is a political, if not an economic, puzzle here, and it is often not recognized. Unlike the US or Europe where less than 5 per cent of the population lives in poverty, the poor in developing countries constitute a very large proportion of the population. Their numbers being so small, the poor in the richer economies can hardly turn their numbers into an electoral or political check on the government. What policies are developed depend primarily on the conscience of the elite. In the developing world, however, the poor constitute a majority or a large plurality. In principle, the numbers of the poor ought to exercise greater pressure on the government, if the poor also have the right to vote and the political system is first-past-the-post, in which a thirty per cent voting bloc can often be decisive. But poor democracies recognized as long-lasting or stable in democratic theory (Dahl, 1989; Huntington; Weiner 1989)-- India, Sri Lanka, Malaysia, Costa Rica, Venezuela, Botswana, Jamaica, Trinidad and Tobago, the Philippines (democratic for much of its independence)⁶ -- still, on the whole, have a substantial proportion of their populations stuck below the poverty line.

In this paper, I don't wish to ask why poor democracies have had success in preventing the worst outcomes. Some explanations are already available (Sen, 1989). If the size of the poor matters and adult universal franchise is available -- both, by definition, true in poor democracies -- then we would not expect democracies to be viciously and consistently anti-poor. The more puzzling question is why democracies have not done as well as East Asian authoritarian systems. *Why is the democratic record not any better?* It is a question that has not been asked at length, and is normatively of great concern to those who value democracy politically and would also like to see it deal with poverty more successfully.

⁶ Except a period of a decade and a half between the late 1960s and mid-1980s.

Surprising as it may seem, not enough is known about the relationship between democracy and *poverty*.⁷ A great deal of literature is available on the relationship between democracy and economic *growth*,⁸ but unless we assume that what is good for economic growth is necessarily good for poverty-reduction -- an unsustainable assumption without a number of hitherto well-known qualifications -- the implications of the literature on economic growth are not straightforward.⁹ Inferences can only be drawn with appropriate caution.

It should first be obvious that democracies by themselves do not remove poverty; economic strategies do. Thus, the relevant questions are: Are there better or worse pro-poor economic policies? Which ones do democracies tend to adopt and why?

Paradoxical as it may be, at one level the sources of policy in both democratic and authoritarian polities can be identical. Both can, in principle, deliver a great deal for the poor if the political elite have a consistent commitment to them, and they also force the state structure -- especially its bureaucratic institutions -- to turn that commitment into public policy. Such *pressure from above* can mark both systems.¹⁰ In another and vital respect, however, the two systems can have very different sources of policy adoption and change. In a democratic polity, the poor can also exercise their weight ("agency") and push the government's economic policy towards their interests in two ways: political mobilization and/or voting. Both mobilization and voting can be viewed as forms of *pressure from below*. This mechanism, unlike the pressure from above, is available in democratic systems, but not in authoritarian polities in a regular and periodic manner.

⁷ A meticulously detailed, interesting and well-known argument, but one different from what I say below, is Kohli (1987). Kohli's argument, though general and generalizable, is empirically focussed on India. For reflections on the politics of poverty in Latin America, O'Donnell (1998).

⁸ For a summary and discussion, see Barro (1997).

⁹ The literature on his subject is voluminous. The earliest reservations go back to Bhagwati (1958).

¹⁰ The record of poor democracies, however, indicates that to expect state structures to act consistently in favor of the poor in the absence of a sustained pressure from below is to expect what is relatively uncommon, not what is typical.

Do poor democracies feel enough pressure from below? If they don't, why is that so? If they do, what causes the gap between pressures from below and the actual outcomes? These are, I think, the questions most relevant to a discussion of democracy and poverty.

My answers are two-fold. The first is that we not only need to make the standard distinction between the direct and indirect methods of poverty-alleviation, but also between their political and economic significance. As is well-known, the direct route generally covers public provision of income (e.g., food-for-work programs, and credit and producer subsidies for small farmers) or assets to the poor (e.g., asset transfer through land reforms) and the indirect method is growth-mediated -- not any kind of growth, but one that aims at creating more *opportunities* for an increase in the incomes of the poor. That both direct and indirect methods can make alleviate poverty is beyond doubt. But, as Bhagwati (1988) has argued, the key economic issue is: which method is more productive (how resources are used) and more sustainable in the long-run (how long the provision of public resources can be financed, without impairing the capacity to provide them further)?

After decades of development experience with mass poverty, the mainstream economic wisdom has veered round to the superiority of the indirect method and, I think, for good reasons. For reasons of space and focus, however, I will not argue about the relative economic merits of direct and indirect methods here, instead concentrating on the political issues. I will assume, but not reason in detail, that growth-mediated, indirect approaches to poverty-alleviation are better. That literature is available in plenty, and now attracts relative consensus across a wide range of political spectrum (Bardhan, 1999; Bhagwati, 1988; the World Bank, 1990).

However, the politics and economics of the direct and indirect methods of poverty-alleviation significantly diverge. Whether they are economically more productive or sustainable in the long-run, direct methods -- asset transfers or income transfers - have a logic that is clear,

immediately obvious and have effects that can be quite tangible. Most people, both politicians and others, can see the links proposed. Via land redistribution, land reforms can give land to those who have too little of it, or none at all; and via tenancy reforms, they can make poor tenants less dependent on the power and whims of landlords, potentially imparting a more secure source of income. A similar directness marks the symbolism of income transfers through credit and producer subsidies.

In contrast, the utility and value of the indirect methods of poverty-removal may be obvious to the scholars and specialists of development, but how exchange rate devaluations, trade liberalization, bureaucratic deregulation, fiscal balancing and privatization -- in short, a more market-oriented economic strategy -- might more successfully attack poverty is not easy to understand in political circles, and even if understood, rather difficult to push in political campaigns.¹¹ The links proposed by the indirect method are subtle, if not unclear and convoluted, and are also based on a long-run perspective. Such indirect methods do not normally appeal to democratic politicians, for they not only have to understand arguments, but also must try and carry constituencies with them and renew mandates in a relatively short-run. That is why in no developing country has *mass* politics, in which large numbers of average or poor citizens get involved (as opposed to *elite* politics confined mostly to the Westernized upper and middle classes), pushed for trade liberalization, currency devaluation and a market-oriented economic reform. A political constituency for economic reform may exist in the middle and upper classes, but it is still to be built among the poor.

