

Chronic Poverty and the problem of agency: the awkward potential of the enabling state

Chronic poverty results from multiple exclusions. Turning exclusion into inclusion, poverty into wealth, requires effective ways and means. But ideas about how wealth and poverty come about as well as ideas about instruments of intervention and agency are founded upon three quite different kinds of understanding about coordination in society. Cultural Theory suggests that individualist, hierarchical and group biases underlie market thinking, bureaucratic thinking and NGO thinking and are, in essence, incompatible. Each kind of thinking has its own explanation of poverty and exclusion and can be linked to ideologies of development (if one revives an Anarcho-Syndicalist view). Each can claim a strategy for inclusion. One will tend to dominate, yet pure institutional forms do not exist and all development work seems always to require working across boundaries. The interface between types of organisation will always be awkward; the point at which transaction costs will mount up and 'partnerships' falter. For state or other central agencies, a successful enabling role requires the understanding of other 'mind sets' or, failing that, a willingness to find standard, pre-negotiated formula that work. The theme is illustrated with well-known instances of programmes or projects that depend upon effective links between the incompatible, including the Indian IRDP programme (which links bureaucratically delivered productive assets and subsidy with market exposure) and the Grameen Bank model of credit administration (which links bureaucratic bank administration to savings groups). The paper concludes with the argument that an effective enabling strategy requires standardisation around 'happy' solutions where possible and extensive learning. But the enabling state can easily slip into endless moralising on the one hand and resource consuming 'policy development' on the other.

Chronic poverty we are told is the result of multiple exclusions (Hulme, Moore and Shepherd 2001). The chronically poor are people who are beyond the reach of state administered social provision, outside protective mutual or advocacy organisation and unable to participate in market exchange. Pro-poor policy in an enabling state must invert these exclusions. This is easier said than done. Administrative extension to include the presently excluded will tend to require that the poor stay in one place, allow themselves to be registered and labelled, and then behave in ways that are deemed to be to their benefit (such as sending their children to school). Administrative agency is like this but, for the poor, compliance may be incompatible with basic survival strategies. Group inclusion, either on a mutual assistance basis or as beneficiaries of supportive advocacy bodies requires both champions of inclusion and that the chronic poor can see relative advantage in forming associations, facing the restrictions and costs that this entails. Market inclusion is equally difficult. Markets have margins and the poor are those whose lack of access to or control over effective factors of production puts them on the wrong side of that margin. For the poor to be included requires some kind of act to improve their standing in relation to the market, and that on a sustainable basis.

Perhaps inversion should be approached more radically. Seen from another angle inclusion in socio-economic opportunity: the chance to trade, to subsist, should be seen as protection from, or sharing of, risk. Interestingly, in an anthropological understanding, market exchange inverts to gift exchange. People who face the risk of downturns in their life chances build social capital through networks, exchange gifts, trade present supplies for future patronage or protection, pledge allegiance to powerful adventurers, give anticipatory bribes to bureaucrats; all with the same social protection logic as taking out insurance (Norton, Conway and Foster 2002). The very poor are perhaps those who have failed in this strategy. An enabling state may have to explore this repertoire.

The problem is therefore a problem in praxis¹. In the trade there is a widespread commitment to ‘do something about poverty’ which finds various forms of moral and practical expression but which comes up against the underlying problem of means and ends. Central agencies (international or national state) support market and civil society development but operationally tend to remain committed to instruments of command; specifying, targeting, performance monitoring and regulating when not actually directly providing. More fundamentally, I argue, central agency thinking dominates development discourse and may actually *disable* market effectiveness and *curtail* effective civil society thinking and acting in development. ‘Enabling’ emerged briefly as a concept in the late 1980s but was soon displaced by the language of control: regulation and performance monitoring, leaving ‘empowerment’ in a largely rhetorical limbo. What enabling and empowerment mean in operational terms is a concern in this paper. How central agents might encourage, support, set legislative frameworks or make grants in ways that allow the energy that is inherent in these forms to emerge (Curtis 1991) remains an awkward problem in development thinking. How to foster rather than constrain or distort market and civil society agents; that is my question. Answers are urgently needed.

Framework

Thinking about public policy in any area always has to address two questions, ‘what to do’ and ‘how to do it’. ‘What to do’ might be considered the pure policy issue while ‘how to do it’ entails the questions of agency and instrumentality. The title of this paper suggests that the answer to the second should follow from the answer to the first. The recurrent dilemma in development work is, I argue, that a favoured policy and favoured agents and instruments don’t always and can’t always match. This creates an awkward interface. At this interface many schemes and programmes fail.

Deciding what to do about poverty requires a prior attempt to work out its causes, in turn requiring clarity as to the generators of wealth and wellbeing in society and why some people miss out. Three contradictory kinds of thinking underlie our discussions. Market, State and Civil Society theorists² are all busy advocates of the different perspectives and models concerning wealth and poverty. But in practice markets fail, state provision does not reach and civil society is most noticed in its absence (if grass roots structures beyond the NGO are deemed necessary). Poverty may be a normal condition of a malfunctioning system; chronic poverty, it may be suggested, exists when persons who have become dependant upon the market, or upon the state, and/or upon the social structures of civil society find that their source of dependence lets them down. They experience exclusion from the market, are outwith the effective remit of state provision and /or are denied the embrace of protective social structure.

Anti-poverty strategies therefore inevitably have to make various assumptions about what will work most effectively as mixed responses to actual situations on the ground. A basic starting point at the present time is that market is good, but its defects need counterbalancing. State hierarchy or some other central agent is inevitably the engine behind this counterbalancing (Big NGOs sometimes assume this role). But wonderful

¹ The author is university employed but in a department that has traditionally been concerned to straddle the worlds of theory and practice: a posture that is increasingly difficult to maintain.

² In Cultural Theory terms, representing Individualist, Group and Hierarchical cultures (Thompson and others 1990)

things are also expected of civil institutions. That NGOs, CBOs and other associational forms should be allowed free rein is equally a part of current orthodoxy. This paper looks at some of the awkward interface issues that arise when central, hierarchical, authorities try to address poverty indirectly, whether by supporting entry into the market, or by encouraging the formation of civic responses to supposed civic needs.

