Combating Poverty and Inequality

Structural Change, Social Policy and Politics
OVERVIEW: Combating Poverty and Inequality: Structural Change, Social Policy and Politics

SECTION ONE: SOCIALLY INCLUSIVE STRUCTURAL CHANGE

CHAPTER 1: Towards Employment-Centred Structural Change

1. Structural Change in a Globalized World
   The traditional pattern of structural change may not apply in a globalized world
   The working poor poverty rate is one indication of how employment affects poverty

2. Emerging Trends in Employment
   Household incomes are affected by the dynamics of global labour supply
   East Asian states have followed the classic manufacturing growth path
   The dualism of many middle-income countries exacerbates inequalities
   Can service-led development be an alternative to industrialization?
   Low-income countries remain heavily agrarian
   Without careful management, mineral wealth can be a mixed blessing
   The working poor poverty rate is one indication of how employment affects poverty

3. How Different Patterns of Development Affect Employment
   Can service-led development be an alternative to industrialization?
   Low-income countries remain heavily agrarian
   Without careful management, mineral wealth can be a mixed blessing
   East Asian states have followed the classic manufacturing growth path
   The dualism of many middle-income countries exacerbates inequalities

4. The Links between Employment and Poverty
   The working poor poverty rate is one indication of how employment affects poverty

5. Putting Employment Back on the Agenda: Implications for Policy
   Improve employment opportunities
   Transform the structure of employment to make sustained inroads against poverty.

CHAPTER 2: Income Inequality and Structural Change

1. Income Equality and Poverty Reduction
   High levels of inequality inhibit development
   Income inequality has increased in the majority of countries around the world

2. Global Trends in Inequality
   The global income gap remains daunting
   The gap is growing between wage earners and those who derive their income from profits
4. The Role of the State in Addressing Gender Inequality and Poverty: Implications for Policy

Protect informal workers through state regulation ........................................... 125
Promote social protection, but not as a substitute for decent employment ........... 126
Increase women’s access to land, microcredit and other productive assets .......... 128
Institute policies that support women’s long-term economic security ............... 128

SECTION TWO: TRANSFORMATIVE SOCIAL POLICY AND POVERTY REDUCTION

CHAPTER 5: Towards Universal Social Protection ............................................. 135

1. The Case for Universal Social Protection ..................................................... 136
Neoliberal approaches to social protection fail to deliver on several counts ............. 137
The benefits of narrowly targeting social assistance are questionable ................. 138
Universal social protection demands a strong state role .................................... 139
Universal programmes offer greater benefits .................................................... 139
Universal social protection can enhance economic progress ............................... 141
Universal social protection reduces poverty and inequality ............................... 142

2. Changing Patterns of Social Protection ....................................................... 144
Various routes to universal social protection exist ............................................ 145

3. Instituting Universal Social Protection: Implications for Policy ...................... 156
Where poverty is widespread, social protection programmes should promote sustainable livelihoods and redistribution ......................................................... 156
A rights-based approach to social protection should seek to limit conditionality and targeting .......................................................... 157
Social assistance should be complemented by policies that promote redistribution and decent work ......................................................... 157

CHAPTER 6: Universal Provision of Social Services ......................................... 161

1. The Case for Universal and Public Provision .............................................. 162
Universal access to social services promotes growth and social development ......... 162
The state plays a critical role in social provision .............................................. 163
Recent policy trends have weakened universalist principles ................................ 164

2. Social Services in Developing Countries: Trends and Outcomes ................. 165
Social service policies have shifted dramatically over the last half century .......... 165
Neoliberal shifts since the 1980s have produced a trend towards commercialization .......................................................... 167
Underfunding and commercialization can have negative consequences for health and education ......................................................... 165

3. Social Service Provision in Different Development Contexts ....................... 172
Countries vary widely in their systems of social service provision ...................... 172

4. Providing Universal Social Services: Implications for Policy ..................... 181
Publicly financed systems can be affordable .................................................... 181
Effective commercialization requires regulation .............................................. 181
SECTION THREE: THE POLITICS OF POVERTY REDUCTION

CHAPTER 9: Business, Power and Poverty Reduction

1. The Rhetoric and Reality of Corporate Responsibility
   The social agenda of business is expanding ................................................. 234
   Assessments of CSR reveal major shortcomings ........................................... 236
   CSR varies by region, industry and firm ...................................................... 238
   Attention should refocus on corporate accountability ..................................... 240

2. Changes and Variations in State-Business Relations
   Globalization and liberalization have profoundly altered power relations .......... 241
   The influence of business varies by industry and policy regime ..................... 242

3. How Social Pressure Can Affect Corporate Behaviour
   Labour movements are showing signs of revival ........................................... 245
   Activism is becoming more cohesive ....................................................... 246
   The nature of social activism varies by policy regime ................................... 246

4. Business Preferences Relating to Social and Labour Market Policy
   Business preferences have changed under globalization .............................. 247

5. The Potential and Limits of Collaborative Institutions
   Social dialogue and bargaining help drive corporate change ........................ 250
   Broad-based business associations can be forces for inclusive development .... 251

6. Towards Corporate Accountability: Implications for Policy
   Create an enabling environment for collective action .................................... 253
   Forge social pacts between business and government .................................... 254
   Promote international norms and laws that regulate TNCs ............................ 254
   Bring states back into the development equation ........................................... 254

CHAPTER 10: Building State Capacity for Poverty Reduction

1. Dimensions of State Capacity That Promote Development
   Political capacity is fundamental to setting and implementing policy .............. 259
   The capacity to mobilize resources is key to achieving development goals ......... 263
   The capacity to put resources to effective use is the core of state power ........ 268

2. Market-Enhancing Institutional Reforms
   The link between good governance and growth is weak ................................ 273
   Market-enhancing managerial reforms were part of a second wave of reforms .... 275
   Progress in decentralization is uneven ....................................................... 278
3. Building State Capacity for Structural Change and Poverty Reduction: Implications for Policy

Forge political settlements for redistribution

Improve domestic resource mobilization and encourage citizen involvement in the allocation and monitoring of resources

Tackle the three dimensions of state capacity directly rather than rely on good governance reforms to improve delivery of services

Create the foundations of a Weberian bureaucracy to improve service delivery for the poor

Improve the quality of decentralization by involving low-income groups in local decision-making processes

CHAPTER 11: Democracy and the Politics of Poverty Reduction

1. Democracy and Redistribution

Democracy tends to produce redistributive outcomes, but is subject to group influences

2. External Constraints to Pursuing Redistributive Policies

Government capture by technocrats insulates decisions from the will of the people

Aid conditionality limits the policy options of governments

3. Domestic Constraints to Pursuing Redistributive Policies

4. When Democracies Deliver Outcomes That Are Beneficial to the Poor

In high-income democracies, organized interest groups spurred redistribution

In welfare democracies in the South, subaltern groups were the main catalysts for change

In dualist countries leaning towards welfare democracy, social pacts have been key

Gains are possible, even if interest groups lack ties to power

In countries with weak civil societies, electoral competition can bring leaders to account

5. The Politics of Poverty Reduction: Implications for Policy

Abandon technocratic styles of policy making

Go beyond NGO–centred PRSP forums and more actively engage associations and social movements

Institutionalize rights to encourage effective group participation in policy making

Support organizations that represent the views of diverse groups that include the participation of formal and informal workers

Recognize the fact that not all groups can be incorporated into bargaining regimes

Empower the general population to exercise influence on how policies are made

CONCLUDING REMARKS: Coordinating Social, Economic and Political Forces to Deliver for the Poor