This elite-mass distinction, not always obvious in economic thinking, is absolutely central of the democratic political process (Varshney, 1998). Pressured more by mass politics than authoritarian systems, where people are not free to organize, democracies tend to be more

¹¹ A most interesting illustration of this point is the current electoral strategy of one of India's ace economic reformers, Chandrababu Naidu, Chief Minister of Andhra Pradesh. For a report, see Celia Dugger (1999).

inclined towards direct methods of poverty alleviation. And since it can be shown that the direct methods are less sustainable or less effective in removing poverty in the long run, one can also understand why democracies in the developing world have been less successful than Singapore, South Korea and Taiwan.

My second argument has to do with yet another distinction: that between class and ethnicity. At its core, class is an economic category, but ethnicity is defined in terms of a birth-based (ascriptive) group identity. Ethnic politics of subaltern groups is typically not couched in terms of poverty, but in the language of dignity and social justice, in which poverty is typically only a component, incorporated in a larger theme emphasizing self-respect, equality of treatment, and an end to everyday degradation -- in schools, fields, places of work and worship, and on roads and public transport. If the poor, irrespective of the ethnic group they come from, were to vote or mobilize strictly on economic grounds, they would also press the decision-makers to attack poverty a great deal more forcefully. However, at least in multiethnic democracies, it is not only easier to mobilize the poor as members of identity-based communities, but that is also how they primarily vote – *via* ethnicity, not *via* class. Both poverty and denial of dignity together constitute a more serious force in democratic politics than poverty alone.

That being so, *even with direct methods*, a democratic polity is better able to attack poverty a) if ethnicity and class roughly coincide for the poor, not if they clash, and b) if the subaltern ethnic group(s) are also relatively large in size. If the poor belong to very different ethnic groups (defined by caste, language, race or religion), the pressure on the political elite to remove poverty significantly decreases.

In short, no democracy in the developing world has successfully eliminated poverty because a) direct methods of poverty-alleviation have greater political salience in democracies, and b) because the poor are typically not from the same ethnic group. The former hurts the

poor because it can be shown that the indirect, market-based methods of poverty-alleviation are both more sustainable and more effective; and the latter goes against them because a split between ethnicity and class militates against the mobilization (and voting) of the poor as a class and dilutes the exertion of a pro-poor political pressure on governments.

CLARIFYING TERMS

Before I proceed further, let me state the sense in which I am using the terms "poverty" "dignity" and "democracy". Since multiple definitions are available, we must pre-empt speaking across intellectual registers.

Dignity. Of the three, the term "dignity" is by far the most straightforward. Scholars of modernity tell us that dignity is a modern notion, to be separated from and contrasted with the medieval notion of "honor". Honor, argues Berger in an influential essay, is "associated with a hierarchical order of society... honor is a direct expression of status, a source of solidarity among social equals and a demarcation line against social inferiors" (Berger, 1983, p. 174). "For some to have honor in this sense", contends Taylor, "it is essential that not everyone have it" (Taylor, 1992, p. 27). In medieval times, some -- those high on the social scale -- had honor; others -- those low on the social scale -- did not.¹²

Dignity, in contrast, "always relates to the intrinsic humanity divested of all socially imposed roles or norms.. it pertains to the... individual regardless of his position in society" (Berger, 1983, p. 176), as outlined in the Preamble to the Declaration of Independence to the Universal Declaration of Human Rights of the United Nations. If only some have honor, all have dignity; if birth is central to honor, being a person, regardless of ascriptive location, is critical to dignity; if honor is hierarchical, dignity is egalitarian; and if "in the world of honor

the individual discovers his true identity in his roles", he does so "in a world of dignity... by emancipating himself from social imposed roles" (Berger, 1983, p. 177).

There are two senses in which this distinction is relevant for our purposes. First, "this concept of dignity is the only one compatible with a democracy" (Taylor, 1992, p. 27). A democracy begins to undermine ascriptive hierarchies in the public realm. Second, according to the recent developments in the theories of ethnicity and nationalism, one can visualize ethnic movements in two ways. Some ethnic movements, typically those led by the dominant groups, are movements of exclusion; others, typically those led by subaltern groups, are movements of resistance.¹³ The former rely on the notion of honor, resisting the struggle for equality; the latter rely on the notion of dignity, challenging historically inherited social hierarchy and seeking equality.

It follows that if dignity and respect are denied in modern times to an ethnic group that is also poor, the struggle of the subaltern groups, ipso facto, becomes a struggle against both ethnic prejudice and poverty. If the poor do not come from an ethnic group but are constituted by many ethnic groups, then the struggle of the subaltern is either against prejudice, or against poverty, but not both. This, as I will show later, has serious implications for the politics of poverty-alleviation.

Poverty. By now, there are two ways in which the term "poverty" is used. The standard usage of the term is narrower and consumption-based, focussing primarily, though not exclusively, on a caloric floor that the human body, on average, minimally needs to function "normally". In this narrower sense, hunger and endemic malnourishment more or less define poverty. In the richer parts of the world, we typically try to reduce the number of calories our

¹² And in modern times, according to this reasoning, the concept of honor has best survived in "groups that retain a hierarchical view of society, such as the nobility, the military, and traditional professions like law and medicine." (Berger, 1983, p. 174)

¹³ See Taylor (1997) and comment on Taylor by Feinberg in McKim and McMahan (1997).

bodies consume every day. In the developing world, the first challenge is not to reduce, but to provide a minimum of, calories to millions. The \$1/day yardstick used in PPP terms by the World Bank conforms to this, hunger-base definition of poverty.

The term "poverty" is also sometimes viewed more broadly. Going under the rubric of human development, the broader usage includes education and health, in addition to consumption (hence income) in its calculations. I will not use the term "poverty" in this sense. The reason is not that education and health are not valuable. It is simply that while in the narrower sense we can be more precise about what we are measuring for we have a "poverty line" clearly defined, we don't yet have a composite index of poverty in terms of human development. What minima of income, education and health -- combined with what weights -- would constitute the poverty line in human development terms?

There is no answer to this question yet. Nor is it clear there can be one, for it will require specifying a certain life expectancy at birth and a certain level of education as vitally necessary for the realization of human capabilities. That they are necessary for any worthwhile conception of human life may be beyond doubt, but what *level* will constitute the minimum acceptable threshold is unlikely to be stated in a uniquely acceptable way, even if we try.