Measuring and targeting wont do

Subscribers to hierarchical ways of thinking like to adopt a simple rationality, untrammelled by political consideration or socially contentious commitment. Since the Rowntree Report on Poverty in York, written in the early 20th Century, there has been a tendency for public policy makers to seek neutral interpretations of poverty. Rowntree's 'poverty line' notion is still with us. The Hume, Moore and Shepherd (2001) attempt to classify poverty by severity, multidimensionality, and duration still relies upon an essentially poverty line notion. The problem with simply measuring poverty is that measurement as such contains no understanding of why there is poverty. It therefore gives no guide as to 'what to do' to reduce or alleviate poverty. The neutral view does however allow closeted administrators to assume that, if there is a measure there can be a target. And if there is a target, some centrally employed agent can be told or commissioned to go hit that target. This is a process familiar enough in Blair's Britain, as one agency after another is set up with this kind of mandate (targeting for removal people who sleep rough on the streets, reducing drug use or drug trafficking, etc). But it is not a good starting point for effective interface relations between hierarchies and markets, or hierarchies and groups in civil society, unless there is prior agreement on what causes the problem and what are the ways and means of dealing with it. In development there are no magic bullets. The enabling state has to move beyond its own rhetoric to find practical ways and means; and none of these will be perfect.

The big pictures and their limitations

Thinking about poverty has to be framed within a discourse / action set about wealth and wellbeing. The big pictures or soft system models that emerge from this exercise, need to show how, in each case, the poor somehow miss out and might, with some form of intervention, be included.

Three basic kinds of thinking inform these 'big pictures', most briefly captured by the words, state, market and civil society. But these words identify the principle agents rather than the basic thinking.

One kind of thinking sees the world as a place in need of ordering. Markets fail, droughts strike unpredictably, social conflict breaks out, so an ordered, planned public sector response is required to sort it out. The language is about plans, standards and levels of service provision, or 'guarantees' of access to 'development' as Clare Short has it (Radio 4 interview 12th August 2002). The grand 20th Century planned economy experiments clearly failed but in the new thinking the goal of an ordered society can be achieved through sensible regulation and intervention at the margin. Order is conceived in a central place, built upon centrally assembled data and administered through a hierarchy of command: this is the implicit assumption. When, to establish order, other agents in society are expected to play a part, administrative effort switches to the regulatory tasks of 'ensuring compliance' (contract monitoring, etc..).

Another kind of thinking relies on the generative power of individual choosers and decision makers. The essential concept is freedom. The language and supporting theory comes from economics (though choosers also choose to co-operate or form personal networks, when this is convenient). In this view, most of the problems that occur in actual societies arise out of the perverse, often corrupt, intervention by state agencies. Of course, it will be admitted, there are some 'bad eggs' in the market as well, and some monopolistic exploitation, but the market itself is essentially benign as well as efficient in allowing more goods and services to be generated for everyone.

For the one model, state (or some central authority) is the assumed agent, for the other the market. Dialogue between advocates of 'state' and of 'market' dominated the development discourse of the late 20th Century (e.g., Colclough and Manor 1991). Then along came Civil Society.

Civil Society thinking is, like market thinking, about plural sources of power and influence, based, in this schema, upon ideas about joint or collective means of representation and expression of interests in society (Van Rooy, 1998). It is sometimes expressed in terms of citizenship responsibility (Nerfin 1986³). Society evolves as the aggregation of these various institutional forms; conflicts or differences in interests being submitted to deliberations in representative councils and assemblies at various levels from the grassroots upwards. But associations – the basic units - need enemies and, in practice, associations as well as Civil Society advocates take up two quite different positions as to what is the problem and how to respond. If either state or market is taken as 'bad', associations will assume countervailing forms. If either the market or the state is seen as 'failing', association may lead to mutual problem solving and self-help provision. These are two very different conditions and strategies, but freedom of association is key. Of course, it may be admitted, the Mafia and Al Qaida are also based upon free association (perhaps better seen as perverse network responses); so not all forms of association can be seen as supportive of the good society (if one takes this to be liberal-democratic society). But essentially civil society can be taken to champion a pluralist order against the excesses of state power or rampant capitalism or the failure of either or both.

Each model is based firmly upon an assumption about its primary agent. Three kinds of culturally embedded solutions; resort to hierarchy, form a mutually supportive group or barter individually are carried, like genes, through history, into contemporary institutions and strategies (Thompson and others 1990). Each kind of agent acts in a different way to achieve its social objective. Clearly, creating wealth and ensuring wellbeing are, at base, strategies of social co-ordination, which do require one or another of such agent.⁴ (The economic logic of these forms of coordination is set out by William Ouchi (1994))

Hierarchy, individualist and group ways of thinking emerge in development activity as well as other spheres of human endeavour, powerful actors being consciously or unconsciously

³ Nerfin, in an influential advocacy document refers to an immediate and autonomous power that arises when some people develop an awareness of this potential, associate and act with others and thus become citizens. Citizens and their associations, when they do not seek either governmental or economic power, constitute the third system. (Nerfin, 1986, pp. 4-5.)

⁴ Browne and Korten (Voluntary Organizations, pp. 5-6) similarly identify three basic ways in which organizations acquire resources: coercion, exchange or shared values, cited in David Korten, (1990) Note 7 p109.

biased or predisposed towards one way of thinking and acting or another. This leads to a lively debate. Problems emerge when the chosen way of thinking constrains the choices of other actors rendering the chosen strategies of these actors ineffective.