The human development literature works better when we ask philosophical questions about whether income alone can make human beings realize their capabilities. Its utility is limited when we deal with the millions, who don't have minimum incomes, or minimum nourishment, in the first place. Consider what a 1/day bought in India in 1993-4 (The World Bank, 1997, p. 3):

Commodity	Consumption/day
Grain	400 gms
Pulses	20 gms
Milk	70 ml

Edible Oil	10 gms
Vegetables	120 gms
Fresh Fruit	0.1 (number)
Eggs	0.2 (number)
Dried chile	4 gms
Tea Leaves	3 gms

In 1993-4, after buying all this, the person would have about Rs 2/day (5 US cents) left to purchase non-food items. About one third of India could not afford the meager bundle above. If this is how a large part of the developing world lives, it will be best to conceptualize poverty in terms of hunger and malnourishment.¹⁴

Democracy. In democratic theory, poverty does not figure prominently. In the seminal accounts (Dahl, 1989 and 1971), two basic criteria have been used: contestation and participation. The first principle, in effect, asks how freely does the political opposition contest the rulers, and the second inquires how many groups participate in politics and determine who the rulers should be. The first principle is about liberalization; the second about inclusiveness (Dahl 1971).

Democratic theorists expect that if socially or economically unequal citizens are politically equalized and if the deprived constitute a majority of the electorate, their political preferences would, sooner or later, be reflected in who the rulers are and what public policies they adopt. By giving everyone equal vote irrespective of prior resource-endowments, universal franchise creates the *political* foundations of poverty-removal in a country where a majority, or a large plurality, is poor. That it does not necessarily happen invites reflection on

¹⁴ Where does this leave us with education? Now that we know that universalization of literacy was achieved in the West and near-universalization in much of East Asia when those societies were poor (Weiner, 1991), we can indeed say that primary education should, and can, be provided as a public good by the state at fairly low levels of GDP. But to incorporate education as a measure of poverty, when nutrition is so abysmally low, is to complicate the matter unnecessarily. One should defend universal literacy as a value and expect and push states to do more about it, but it is less useful to make illiteracy constitutive of poverty line in the developing world.

whether democratic politics is enough to remove poverty and on how the poor vote and mobilize.

The distinction sometimes drawn between procedural and substantive democracy ostensibly deals with this point, but it muddies analytical waters immeasurably. Procedural democracy emphasizes freedom of voting and mobilization and the so-called substantive democracy stresses economic equality. However, if we want to know whether democracies tend to reduce poverty, such a distinction simply cannot be made. For it ends up conflating the explanandum and explanans, or to put it differently, the independent and dependent variables. We can not reasonably figure out the impact of democracy on poverty or economic inequalities in general, if economic equality and/or elimination of poverty are part of the definition of democracy.

A more coherent and alternative line of reasoning can be derived from democratic theory: If poverty, despite democratic institutions, comes in the way of a free expression of political preferences, it makes a polity *less* democratic, but it does not make it *undemocratic*. So long as contestation and participation are available, democracy is a *continuous* variable (expressed as "more or less"), not a *discrete* or *dichotomous* variable (expressed as "yes or no"). Variations in degree and dichotomies should be clearly distinguished. In the classic formulation of Dahl, the United States was less of a democracy before the civil rights revolution of the mid-1960s, though it can in future be even more democratic if economic inequalities come down further (Dahl, 1971, p. 29).¹⁵ Given contestation and participation, greater economic equality and/or an absence of poverty certainly make a polity more democratic, but greater equality or elimination of poverty, in and of itself, does not constitute democracy. There is no democracy without elections.

Democracy versus Authoritarianism: Their Records on Poverty

Is a generalization possible on whether a democratic or authoritarian polity is better at poverty-alleviation in the developing world? There are three difficulties that make a relatively straightforward answer difficult.

First, the question about the impact of democracy on poverty is a question that requires identifying which countries have been relatively stable democracies - i.e., democracies for a long enough period. If we construe "long enough" to mean *more than half of the period since the late 1940s, or since independence*, then, countries that would meet the criterion of longevity are few and far between: India, Sri Lanka, Botswana, the former British colonies in the Caribbean, Costa Rica, the Philippines between the late 1940s and 1960s and after the mid-1980s, Venezuela since 1959, and some other very small states, smaller than even Botswana and Trinidad¹⁶ (Huntington, 1983; Weiner, 1989). Some would add Malaysia to this list as well, but it should be noted Malaysia is by now seen as a long-lasting, consociational-type democracy, where participation may be high but contestation is limited between political parties by consensus, and political competition, by agreement, is designed around ethnic groups, not individuals (Lijphart, 1977).¹⁷ Malaysia, in other words, is a particular kind of democracy, not one in the standard sense. For our purposes here, we can count it as a democracy, given that universal-franchise elections are regularly held, so long as we remember the specific nature of electoral competition and consider its economic implications.

¹⁵ Analogously, by allowing a great deal of contestation but restricting participation according to class (and also gender), England in the 19th century was less democratic than it is today, but it was democratic nonetheless, certainly by 19th century standards.

¹⁶ For example, Fiji and Mauritius, both with a population of less than a million.

¹⁷ Political parties in India and Sri Lanka may also seek to represent specific ethnic groups, but there has been no constitutional pact, or political requirement, that that should necessarily be so. Parties are free to build cross-ethnic alliances, if that aids their political fortunes.

At any rate, the total number of stable democracies in the developing world is small. Many more countries have become democratic in the last two decades than ever before, but if we look at the entire post-1945 period,¹⁸ one will be hard-pressed to add many more countries to the small number listed above. In contrast, the number of authoritarian countries, which remained so for long periods after 1945, is large. This asymmetry means that we don't have a large number of observations about democracies. If we did, we could straightforwardly engage in a robust statistical analysis of their economic consequences.¹⁹ Until the current wave of democracies -- the third wave (Huntington, 1991) -- has produced many more democratic observations for inclusion, we will have to primarily settle for nuanced qualitative reasoning (King, Keohane and Verba, 1994).²⁰

A second difficulty compounds the problem. If both democratic and authoritarian polities had roughly the same economic strategy, we could hold economic strategy constant, and clearly identify what difference the nature of the polity makes. However, as is well-known, what is different across countries is not simply the nature of political system, but also the strategy of economic development. The great authoritarian successes at poverty-removal (South Korea, Taiwan, Singapore) have all come from countries that came upon a market- and trade-orientation in economic policy sooner than most.²¹ If both the nature of polity and type of economic strategy vary, we must find a way to account for which aspect -- political or economic -- led to what, and why.

¹⁸ For the most recent listing, see Freedom House 1998.

¹⁹ See, however, Moore et al (1999) for an interesting large-n possibility and exercise.

²⁰ The analytic implication of such a small-n world, one might add, is very different from the one we encounter when we examine the impact of democracy on economic growth *globally*. Inclusion of both developed and developing countries makes the number of democracies sufficiently large, making the idea of a sophisticated statistical analysis viable. (Barro, 1997)

²¹ Whether some of the colossal failures at poverty removal also came from authoritarian countries with trade-oriented economic policies is unclear. At any rate, if there are such cases at all, they have not been studied.