In the development world we find

- national or internationally inspired projects and programmes, driven by administrative or political hierarchies, favouring set targets and performance measures, delivering ‘solutions’ that inevitably take on somewhat uniform characteristics, assuming that poverty can be alleviated by redistributive intervention
 - instance, a World Bank supported mother and child nutrition project in Bangladesh, based upon the administration of doses of nutrients, advice and credit to needy individuals.
- strategies that support market development through a liberalising agenda of reforms, assuming that poverty will be reduced by drawing more of the poor into productive enterprise
 - examples, trade liberalisation legislation in many countries

then, less well formulated,

- strategies that centre around the idea of group solutions: co-operatives, user-groups, credit groups and associations, adopting notions of civil society as well of concepts of mobilisation, empowerment, the like.⁵
 - problem here; no pure instances, though many examples of strategies for community management of forests, ponds and other ‘common pool’ resources, for credit groups or farmers groups; but all seeming to assume a key leadership role for a central agency of some kind.

How advocates of each model address the problem of poverty and how each ‘solution’ seems to be deficient

Hierarchy tries to reach the poor by administrative extension. Health programmes create layer upon layer of health workers each a degree closer to the beneficiary, reducing walking distances to clinics, packaging medicines in manners deemed appropriate by medical experts, subdividing tasks and functions. But usually the money runs only so far; people at the bottom of the hierarchy face perverse incentives and inequality is actually increased as a result of a new division being created between those who *are* reached and those who are *not* reached.

Market enthusiasts marvel at the ability of the market to penetrate to the remotest corners of the World, supply extending to meet effective demand, diverse needs being met in diverse ways. And indeed Kodak and Coca-Cola can be found in the strangest of places. But, beyond a margin, demand is by definition ineffective. The marginal good feeds the marginal consumer. The person beyond the margin still can appear on the doorstep of the supplier as the extreme poor.

⁵ Since Anarcho-Syndicalism and its advocates (eg. Kropotkin ((1902) 1987) were driven into oblivion by state socialist forces, this approach has been without consistent ideological support. Civil Society enthusiasts are now vocal advocates but acknowledge conceptual confusion and contradictions (Van Rooy and Robinson 1998).

Syndicalists (let us revive the label) would leave it to individual problem solvers to associate with others to address mutual problems of production and consumption or other aspects of wellbeing. The problem perceived is the stimulant to a response, individuals seeing advantage in meeting the costs of organisation (negotiating the structures, overcoming free rider tendencies etc.) because of the benefits that can be gained. Guilds, trades associations, unions, India's occupational castes (Jati) and innumerable other forms of association are evidence of the historical extensiveness of such resolutions before the extension of the modern state and / or the modern market into most areas of economic and social life. In many parts of the world besides the Indian Sub-continent, the presence of caste like structures for the socially marginal such as entertainers and bands of beggars is evidence that the Syndicalist solution only partially solved the problems of poverty, even when mutual association in response to the vicissitudes of life was performed the social norm. Today, Civil Society enthusiasts, inheritors of the Syndicalist mantle, can hardly claim that there is an inclusive, group based solution to the problem of poverty, although group responses are key to a number of successful instruments. In other words, there is no serious support for a pluralist - collectivist agenda that would place responsibility for initiating and sustaining development in the hands of groups and associations in society, though some analysis and beginning to think through the issues (e.g. Cornwall and Norton 2002).

So the much talked about third model is still opaque. Words like participation, civil society, empowerment, community, institutional development, self-help (as against help yourself...)) are captured by those who would do good, but they still do not add up to a viable political philosophy. In practice we have to look to places where the state fails and the market does not readily penetrate to find people having recourse to such forms of active association. Villagers in Northern Nigeria will, without assistance, collectively organise to repair their access roads after the rains to ensure that privately operated bus and lorry transport continues to serve their village (personal observation). This collective response is undertaken because they know all about 'state failure'; their normal experience. Equally clearly they know the benefits that access to the market can bring to their lives. The model for this kind of pluralist response is evident in Alexis de Toqueville's grand description (reproduced 1988) of mid 19th America that inspired the revival of Civil Society thinking. The underlying conditions for the model however, are a weak state and a poorly developed market. Where either state or market can justifiably claim to be strong, civil society is left to the social residuals⁶. In any case the very poor still find themselves on the outside of most associations, sometimes even family groupings.

Three scenarios on exclusion and development

Diagramme 1 would suggest that, where a positive strategy (+) can be identified, it will often be associated with essentially negative (-) conditions on the other dimensions of purposive social action.

⁶ The prominence of burial societies in many countries where the state is an ambitious provider of services simply indicates that the state has historically taken the view that burial is not its business. In the UK also saving up for a proper funeral has historically been managed through co-operative or mutual fund organisations. However, 'cradle to grave' public service enthusiasts have taken the state into this area also and many local governments are today expensively committed to subsidising funerals and memorials and facing the consequences of neglected graveyards.

Diagramme 1

	Economic exclusion / inclusion <i>: access to means of production or jobs</i>	Administered exclusion / inclusion <i>: access to administered resources such as education or health care</i>	Social exclusion / inclusion <i>: access to supportive relationships in family and community, group or other civil institutions</i>
Mkt	+ Spectacular growth includes all but the weakest	- may not keep up but evidence is that heavy investment provided skills in the 'Tigers'	- migration, social dislocation and breakdown destroys the chance of fall back on subsistence and mutual support
State	- persistent 'refusal' to achieve growth conditions	+ The state includes through state enterprise, services and investment in social capital	- family, group and community structures and social networks fragmenting as state welfare becomes the norm
Civil Soc	- persistent 'refusal' to achieve inclusive growth	- lack of state resources and strategies: sometimes local 'state' mobilisation of investment	+ The family provides, group protects and invests, community supports; the fall back strategy evident in many African countries and at the margin elsewhere: could go on to 'local governance emerges'...

In other words, it seems that the moral energy required to generate an effective market economy is not associated with either a heavily administratively penetrated state (as in the former Soviet countries, for instance) or societies dominated by family and kin or other associational forms (Banfield, 1967, Putnam, 1993)⁷. This is not to advance a determinist view of socio-economic development but simply to suggest that this cross cultural interface is always difficult; but one which development must face.