Third, whether democracy made a difference to poverty -- and to what extent -- is not a cross-sectional question. If both country A and B, one democratic, the other authoritarian, had about a tenth of their population below the poverty line at time T, we would still not be able to say that they were equally successful in attacking poverty, unless at time T-1 the proportions of poor A and B were also the same. We need least two sufficiently distanced time-points for analysis, if not an entire time-series. Such data on an inter-country basis do not exist. Based on an international poverty line of \$1/day in PPP terms, global figures for poverty were first calculated for 1985 (The World Bank, 1990). On that basis, we can say that between 1987-93, about 30 per cent of the world population remained more or less consistently below the \$1/day poverty line, and we also know something about the distribution of poverty across countries.

But we do not know the numbers of the poor, either globally or countrywise, in the 1960s. If, to put such numbers together, we go by the reports available on each country, we find that the criteria used by different countries to define and measure poverty either do not match, and often the criteria have not been consistently used within the same country. For some individual countries such as India, however, such statistics do go back much further, and they have also been consistently used to track progress on poverty reduction, but such is not the case with most developing countries.²² A methodologically defensible time-series on poverty for the entire developing world is neither available, nor can it be easily created for the pre-1985 period.

Luckily, even if we don't know as much as we ideally should, a few robust judgments are possible. Some conclusions do not require, or depend on, the fullness of data. Partial data-sets can suffice.

²² Indeed, the \$1/day poverty line used by the World Bank is based on the work done in India in the 1960s, when India began measuring the scale of the problem systematically.

On poverty-alleviation, there is a huge variation in the record of authoritarian countries, but a certain consistency marks the way democracies have dealt with poverty (Table 2). The authoritarian countries have either exhibited spectacular success at attacking poverty (South Korea, Taiwan and Singapore); or they have failed miserably (in much of Sub-Saharan Africa and Latin America); and many are in between. All developing countries, where close to, or more than half, of the population was still below the poverty line in the early 1990s, have in the last four to five decades been mostly authoritarian: Guinea-Bissau, El Salvador, Gambia, Guatemala, Haiti, Malawi, Lesotho, Madagascar, Niger, Peru, Rwanda, Senegal, Sierra Leone, Uganda, Zambia.²³

In comparison, those developing countries that have gone through long democratic tenures may not be colossal failures, but they can not boast of extraordinary successes either. As Table 1 illustrates, the proportions of population below the poverty line in relatively stable poor democracies for the latest single year in the period between 1992-97 (unless otherwise noted) are: India (35%), Jamaica (34.2%), Botswana (33% in 1985/6), Venezuela (33% in 1990), the Philippines (37.5%), Sri Lanka (25%), Costa Rica (22% in 1990), and Trinidad and Tobago (21%).²⁴ At less than 10 per cent of its population placed below the poverty line by the early to mid-1990s, the best performer has been Malaysia. But note that even the best do not

²³ Until we have a better data set on poverty, which is currently being constructed at the World Bank in preparation for the *World Development Report, 2000-2001*, we don't have a uniquely acceptable way of identifying these countries. So for inclusion in this list, I have chosen a method, which gives us working and approximate but not precise figures. The method relies on a comparison of national and World bank poverty estimates. A country is included in the above list: a) if both the national and World Bank poverty estimates more or less coincide around 50 per cent; b) if one of the two estimates is available and is significantly above 50 per cent. In cases where there is a serious divergence between the two estimates, I have not included that country in the list. But even if we include the third category, it is significant that all of them come from the set of countries which have been mostly authoritarian: Honduras, Kenya, Mauritania, Nepal, Nicaragua.

²⁴ Most percentages cited here are based on the World Development Indicators published by the World Bank. Where not available, I have used other sources. Data on Latin American democracies comes from Altimir, 1998. On Sri Lanka, the World Development Indicators show only 4 per cent of the population below the poverty line, but the International Monetary Funds questions the World Bank statistics, rightly so, if one goes by Sri Lanka's own statistics: "...under the international poverty line of \$1 a day Sri Lanka's poverty rate is only 4 per cent; under more reliable measures based on local poverty lines and nutritional needs almost 25 per cent of the population lives below the poverty line (IMF 1998, p. 51).

compare with South Korea, Taiwan and Singapore, where the percentage of population below the poverty line is zero. In the early to mid-1960s, South Korea, Taiwan and Singapore were as desperately poor as the other Asian and African countries and considerably poorer than Latin American nations (Morris and Adelman, 1973), but by now they have wiped out mass poverty and become developed economies, with higher per capita incomes than some European countries.

We should also note that no democracy has let *absolute* poverty worsen over a substantial length of time, or dramatically; and no democracy, of course, has allowed famines to take place (Sen, 1989). Authoritarian polities have seen both of the latter, and have for long periods of time also managed to get away with it. Mobutu's Zaire, for example, economically declined for over two decades, and famines struck Ethiopia, the Sahel, Bangladesh and China in the period after the 1950s. Democratic countries, even when struck by terrible droughts, pre-empted famines.

In short, the wild authoritarian fluctuations contrast sharply with a certain middling democratic consistency. Democracies may not be necessarily pro-poor, but authoritarian systems can be viciously anti-poor. To repeat, democratic attacks on poverty have simply been slow but steady.

Why Not Better?

Why is the record of democracies not any better? There are three theoretical possibilities: 1) the poor either do not vote, or local coercion makes it difficult for them to vote according to their true interests; 2) organizing the poor is difficult because of collective action problems; or 3) if they do vote, they vote on non-economic grounds.

Possibility 1) requires a comparative investigation and disaggregation of turn-out rates and an identification of whether those who abstain from voting are primarily the poor. While

turn-out rates can be put together for most democracies, their disaggregation in terms of class is not available.

On India, where disaggregated data on turn-out rates are now available (Yadav and Singh, 1997), the picture is exactly the opposite of what is implied above. The poor in India have tended to vote more than the middle and rich classes, the villages more than the cities, the lower castes more than the upper castes, at least in recent years. The incidence of coerced voting -- coercion exercised by the local patrons or local rich -- has also gone down significantly. If India is any guide, our conclusion should be: even when the poor vote, poverty-alleviation can be slow, or politicians do not necessarily make removal of poverty their prime goal. No Indian election -- of the twelve held for parliament since independence -- has turned on the performance of the government on poverty-alleviation.²⁵

Theoretical possibilities 2) and 3), therefore, require very serious consideration. Possibility 2) points to the political mobilization of the poor putting pressure on governments to allocate resources to poverty-alleviation and also potentially changing the trajectory of politics, reflected either in party competition for the vote of the poor, or in empowering a party that stands for the interests of the poor.