The chronic poor are those who lack market access – to jobs or productive assets, who are often also without associative ties to family or sustaining representative group and who fall through any safety net or welfare scheme provided by the state. Often these conditions are mutually reinforcing. For instance, without the status that comes with residential qualification or group membership individuals may be unable to access either jobs or social benefits.

⁷ Both Banfield and Putnam, separated by more than 20 years, were writing about Northern Italy. Banfield felt that what I am here calling associational values were antithetical to 'modern' development. John Davis subsequently demonstrated that, by most indicators, rapid change was taking place in the area Banfield had studied. The Putnam thesis, inverts the assumptions about cause and effect. He argues that democratic pluralism can be an effective engine for economic development, giving theoretical basis to what is now seen as the North Italy model. Most commentators would consider the Italian state to be a weak contributor to this development.

For the poor or excluded groups within national economies or within micro economies, imbalance is the norm.

- In some places local community, group or family coping strategies are still inclusive of the elderly, the widow, the orphaned or those ‘down on their luck’, but viable economic opportunities must also be there for this to be feasible. Yet, when those who cope turn entrepreneurs, and seize these opportunities, those they cared for can become excluded
- In some places economic growth has a wide enough base and a rapid enough expansion to be progressively inclusive, but there is always a margin at which where some other form of access to support seems to be essential. In rapidly expanding economies, the policy question must concern the extent to which associative forms of risk and liability sharing – such as insurance or mutual care arrangements will meet this need and what is the role of the state
- Nowhere can administration produce the basic goods required by a healthy society. So much is now agreed. Administered ‘safety nets’ are seen as a response to market failure. Yet the presence of an effective administered safety net may ‘turn off’ the incentive to activate kinship obligations or mutual aid. The policy question then seems to become, as in Britain, how to lower the net to the point that self-provisioning or mutual provisioning again becomes attractive.

The above discussion simply rehearses the self-evident. There are indeed contrasting, even contradictory, ways of thinking in relation to wealth creation and poverty alleviation. None is adequate in itself and each can have negative consequences for the effectiveness of the other. Solutions to the problem of persistent or chronic poverty require a careful crafting of workable compromises, rather than ideological conflict.

Strategies

Diagramme 1 would imply that it is possible for societies to be characterised by the kind of inclusion that predominates and for different strategies to reflect these biases. These strategies are sometimes referred to as welfare strategies, political manifestations being apparent in ‘advanced’ industrial societies as well as poor (Dean and Melrose 1999). Today the dominant development strategy is one of market expansion.⁸ Yet aiming for spectacular economic growth by consciously liberalising – for instance, is a strategy that clearly can fail, as is arguably the case in many African countries today. Spectacular market growth can take place where the state does little to please the market enthusiasts beyond ‘opening the door’, as in Laos for instance. Combined strategies are in fact common, though one must be ware of tokenism. Britain under Thatcher and Blair has attempted inclusion through economic expansion, but also trumpets the virtues of social responsibility in family life and in voluntary welfare. The Blair version has now reverted

⁸ An entirely different entry point was adopted by Ghandi who uniquely sought to address extremes of poverty and social exclusion through the social (moral inclusiveness) as against economic or administrative route, by challenging an ascriptive status; demanding that the moral notion of Untouchability be replaced by ‘Children of God’ status. He assumed that the rest would follow. What he anticipated, and to a degree achieved was a change in interpersonal moral expressions of value, inclusiveness and belonging. The Indian state later sought administrative means of achieving the same end though the Scheduled Castes and Tribes measures; with some positive and some contradictory consequences. Political or social mobilisation around Caste or Tribe groupings has generally benefited more numerous and powerful groups in Indian society, to the detriment of others, including the extreme poor. The market, by disrupting social relations of production and by causing labour migration, has arguably had the greatest impact upon the poorest in India, but nevertheless creates a new margin, at which people still starve.

to inclusive administrative strategies (quality health care delivered to all through the national health service) but still carries overtones from earlier flirtation with the market.

Clearly there is a very loose fit between strategies and outcomes (allowing the efficacy of each to be questioned endlessly). Inconsistent policy is also the norm. Many governments still claim to have inclusive public service programmes; schooling for all free at the point of delivery for instance, when they in fact reach only a part of the population, leaving room for voluntary, community or private agency. Pro-poor public policy endeavours have to recognise the contradictions and inconsistencies in national and international strategies for growth and development. The aim of current development policy seems to be to take action to correct perceived imbalances and create conditions within economy and society that are 'inclusive'. In terms of the above table these would include

- measures to correct the deficiencies of the market and encourage inclusive growth through administrative interventions,
- measures to improve the efficiency and effectiveness of state delivered public services - including market or NGO sector involvement,
- measures to strengthen family and civil society - including administered or market responses.

But, I argue, each of these hybrids is difficult.

Hierarchy prevails but compromise at the interface is necessary

At the present time a curious situation prevails. There is a more or less universal acceptance of the primacy of the market as a generator of wealth. At the same time, national and international bodies (hierarchies) frame the development debate, advocating market solutions, but also promoting modes of intervention that use both state and civil society rhetoric. Hierarchical organisations (through their hegemonic thinking patterns) form development strategies, produce plans, specify intended outcomes, issue contracts, (require Logical Frameworks; Crowther, Shepherd and Wallace's complaint (1997)) establish control regimes etc., that comply with currently stipulated anti-poverty strictures. These draw upon a range of standard forms of intervention; forms that have often been around for decades, all necessarily compatible with administrative 'oversight' if not direct control, but with possibly perverse consequences for market effectiveness or civil society exercise of responsibility.

How one model negates the others

If people subscribe to one kind of organisational culture and insist on thinking that kind of thinking the consequence can be that they can fail to engage with people in other kinds of organisation who think in other ways.

The assumption of community competence: i.e. that "we can solve this problem ourselves", will these days only take place if the community or group members are convinced of market / entrepreneurial limitations ("the bus will not come") and also that central agency is incompetent or corrupt beyond negotiation ("Those Local Government officials promise roads but they will not deliver") Community competence is unlikely to be accompanied by a willingness to pay taxes to some distrusted central authority.