Possibility 3) also goes in the same direction, but in a different way. Mobilization may run into difficulties of collective action, but voting constitutes individual, not collective, action. One can express one's disapproval of a government by voting in a democracy. If all poor people, as individuals, vote on grounds of whether or not the government is alleviating poverty, they can easily outvote the incumbent in a first-past-the-post system.

²⁵ However, one -- in 1971 -- was heavily influenced by the election slogan and promise of "*garibi hatao*" ("abolish poverty") by Mrs. Gandhi and her Congress party. Not much came of the promise. Moreover, when Mrs. Gandhi was thrown out of power in 1977, the big issue was not poverty, but her suspension of democracy for 18 months (1975-77) and a draconian family planning program that her son initiated.

Two reasons, I would like to suggest, ensure that voting and mobilization possibilities for the poor do not lead to a removal of poverty, and do not become spurs for effective and sustained pro-poor governmental action.

First, for the poor, poverty-alleviation measures that are direct and short-run carry a great deal more weight than measures that are indirect and have a long-run impact. Given the subsistence, or the near-subsistence, levels of their existence, such reaction is rational and to be expected.²⁶ And second, the poor, like all of us, have multiple selves. They are not only members of a class of poor, but also of linguistic, religious, tribal and caste communities. Often, their voting, like those of many others, is identity-based, not class-based -- and so is their mobilization. Multiple selves drive a wedge between the poor as a class and the poor as a political collectivity, significantly reducing, if not eliminating, pressure on the government to act on behalf of the poor.

Direct versus Indirect Measures

As is well-known, direct methods of poverty alleviation consist of income transfers to the poor (producer and credit subsidies, or poor-based employment programs) and at a more radical level, land reforms. The indirect methods are growth-mediated. Since growth today is linked to trade liberalization, and a generally more market-oriented economic strategy than was typically pursued till the late 1970s in the developing world, these growth-enhancing policies have also, by implication, become the indirect methods of poverty-alleviation in economic thinking.

Two points, however, must be added for further clarification. First, the emphasis on growth-mediated strategy does not mean that any type of growth is considered desirable from

²⁶ This is also an argument shared by the otherwise divergent perspectives of moral and rational economy on poor peasants (Popkin, 1979; Scott, 1976).

the perspective of poverty-alleviation. A labor-intensive growth strategy is considerably superior to one that is capital-intensive. Since trade-oriented growth is, by definition, more labor-intensive for poor countries than import-substituting growth, which customarily relied on the domestic production of capital goods, the former can easily qualify as an indirect method of poverty alleviation, but the latter may not. From the standpoint of poverty, there is a difference between South Korea and Brazil. Both relied heavily on high growth, but the former has been trade-oriented since the late 1960s and the latter only since 1991 (Sachs and Warner, 1995, p. 23).

Second, a growth-mediated strategy of poverty-alleviation does not entail a full-blown external liberalization of the economy, nor does it imply a complete absence of reliance on direct methods. Trade liberalization can be argued to be infinitely superior to the liberalization of capital markets (Bhagwati, 1998; Sachs, Varshney and Bajpai, 1999), and so long as growth is generating enough resources, it may even be possible for public authorities to allocate more for direct measures, such as food-for-work programs. Therefore, even the sustenance of some direct methods, if not all, is heavily reliant on growth-generating policies, but the reverse may not be true. Direct measures can often be more effectively run in the framework of growth-enhancing and trade-oriented policies.

In politics, however, these arguments have a very different resonance. Whether their impact on poverty is lasting or not, direct methods have clearly demonstrable and short-run linkages with the welfare of the poor. The relationship of indirect methods -- exchange rate devaluations, tariff reductions, privatization of public enterprises and, generally, a market-oriented economic strategy -- with poverty-removal is not so clear-cut, short-run, and intuitively obvious. This has serious political implications.

Consider trade liberalization and currency devaluation as an example. Under what conditions would their link with mass welfare be clear and direct? Were a country's economy

heavily dependent on foreign trade, a lowering of tariff walls, a reduction in quantitative trade restrictions and a devaluation of the currency would potentially be of great concern to the masses. In 1996, trade constituted more than fifty per cent of the GDP of Singapore, Malaysia, Thailand, the Philippines, Mexico, Hungary, South Korea, Poland and Venezuela, and between forty to fifty percent of the GDP of Israel, Chile, China and Indonesia. Changes, especially dramatic changes, in the trade and exchange rate regimes of these countries thus have a clear potential for mass politics.

It would, however, be instructive to look at what the trade/GDP ratios for these economies were in the 1970s. Without doubt, they were much smaller. The political implication should be obvious. If external trade is a small part of the economy, changes in trade and exchange rate regimes will be of peripheral importance to the masses.²⁷ In order for trade and exchange rate regimes to become part of mass politics, it may be necessary to make economies more trade-dependent in the future. If globalization does proceed further, this scenario is quite possible. But it is important to recall that in the protectionist era that lasted right until the late 1970s and early 1980s, such political potential simply did not exist.

One can, of course, argue that even if trade-dependence of an economy is small, several long-run or indirect linkages can be shown to exist between mass welfare on the one hand and overvalued exchange rates or relatively closed trade regimes on the other. Anne Krueger (1991), for example, has argued that by making "import competing" industrial goods dearer for the countryside and also discouraging exports, an ISI-type trade and exchange rate regimes systematically discriminated against the countryside all over the developing world. The

²⁷ The overall size of the economy complicates the meaning of low trade/GDP ratios. Smaller economies tend generally to have a high trade/GDP ratio, making trade very important to their political economies. With the striking exception of China, however, the largest economies of the world -- the U.S., Japan, Germany -- are less trade dependent. (Indeed, the trade/GDP ratio for India and the U.S. was roughly the same in 1996.) Still, trade politics, as we know, has aroused a great deal of passion in the U.S. and Japan. The meaning of the same ratios can change if the leading sectors (autos, computers) or "culturally significant" sectors (rice for Japan, agriculture in France) of the economy are heavily affected by trade.

implication is that a majority, or large plurality, of a developing country's population was hurt, even when trade was a small part of the economy.