The assumption of market competence discourages community competence (eg the presence of paid childminding services discourages the development of reciprocal services)⁹. Claimed market competence also negates the conditions for administrative competence (for instance, if it is claimed that the traders have sufficient food in the market, delivery of emergency food rations will not be undertaken).

Where a central agency claims to be capable of servicing a need, such as providing universal primary education, it is difficult to envisage groups of people at community level undertaking to supplement that agency. (The long established tradition of community schools in Africa reflects an equally well established state failure to reach remote places with public services.)

The consequences are in proportion to the relative power of each party. State thinking can disable market, by setting up incentives that ‘market’ regards as perverse. State thinking can more readily disable group or community by undermining the obligation to sharing that is the basis of group or community responses. On the other hand ‘market’ thinking can disable ‘state’ (bureaucratic) rationality by corrupting its rationing with scarcity related payments, and can disrupt social sharing obligations by substituting price for mutuality. Usually, in all this, mutuality is the loser.

The 20th Century established state provision as the norm, and nothing in the subsequent debate about market or Civil Society has yet undermined the primacy of state or central agent in development strategy. Central agents may not claim total competence in direct service delivery any more. But they are not, in general hesitant about telling others what to do and finding means of conditionality or enforced compliance. Development strategy is a thing of central agency. Development ‘happening’ or ‘emerging’ by contrast is conceptually the outcome of market or pluralist institutional agency, of which there are no pure examples – although the 18th /19th Century British case is sometimes presented as such. Development ‘happening’ may also be an unforeseen consequence of purposive action in another mode. For instance it *may* be the case that in China, Laos, and Vietnam, rapid growth is the fortuitous outcome of to innumerable actors within their systems having de facto discretion to take actions that defy the logic of both state control and pure market rationality.

Dialogue and Double talk;

Vagueness is not always positive in outcome. Inter-agent dialogue, it has to be confessed, is characterised by a tendency of each party to dissemble.

‘We are a group, now tell us what to do’ (or, ‘tell us what you are offering and then we will tell you that we want it’) is not unknown as a response of communities or associations or NGOs when they think that compliance with a powerful centre will bring windfall gains

‘Give me a level playing field, through adequate subsidy’ is an all too common response from entrepreneurs in all countries

⁹ But note that, in the North Italy development model, associations of entrepreneurs, providing joint marketing and or mutual quality assurance, play a prominent role, indicating that a market / mutual organisational interface is not only possible but effective.

‘You are empowered: here are the measures by which we will monitor what you do’ is an everyday message from today’s liberalising or ‘modernising’ governments.

Analysis of what makes for effective interface relationships between agents of different kinds has to see through the obfuscation of such political discourse.

Effective interface arrangements; ‘think hybrid’

Although these are conflicting approaches, effective compromises and interface arrangements are possible, but need careful thinking through and experimentation to avoid incompatibilities and to find synergies. A review of some well known and researched examples of rural development programmes that are aimed at the poor will illustrate the theme.

Hybrid 1 Hierarchy relating to individuals: state and local market

In the Indian Integrated Rural Development Programme (IRDP) is not generally taken as exemplar of good practice as an anti poverty programme though it is probably the largest such programme in the world and annually disperses a substantial budget for productive, income generating assets, through loan and subsidy to targeted households throughout India. A national hierarchy sets targets, norms and parameters for its agents in each of India’s Districts and Blocks. In these Districts a decentralised agent, the District Rural Development Agency (DRDA), established under company law to give it an element of administrative independence, sets in motion procedures that will identify a set number of poor individuals or households and deliver to each a productive asset under a loan and subsidy arrangement. The programme has had some success, (Gaiha 2000) despite extensive criticism (in part perhaps because of it).

The administration of the IRDP is essentially command led and hierarchical, having the administrative strength that follows from its status within national plans, budgets and political strategies. After delivery of the asset however the individual beneficiary has to make a go of earning a living with the assistance of this asset, be it a milch animal or two, a bullock cart, a trade cycle, or whatever. The individual has to sell his/her milk successfully, find business for the bullock cart, or make a profit through door to door sales from his bicycle. A lack of awareness on the part of the government agency of the market conditions under which the individual has to operate can lead to collapse of the enterprise and of the scheme.

In the early days of the IRD programme, (the 1980s) cows and buffaloes for milking proved to be high risk enterprises in areas where there was no established milk marketing arrangements (personal observation). The question then arose as to how the government came to be aware of the resulting problems. Apart from external commentary, such as a stream of critical articles in journals such as *The Economic and Political Weekly*, the government commissioned a number of state level bodies to undertake planning and evaluation activities. If the delivery agent – the DRDA – had been allowed to simply self assess in terms of delivery effectiveness (target poor populations reached) the problems of the market exposed beneficiary would not have been identified. The potential damage that a misapplication of credit can do to a beneficiary would not have been registered. Only

analysis of the social impact and the economic viability of the assets in the hands of different beneficiaries would reveal the sustainability of different investments. Even then, a careful market analysis and sophisticated social analysis is needed to tease out the non-administrative factors in the success or failure of this kind of public service delivery. A nationwide administration cannot do this, but alert national leadership, learning from experimental units or evaluation cells, can insure that the delivery machine takes on board the lessons and adjusts its programmes appropriately (Curtis and Watson 1986)

Hybrid 2. Hierarchy relating to groups: state / civil society

The Grameen model of micro-finance quite consciously combines a uniform, centrally managed credit administration (in this case by an NGO) with the development of user groups whose members share responsibility for savings and mutual creditworthiness (Hossain 1988). It is seen as an approach that empowers the poor (Mizan 1994). The model is deemed such a success that it has been adopted by innumerable agencies worldwide (Khandker, and others 1995). Yet the organisational principles that must underlie the administration on the one hand and the group on the other are quite different. Credit administration can be based upon centralised systems of rules and procedures, replicated in each subordinate office, covering all aspects of delivery and recovery as well as performance monitoring. But successful administration requires managers to understand the group cause and effect underlying crude survival, credit recovery and drop out figures that the monitoring might reveal. In practice the procedures need to be supported by small armies of intermediaries, who are committed to the cause. Rigidity is to be avoided. Practice needs to evolve, with mutual learning supporting emergent institutional rules, but good practice remains hierarchical.