At this point in our reasoning, the politics and economics of development significantly diverge. Agrarian politicians have long existed in most countries, but they have rarely, if ever, agitated for an open foreign trade regime, focusing instead on the absence of land reforms or on the unfavorable urban-rural trade, which may indeed have, as Krueger argues, caused less overall damage. If such indirect links were not even clear to the economists, who continued until the 1970s to look at rural welfare primarily in terms of internal terms of trade and direct benefits to the countryside, can a politician be expected to mobilize peasants over the underlying and subtle, though hugely important, links between foreign trade and mass welfare in a poor country? *Long-run and indirect links do not work well in democratic and mass politics: the effect has to be simple, intuitively graspable, clearly visible, and capable of arousing mass action.*

More direct evidence on how the masses look at market- and trade-oriented economic reforms is also available. In the largest ever survey of mass political attitudes in India conducted between April-July 1996, a full five years after reforms were initiated, 32 per cent of the urban voters knew of reforms, but only 12 per cent of the rural electorate had heard of them (Yadav and Singh, 1996), even though a change in trade-regime implied that the protection offered to manufacturing relative to agriculture had gone down significantly and agriculture's terms of trade had improved. Further, nearly 66 per cent of the graduates were aware of the dramatic changes in economic policy, compared to only 7 per cent of the poor, who are illiterate and mostly residents of the countryside. Thus, even as late as 1996, India economic reforms, toasted enthusiastically in the domestic and international economic community, had barely registered as an important event for the rural folk and the poor. An equally big initiative

launched as a direct attack on poverty, however economically unsound, would almost certainly have registered prominently.

Democratic preference for direct methods has on the whole -- and so far -- limited the ability of democracies to eliminate poverty. It also signifies the outer limits of democratic political action. For even if we could mobilize the poor as a cohesive force, their voting became entirely economic, and their united pressure led to something as dramatic as land reforms, the consequent effect on poverty, though positive, would not be as substantial, or as long-lasting and sustainable, as had traditionally been imagined.

Consider land reforms as an example. They are commonly seen as the most effective direct method of attacking poverty.²⁸ For land reforms to remove poverty, two other conditions must be satisfied: a) there should be enough land to go around, ensuring that a wholly suboptimal distribution of small plots does not constrain the post-reform productivity of the poor; and b) new agricultural technology, which is relatively capital-intensive and therefore not easily affordable by the poor, is made available at a subsidized rate by government (Varshney, 1995). A better utilization of labor inputs, possible and likely after the tenant is more secure or people work on their own lands, will by itself not bring about sustained increases in productivity and therefore income (Herring, 1989). If plots end up being suboptimal or new technology -- irrigation, HYV seeds and chemical fertilizers -- can not be bought by the beneficiaries, land reforms may bring in equality and introduce a measure of justice, but they can also leave most beneficiaries at a low-level economic equilibrium, instead of facilitating a sustained increase in their incomes. Security to tenants and allocation of land to the tiller do

²⁸ The argument below is economic, not political. For the political conditions under which land reforms can be implemented and why these conditions are so rare, see Herring (1983).

not necessarily take them above the threshold of poverty line. The questions of productivity and access to new technology continue to be relevant.²⁹

If new titles to land, or security of tenancy, cannot guarantee an end to poverty, the effectiveness of income transfers -- though credit or producer subsidies -- to the poor is even more open to question. Such direct transfers to the poor, when a large plurality of the population is below the poverty line, are no panacea for the problem of poverty, and their fiscal sustainability can be highly dependent on whether economic growth is generating enough revenue for the programs to be large-scale and long-lasting.

To conclude, the direct methods are less economically effective but politically more appealing in the short-run, and the indirect methods are more economically effective but harder to sell politically. A better alignment of the political and economic may be possible in authoritarian countries, where politicians do not have to carry the masses with them and a preoccupation with the long-run and indirect methods of poverty removal can simply be forced down the process, if a political elite is committed to the poor. Unless the trade-dependence of an economy qualitatively changes, making more and more people dependent on trade for their welfare, a trade-oriented strategy will not ignite political passions in a democracy, and the economically desirable methods will continue to be misaligned with the likely forms of democratic politics.

²⁹ This, I should emphasize, is not an argument against land reform or asset redistribution *per se*. It is simply a call for pushing the inquiry towards asking how it compares with other methods and whether other methods are more productive and sustainable, while also being poverty-alleviating simultaneously. Land reforms are defensible, if one can show that they promote productivity and can be a source of sustained increases in income. In Latin America, where the Gini coefficients of land distribution are considerably higher than elsewhere, the land/man ratio is not entirely unfavorable, and there is enough land to go around, a case can still be made for land reforms. By contrast, where landlessness is not typically high (for example, Sub-Saharan Africa), the poor will not gain much from land redistribution. Other methods of raising productivity may be more relevant, including public investments in irrigation on a continent not known for high irrigation/total acreage ratios, or scientific research on seeds that are less water-using and therefore more usable in semi-arid conditions.

Class versus Ethnicity

The argument above underlines why direct methods of poverty-alleviation, even though politically attractive in poor democracies, are not well-equipped to end mass poverty. The argument does not imply that direct methods will have no impact. To repeat, both methods can make a dent; one is simply more productive and sustainable.

Within the parameters of direct action, however, the best results are obtained when class and ethnicity coincide for the poor, not when class and ethnicity clash. The former are called ranked ethnic systems in the literature, and the latter unranked ethnic systems (Horowitz, 1985). If ranked ethnic systems are also democratic, the poor can exert more effective pressure on governments and the effect on poverty is greater than is normally possible in unranked ethnic systems. Why should this be so? And what kind of evidence do we have to support the claim?

In generating collective action, the greater power of ethnicity vis-à-vis class can be explained in three ways. Two of them treat all kinds of ethnic mobilization together, contrasting them with class mobilization. The third separates ethnic mobilization of the dominant groups from that of the subaltern. All three are relevant, the third most especially so.

First, developments in collective action theory seek to show why ethnicity solves the collective action problem better than class does. Class action is bedeviled by free-riding (or, what would be analogous, by problems encountered in a prisoner's dilemma), but the main strategic problem in ethnic collective action is one of *coordination*, not free-riding (Hardin, 1995). Coordination games are different from the prisoner's dilemma game. They rely on "focal points" to facilitate convergence of individual expectations;³⁰ hence they show how

³⁰ Coordination games take the following form. So long as others in the group are cooperating, it is rational for me to cooperate -- for if all cooperate, the likelihood of the group gaining power (or the group realizing group objectives) goes up tremendously. "(P)ower based in coordination is superadditive, it adds up to more than the sum of individual contributions to it." (Hardin, 1995, p. 37). Third, all one needs to keep the coordination game going is

collective mobilization becomes possible. Ethnicity can serve as a focal point; class can not, at least easily.