The role of the group within the Grameen Model is to establish and maintain mutual creditworthiness, which probably necessitates an element of mutual involvement in assessing the viability of what the money is to be used for. In principle this requires each group to establish a regime of self imposed incentives and sanctions. Someone who cheats or fails to maintain contribution or repayment schedules has to be brought into line. Savings and credit groups – rotating credit associations - widespread amongst the poor (if not very poor) worldwide (though probably less so where a Welfare State culture prevails)¹⁰ have these characteristics. Such groups are strong in so far as they evolve rules that enable mutual trust to build up and ‘bad’ behaviour - that is behaviour of individuals that might exploit or undermine the mutual trust of the group - to be punished. The Grameen formula seeks to utilize such strength. Group members, from their side of the Grameen equation presumably also need to have some inkling of the culture and inherent logic of the hierarchical delivery and repayment mechanisms with which they interact.

It is far from clear that such arrangements can be simply prescribed by central authority – as appears to be the case in the above mentioned World Bank nutrition programme. An imposed formula faces the risk that individuals in the groups will see their membership simply in terms of compliance with central conditionality rather than the mutual benefit that can follow from sharing mutual costs. The group in this event would be reliant on external supervision and sanctions, and the mutual aspect of the controls would wither

¹⁰ In UK Thrift and Loan bodies are quite widespread, but particularly amongst recent immigrants who have carried the concept and practice from places where there is little state provision.

away. Central supervision may work but will not have the elegance or the economy that can stem from truly mutual, self-monitoring association.

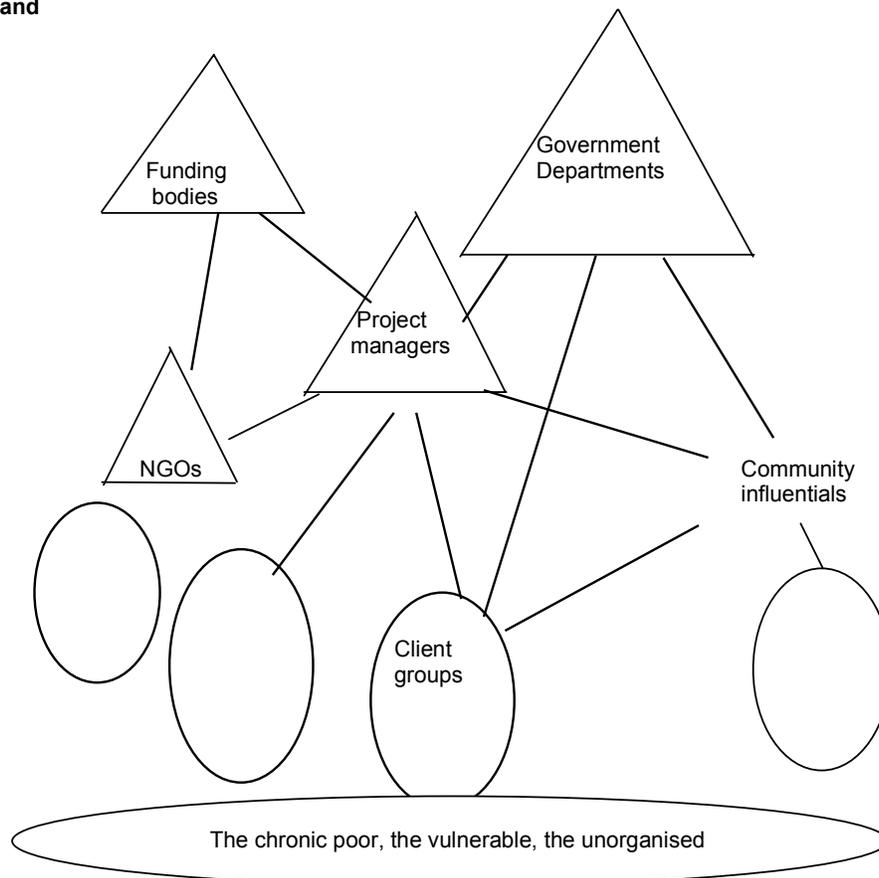
Hybrid 3. Hierarchy relating to community; state/community

Community Development, in any of its many incarnations, requires the state to relate to community. The relationships are never straightforward.

A commonly stated objective of community development or participatory development is that beneficiaries should define the objectives that they seek out of a programme. But problems arise and the issue has to be fudged if these objectives do not coincide with the priorities of the funding bodies.

In this relationship also statements about what is *good* have to be backed up with practical considerations as to what is *possible*.

Figure 3
Actors and Agents



One of the problems in all development work is that there are many parties whose interests, values and understandings have to be harmonised if action is to follow. The outcomes which designers and investors favour have to be negotiated through networks of relationships. In the typical government or agency administered community development

programme there are likely to be several hierarchical agencies as well as ‘community leaders’ or influentials (who may be highly entrepreneurial and individualistic in the way that they place themselves) and various interest groups or community wide institutions. Interaction takes place across various boundaries.

Each of these parties, except the chronic poor and disorganised, have their own agendas. They have particular interests to pursue. They hold different values, some being more hierarchical, some more individualistic, some based upon group interest and organisation (NGOs often being perhaps peculiarly ambiguous in these respects). They have access to different knowledge and skills. How they interact around these values, skills and interests depends in part upon the formal structures and procedures that govern the relationships and in part upon informal linkages and patterns of influence.

The chronic poor

Poverty and vulnerability are outcomes of processes of exclusion. The chronic poor are poor because they are excluded from access to land or productive resources or employment (and hence the market); and/or from bureaucratically delivered services such as education and health services and/or from social networks (because they are strangers - such as refugees or migrants, or they are of low status). Excluded in this way they are unlikely to find a role within participatory development unless their access is negotiated within local as well as national and international processes. They are seldom able to negotiate their own access. More often they require the help of champions of some kind, such as NGOs or political parties¹¹. Sometimes the initiative comes from funding bodies in the form of conditionality.

Enabling revisited

From the above analysis we can deduce that an enabling strategy will require the state

- to take a position that allows other actors in society freedom to decide, act and take responsibility for their actions and outcomes: the state has to be committed to **an acceptance of plural sources of power**
- to accept that individuals and groups within the society will inevitably carry different understandings of their own situational advantage and of the nature of the good society: **a plurality of understandings**
- to help **define boundaries** between spheres of institutional interest and responsibility (private / govt. / civil society: individualist / hierarchical / group)

¹¹ The difficulty in reconciling different modes in practical interventions is illustrated by an Indian rainfed agricultural development project. Kumar and Corbridge (2002) find that the The Eastern India Rainfed Farming Project “is in many respects a failure”. “It has not persuaded the poorest villagers in Jharkhand ... to join”. Their complaint is of the “unrealistic assumptions about the possibilities and merits of ‘participation’” In my language this is a problem about reconciling the bureaucratic delivery objectives of the project (largely about fertilizer, taken up by wealthier farmers), with enabling the very poor to exercise influence as a group.

- to expect that enabling interactions with agents in society will entail **transaction costs** (for all parties), that can be minimised through standardisation, but at the risk of reducing the effectiveness of the group or individual agencies.

The art, for the enabling state, is to envision and to negotiate with interested parties in society and, having reached a legitimate consensus, to allow room for action by others. For institutional plurality to be effective the enabling state should avoid exercising the kinds of control that constrain or subvert responsible action by individuals, firms, associations, NGOs. Enabling may require continuous review of the means whereby the state interacts with these other actors, modifying standard offerings in the light of analysis of responses by other actors in the market and civil society¹².

The state (or other central authority) has in its armoury three kinds of measure; each of which may or may not present problems to other actors in society

- standard deliverables, such as roads and other infrastructure but also schooling and health services
 - problem: what is delivered may or may not meet the priority infrastructure needs of the other actor

Direct provision of services and infrastructure using the conventional bureaucratic hierarchy or contracted hierarchical agents can, curiously, be seen as a central enabling strategy, perhaps the most effective. Roads, electronic highways, power supplies, water, etc., enable new forms of private enterprise or group initiative to take place. Schools and hospitals enable the development of social capital. In this mode the participation of the poor is inevitably under direct administrative control. If the administrators choose to consult with categories of people who are identified as being poor they may do so and services can be improved by so doing, but basically the centre decides upon the kinds of investment that are going to enable the poor ‘to stand on their own two feet’.

- legal frameworks, and the means of enforcement of these frameworks, directly through police and regulatory bodies and indirectly through the civil courts
 - problem: the framework may or may not ‘fit’ the social action and control needs of the civil society organisation

Although the business of governments has always included legislation and basic civil rights and accessible justice are now clearly seen as a development requirement, legal reform in the interests of the poor has hardly been at the centre of development work. Yet legal frameworks that establish and enable forms of association, or regulate access to productive resources including water and forest resources, as well as land, or are about access and control of public services are now back on the development agenda and can be seen as enabling measures through which individual or groups of citizens find a role in governance and self-development.

¹² An enabling fiscal strategy that gives most scope for private enterprise and effective choice for individual citizens as savers, spenders, investors, is of course the preoccupation of ‘modern’ national Ministers of Finance.

- and money; collected through taxes and distributed through direct state expenditure, as well as grants, subsidies, etc., often regulated through contract agreements and sometimes on a conditional basis (such as a matching fund)
 - problem: money extracted or granted by the state may distort the incentive structure facing the market exposed actor in society.

Financial self-reliance, as citizens, as entrepreneurs or as civil society groups and associations, would be an essential basis of a truly plural power society. Dependency of individuals upon state welfare benefits, or of clubs and associations (or local governments) upon support grants or of entrepreneurs upon subsidies, is generally decried, not least because dependant individuals or organisations are not going to be engines of social and economic development – whatever the rhetoric.

These things are quite properly decided upon by the centre and operated through central agencies. The enabling centre, acting within its central planning rationale and management framework, is then faced with the fact that it cannot predict how a host of other parties, individuals, firms, groups, associations, etc., will be able to respond. There is always the possibility that heavy handed action, though based upon a well worked rationale, will have the consequence that the other actors will feel disabled and withdraw from active participation or expression of voice.

A second order enabling role for the state is therefore necessary, requiring the centre to move into a different mode of operation.

Second order enabling entails

- dialogue
- learning
- experimentation
- reshaping interventions

and uses a number of other instruments to do so, such as research, focus groups, PRA/RRA, and so on...

Second order enabling of this kind fits uncomfortably with the authoritative control and delivery posture that most governments favour and most citizens come to expect of their governments and indeed demand. It requires investigation and response to different actors and agents in society; parties working within different mind sets and ‘bounded rationalities’, as the institutional economics tradition has it (Williamson 1964). For the state hierarchy this requires a move from bureaucratic delivery mode to an interactive mode that recognises that the other parties have their own ways of thinking: a change from command and control to listening and learning. Listening and learning can of course entail unbounded transaction costs, so some new forms of constraint are necessary.

Two stages in reaching out to enable civil and market responses

Assisted self-help

‘Assisted self-help’ is a widely used formula. Community Development Departments in many African countries have historically stuck with a formula in which, in effect, the state

does a deal with the local community. The formula is ‘if you want a classroom for your school, you the parents make bricks and be prepared to dig foundations and provide labour and we the (local) government will provide the cement and the roofing sheets’. The procedure has been referred to as a ‘matching fund’ arrangement. In the village water supply case in Lesotho (Feachem et.al 1978) it was found that government donor and community made an elaborate pretence that the community contribution and the donor contribution were equal even when they were not. The deal in that case is clearly social. Grant funding by the Lottery Agency and other public funding bodies in UK often uses the same formula, requiring civic bodies to be clever at finding other sources of donation to make up their share. Each party, government and community, has, in principle, an element of ‘voice’, but not without increase in transaction costs to both.