The idea of "focal points" comes from Schelling's seminal treatment of the coordination problem in bargaining. In the famous Schelling example:

"When a man loses his wife in a department store without any prior understanding on where to meet if they get separated, the chances are good that they will find each other. It is likely that each will think of some obvious place to meet, so obvious that each will be sure that the other is sure that it is obvious to both of them." (Schelling, 1963, p. 54)

Schelling goes on to suggest that without having an intrinsic value for the couple, the "lost and found" section of the department store could be one such place. It will, however, not be a focal point if there are too many "lost and found" sections in the store. A focal point is distinguished by its "prominence" or "uniqueness": it has the instrumental power of facilitating the "formation of mutually consistent expectations" (Schelling, p. 84). Ethnicity can be viewed as one such focal point for mobilization. There is no equivalent in class action.

The second line of reasoning, not deployed in the political economy literature as the reasoning above typically is, has emerged from the theories of ethnicity and nation-building. Though the primary purpose of these theories is to show that ethnic and national groups are imagined communities (Anderson, 1983), they have serious implications for the concept of class. Any collectivity that is larger than a village, a neighborhood or a small organization is an imagined community for it does not allow face-to-face intimacy. Thus, classes, like ethnic groups and nations, are also imagined communities. An individual does not "naturally" feel his class; such consciousness depends on political mobilization, public policy, or other people's behavior towards that individual.

a "charismatic leader", a "focus", (p. 36) and a mechanism through which information about others cooperating is provided to me. "Coordination power is...a function of reinforcing expectations about the behavior of others." (p. 37)

Why, then, is caste/religion/nation more powerful than class? Because compared to class, caste, ethnicity and religion are more likely to form a historically enduring bond and provide common histories, heroes and villains. Moreover, the poor as a class rarely have leaders from among the poor. In contrast, a poor ethnic community can witness the emergence of a small middle class, and thereby generate its own leaders.

A third explanation also comes from the field of ethnicity and nationalism, focusing especially on the distinction between the ethnic politics of exclusion, which typically expresses the interests of dominant groups, and the ethnic politics of resistance, which reflects the interests of the subaltern. In subaltern ethnic politics, economic issues, dealing with the poverty of the group, are typically incorporated in a larger theme emphasizing equality of treatment and an end to quotidian insults and humiliation in public spaces -- in schools, fields, places of work and worship, and on roads and public transport. In contemporary times, the political equality of democracy clashes with a historically inherited world where group-based hierarchy, humiliation and degradation continue to exist (Taylor, 1992). The denial of basic human dignity and practice of discrimination on grounds of one's birth, when added to economic poverty, constitutes a much more powerful foundation of resistance than poverty alone.

Clearly, such a distinction between ethnicity and class may not be present everywhere. It will certainly not mark the politics of monoethnic societies (such as South Korea, Taiwan and many, though not all, Latin American countries); or societies where the subaltern ethnic group is not only poor but small in size and yet to develop a middle class.³¹ For all of these reasons, in the literature on ethnicity, Latin America (Dominguez, 1996) and East Asia (Horowitz, 1985) are normally considered outliers. They have seen a lot of class politics, but not enough

³¹ Or, sociologists have often reminded us, societies where the "hegemony" of the privileged groups is yet to be broken.

ethnic politics, at least not yet. In comparison, in South and Southeast Asia, Sub-Saharan Africa, Eastern and Central Europe, ethnicity has often trumped class.

Ranked Ethnic Systems and Poverty: Examples

Let me now turn from theoretical reasoning to the empirical world. What examples can be cited for the claim that unless poverty is linked to identity politics, it does not necessarily become a force in democratic politics?

While we know a great deal about the ethnic profiles of most poor democracies, inter-country comparisons on poverty, as already stated, are rendered difficult by the absence of a time-series and lack of consistency in measurement criteria. Still, as we have already noted, of all poor democracies, Malaysia has shown by far the best results on poverty-reduction. The proportion of population below the poverty line has declined in Malaysia from 49.3 per cent in 1970 to 9.6 per cent in 1995 (IMF 1998). We must, however, note two special features of Malaysian political economy. First, when democracy was instituted, the majority ethnic group - the Malays -- was vastly more rural and poor than the major minority group, the Chinese. Once inaugurated, democratic politics got ethnically structured (Milne, 1967). The majority ethnic group, led by its small upper and middle class, came to power and once in power, the elite undertook a large number of direct measures, both in the countryside and cities, to increase the incomes of their ethnic group (Klitgaard and Katz, 1983). Second, the direct measures were undertaken in the larger framework of a trade-oriented economic policy. Right since 1963, Malaysia has been an open economy, reducing its average tariff to less than 40 per cent, not allowing not-tariff barriers to cover more than 40 per cent of trade and not letting its currency overvalued by more than 20 per cent (Sachs and Warner, 1995, p. 21). By comparison, it may be noted that Sri Lanka, often compared to Malaysia both for its size and potential (and, one might add, considerably more literate and peaceful in the 1950s and 1960s),

used direct poverty-alleviation measures only. It was able to alleviate poverty significantly, but not as much, or successfully, as Malaysia. Unlike Malaysia, open since 1963, Sri Lanka remained a closed economy until 1991.³² By the late 1970s, the fiscal ability of Sri Lanka to run its direct anti-poverty programs were clearly in doubt (Bruton et al, 1992)

These *inter*-country comparisons, however, may not be as methodologically tight as *intra*-country comparisons,³³ where a great many factors other than ethnicity can be controlled for and the effect of ethnicity on poverty identified with greater certitude. In India, as reported earlier, detailed and disaggregated statistics on statewise poverty, going back to the 1960s, are available. Patterns of state politics and policy can thus be clearly linked to the outcomes for poverty.

The states of Punjab and Kerala have shown the best results.³⁴ In Punjab, the green revolution, an indirect and growth-based method, has been key to poverty alleviation. In Kerala, the method was direct. Land reforms and extensive job reservations in government employment were the twin strategies.

Was the emphasis on direct methods in Kerala a result of the poor organizing themselves as a class? On the face of it, this would appear to be the case, primarily because a Communist party, repeatedly elected to power after 1957, led the campaign for land reforms and social justice. Its rhetoric was based on class.

However, both social history as well as electoral data make it clear that there was a remarkable merging of caste and class in Kerala, the former defined ethnically, the latter

³²With the exception of two brief periods, 1950-56 and 1977-1983 (Sachs and Warner, 1995, p. 23)

³³ For Sri Lanka, for example, it has been argued that compared to other countries, it had fewer inequalities right at the time of independence. Thus, its good, though not spectacular, performance is not simply a function of the policies pursued after independence. The performance was path-dependent. See Bhalla and Glewwe (1986)

³⁴ For a quick overview of all states, see Ravallion and Dutt (1996).

economically. At the center of this coincidence is the Ezhava caste, estimated to constitute a little over 20 per cent of the state's population.