The difficulties with this formula are numerous

- the government or donor side of the bargain tends to set the priorities: the community knows that matching funds are available for clinics (or whatever the fashionable ‘need’) and so mobilises its resources for a clinic (etc.) even if something else might objectively be a priority
- resource raising and allocating by government and by community body may take place at different speeds - the government usually being slower - leading to frustrations and aborted projects
- there tends to be a focus upon ‘one off’ infrastructure projects rather than institutional development
- sustainability may well be a problem since neither side takes responsibility for recurrent costs

Assisted self-help undertakings will be inclusive of the poor only if the social structures of communities are themselves inclusive, or if government or agency policy aims to identify and encourage categories of excluded people to organise so that they can ‘match’ the funds on offer with their own contribution. Where the poor organise themselves to receive external resources, often with assistance from NGOs, the reaction of the better off citizens has to be taken into account. No public policy is politically neutral and favourable outcomes have to be negotiated.

Facilitated self-reliance

‘Facilitated self reliance’ represents an extreme version of some current policy thinking in several countries. My understanding of the primary health care policies in Uganda today, for instance, is that the private, voluntary and community sectors of the society are expected to take nearly all economic and social responsibility and the role of the government is simply to facilitate the process.

However, the full possibilities of facilitating self reliance have yet to be explored in most countries. It should always be the case that individual, group or community initiative can add value to the sum of human well-being. There are social needs in many societies that the state has never noticed or responded to; the costs of births deaths and marriages being examples - leading to various forms of rotating credit associations or burial societies.

Facilitation or enabling roles are poorly developed. Even when ‘enabling’ strategies are adopted they are particularly weak in their responsiveness to social or economic needs. An all-providing state tends to be all-knowing in attitude. The state then defines the needs and

norms of the society. Civil initiatives are seen as potentially subversive. An enabling state has to be prepared to listen and allow. The agents of the state (or local state) have to have the skills as well as the commission to 'listen, and learn' before attempting to lead. Individuals and groups have to be able to exercise 'voice'.

When adopting this mode the facilitating or enabling state will find its approach to poverty alleviation most difficult to define and put into practice. It may attempt to rely upon civic organisations to be inclusive of the poor but – as we have seen, the poor are poor in part because they are outside the reach of civic institutions. It may wish to add a redistribution element to its strategy but can hardly do so without re-centralising the public purse, taking decisions back from the citizenry and making civil institutions dependant upon support. State intervention with money re-introduces the 'assisted self-help' strategy.

Politics

Which brings us to politics. Democratic principles require citizen involvement in determining public policy. In practice this has two dimensions to it. Public policy is only policy if it is politically underwritten. And there have to be activist people of various kinds who play political roles - which include pressure group leadership as well as elected representation.

The different inclusion strategies and delivery mechanisms require different political processes.

State service delivery is relatively easy for politicians who can promise, take credit for success and avoid blame for failure by passing it to the bureaucrats. If it works, large categories of beneficiaries can be benefited, and may be expected to be loyal followers. But electorates tire of this story if the goods are not delivered.

Assisted self-help also has political pay off. Politicians can offer state resources in support of local initiative, and in so doing not only shape that initiative but also create a constituency of supporters. A hand on the public purse enables the politician to personalise a relationship, bring in a patron / client norm; another version of the personal network. Awkward policy decisions can be avoided, and different, even contradictory commitments can be made to different activist groups.

Facilitating self-reliance is a much more difficult political role. Politicians can know more about the diverse needs of their constituents than administrators. They may be leaders within civic institutions. But is difficult for them to resist pressures from particular interests for favoured access to public resources, on the one hand, or for making authoritative allocations to needy categories on the other. In a pure self-reliance strategy the state has no resources to offer. Once this position is abandoned claims of favouritism abound.

Conclusions

For state or other central agencies, a successful enabling role requires the understanding of other 'mind sets' and, because that is inherently difficult and prone to fail, a willingness to find standard, pre-negotiated formula that can work. The Indian IRDP programme, that links bureaucratically delivered productive assets and subsidy with market exposure, and the Grameen Bank model of credit administration, that links bureaucratic bank administration to savings groups have been shown to be pre-determined formula of these kinds. Both formulae can allow for effective administration to be combined with effective individual market behaviour or with mutual support group action. But both are vulnerable to failure precisely at the point of cross system working; where bureaucrat or banker (or any line manager) must understand the effects of their goods on a market exposed individual or a group that must self sustain. The means of management also matter. Targeting and mechanistic performance monitoring are not instruments through which such understanding can be generated: though they may be useful for controlling more limited delivery functions. Participative research and development can produce understanding, though it is expensive and time consuming as well as prone to fruitless repetition: instance the endless participative exercises that have shown that people in rural Africa value clean water, but which do not lead to sustainable supply.

For the state an effective enabling strategy requires standardisation around 'happy solutions' where possible and extensive learning when such 'solutions' prove problematic. Extensive learning or 'policy development' may appear to have the same problem as that of the Boeing Executive who, when asked what he did when a problem occurred in the development of a 'Jumbo Jet' replied "we pour money into it until it goes away". However, unlike an airliner, there are plenty of rural development or anti-poverty schemes that attempt to fly with unresolved problems and incompatible systems. The enabling state can easily slip into endless moralising; 'farmers ought to respond to market signals', 'women ought to cooperate to solve their problems', 'unemployed miners ought to get on their bikes to seek work'. Endless learning, on the one hand, can simply fund academics in 'looking at' problems and writing erudite papers. The enabling state, if and when it emerges, will be known to be such by the fact that its deliverables, its laws and its fiscal/funding regimes enable individuals and groups in society to be actively solving their own problems, using their own inherent capacity and power and generating goods and services away beyond the capacity of any state or centralised administration to deliver. The value added will be produced 'out there', in society.

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