The Ezhavas traditionally engaged in "toddy tapping" (production of fermented liquor) and were therefore considered "polluting" by the upper castes. They were not only considered "untouchable" but also "unseeable". The catalogue of everyday humiliations for the Ezhavas was painfully long :

"They were not allowed to walk on public roads. .. They were Hindus, but they could not enter temples. While their pigs and cattle could frequent the premises of the temple, they were not allowed to go even there. Ezhavas could not use public wells or public places. . . .
..An Ezhava should keep himself, at least thirty six feet away from a Namboodiri (Brahmin) He must address a caste Hindu man, as Thampuran (My Lord) and woman as Thampurati (My Lady). He should never dress himself up like a caste Hindu; never construct a house on the upper caste model. ..
T)he women folk of the community...were required, young and old, to appear before caste Hindus, always topless. About the ornaments also, there were restrictions." (Rajendran, 1974, pp. 23-4)

At the turn of the century, experiencing some mobility and developing a small middle class, the Ezhavas rebelled against the indignities of Hindu social order and started fighting for their civil rights. Led by a famous Ezhava saint, Sri Narain Guru, sometimes called the Gandhi of Kerala, their protest movement aimed at self-respect and education. Self-respect entailed withdrawal from toddy tapping, a movement into modern trades and professions, and a nonviolent attack on the symbolic order. Since they were denied entry to temples and were only allowed to worship "lower gods and spirits", the Ezhavas, the Guru said, would have their own temples, in which they would worship "higher gods" to whom they would offer flowers and sweets, not animals and liquor reserved for the "lower gods". Meanwhile, to improve their economic and social status, they would educate themselves. And to facilitate all of these activities, they would set up an organization. "Strengthen through organization, liberate by education" was the motto.³⁵

These issues, all caste-based, decisively restructured the politics of Kerala in the 1930s. Entry into temples, an attack on the social deference system concerning dress and access to

public roads and a more equal access to education drove the civil rights campaign. It is only subsequently that tenancy rights and land reforms spurred the mobilization for economic rights; it is only in 1940 that the Communist Party of Kerala was born.³⁶

If the fit between the Ezhava caste and the rural poor had not been so good between the 1930s and 1940s, class mobilization would have made little headway. Class politics was inserted into the campaign for caste-based social justice.³⁷ To this day, the Ezhava caste continues to be the principal base of the CPM. People of similar class-positions, if Nair, have gone on the whole with the Congress; if Christian, with Kerala Congress; if Muslim, with the Muslim League (Nossiter, 1982, pp. 345-375).

Concluding Observations

Instead of summarizing the argument in this concluding section, let me push the line of my reasoning towards economic reforms. As an instance of the indirect strategy of poverty-alleviation, reforms have been implicitly present in the paper, not explicitly analyzed. The context of poverty-alleviation has remarkably changed in the last decade, as more and more countries have adopted for a market-based and trade-oriented economic strategy (Sachs and Warner, 1995). In what ways are the political arguments about poverty above, summarizing on the whole the post-1945 development experience, relevant to the era of economic reforms, if at all?

³⁵ For a detailed analysis, see Rao (1979).

³⁶ In a disarmingly candid statement, E.M.S. Namboodiripad, the greatest Communist mobilizer of 20th century India and a Kerala-based politician admitted before this death that the inability of the decades-long class mobilization in Kerala to overwhelm the religious divisions of the state might be rather more rooted in historical realities than Marxists had expected. See Namboodiripad (1994)

³⁷ For a compelling argument that this merger facilitated the emergence of a Communist movement, Menon, 1994. While talking about the peasants and workers, the Communists could repeatedly use caste issues, which had great resonance in Kerala.

My arguments, I think, can be used to form *political* judgments on economic reforms as well. Politically speaking, market-oriented economic reforms in the developing world, though highly economically desirable, have thus far not emerged from below, which is where the masses, and therefore the poor, are located. Reforms have emerged from above -- through economic bureaucracies, both national and international such as the World Bank -- in moments of economic crisis that have demonstrated the exhaustion of statist and inward-looking economic strategies. The masses may have felt an acute dissatisfaction against the excessive and abusive powers of the state, especially in the former Communist world, but a desire for lesser state interference in everyday life does not necessarily translate into a support for the market mechanism. Reliance on markets has simply emerged from the ruins of a discredited statist ideology of economic development, whose capacity to deliver mass welfare had seriously declined and which had resulted in a widespread abuse of authority by state officials. It would be an awful mistake to interpret the turn towards economic reforms in the developing world as a sign of vigorous mass support for them. As of now, reforms have simply been a welcome diversion from the excesses of bureaucrats and state functionaries. This diversion may cease to be an indirect source of support for reforms, if markets fail to deliver mass welfare. In short, as of now, democratic politics and market-oriented economic reforms are quite awkwardly aligned. It is not a happy and permanent marriage.

In normative terms, this political interpretation of economic reforms presents a challenge as well as suggests a possible danger. The challenge is simply that reformers must produce a political language for their arguments that can be understood by "mass politicians", so that a mass constituency for reforms is created, and think of an incentive structure that can make reforms politically attractive for politicians (Sachs, Varshney and Bajpai, 1999). The danger is also equally simple. In the absence of an incentive structure or a clearer understanding of, if not ideological convictions about, what economic reforms can do for mass

welfare in the long-run, any significant short-to medium-run downturn that makes the masses precipitously worse off can take the shine off reforms in democratic politics, and create a constituency for disciplining the uncertainties of markets through the agency of the state.

The onus is on those who believe that economic reforms are not only about economic efficiency, but also about enhancing mass welfare, especially that of the poor. If reforms must be pursued in a democratic framework, an imaginative integration of the political and the economic remains quite necessary.

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FIGURE 1

Poverty-Alleviation Performance, Regimewise

	Worst	Moderate	Best
Democratic Countries		√	
Authoritarian Countries	√	√	√

TABLE 1

Poverty in Democratic Countries (the Early 1990s)

Country	Population % Below Poverty Line
India	35
Sri Lanka	25
Philippines	37.5
Botswana (1986)	33
Jamaica	34.2
Trinidad & Tobago	21
Costa Rica	22
Venezuela	33

Source: The World Bank, the IMF, and ECLAC

Table 2
Poverty in Selected Authoritarian Countries (the early 1990s)

Country	Population % Below Poverty Line
<i>Best Performers</i>	
South Korea	Negligible
Taiwan	Negligible
Singapore	Negligible
<i>Moderate Performers</i>	
Thailand	13
South Africa	23.7
Mexico	14.9
Chile	15
Ivory Coast	17.7
<i>Worst Performers</i>	
Guatemala,	53
Honduras	47
Peru	54
Ethiopia	46
Niger	61.5
Senegal	54
Uganda	69.3

Source: As Above