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For an Emancipatory Socio-Economics

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Introduction

In these brief remarks I would like to take up some of the issues raised by Thandika Mkandawire in his concept note for this workshop. This is not so much a finished paper as a contribution to a dialogue and an exploration of some ideas.

Rethinking Economics

I would like to take as my starting point the need to rethink **all** of economics, not only the kind of analysis and policy that is applied to the ensemble of countries in Asia, Africa and Latin America that are often labelled 'developing'. The problem is not that neoclassical economics works well for 'developed' countries while not fitting 'developing' countries, but that it does not work well for any country. In rethinking what kind of economics is needed for 'developing' countries, it is important to make links with currents of thought that are also challenging the hegemony of neoclassical economics in 'developed' and 'transition' countries. If neoclassical economics is allowed to appear (even by default) as the appropriate economics for rich and powerful countries, then any reconstituted 'development economics' will continue to be marginalised, both in the policy arena and in the curriculum.

There are several currents of thought that contain challenges to the dominance of neoclassical economic thinking- structuralist, post-keynesian, evolutionary economics among them. My remarks draw in particular on two -the human development current and the feminist economics current (see also Elson, 1997; Elson, 1999;Elson and Cagatay, 2000). They reflect a belief in the importance of pluralism in thinking about economies.

Unlike the World Bank's World Development Report, the UNDP Human Development Report examines issues of poverty, inequality and growth in all countries. The human development approach challenges the merely instrumental treatment of human beings as 'factors of production' in the service of economic growth no matter where it takes place. Similarly, feminist economics (as exemplified, for instance, in the journal *Feminist Economics*, and in special issues of *World Development* on gender, trade, and macroeconomics, Vol 23, No 11, 1995 and Vol 28, No.7, 2000) challenges the validity of 'rational economic man' for rich countries as well as for poor ones; and argues that unpaid time spent caring for family, friends and neighbours is an economic issue, not just a personal issue, all over the world. This does not mean that human development and feminist economics try to force all countries into a 'one size fits all' straitjacket. Rather they have rejected straitjackets as an appropriate way of dealing with intractable reality.

Of course, any social science has to engage in abstraction. The problem is to choose the forms appropriate to the question in hand. 'Horses for courses', as Joan Robinson was fond of saying. Rethinking cannot avoid some grappling with methodological issues.

There is a need for thought experiments at high levels of abstraction to think through possible regularities in interconnections and linkages; but in applied analysis, there has to be scope for investigating particularities that may subvert those generalities. The same set of stylised facts will not fit the whole world. This was indeed the premise of 'development economics'. However, there is no longer, if indeed there ever was, a neat bifurcation between a set of stylised facts that fit 'developed countries' and a set that fit 'developing countries'. A much richer typology is needed.

Institutional economics promises to pay more attention to particularities, but all too often treats local norms and routines as mere instantiations of an assumed universal rationality. Reducing all observable phenomena to the outcome of exercises in constrained optimisation by representative individuals is not a mark of scientific rigour but of an impoverished imagination. It ignores the evidence that human behaviour is much more complex (for a recent feminist contribution on this point, see Van Staveren, 1999) It grossly oversimplifies the problems of understanding the interaction of agency and structure. It can all too easily suggest that 'there is no alternative'; or that whatever is, is optimal, given the constraints (including availability of information). It diverts us from considering disequilibrium and allowing for incomplete and open-ended processes.

'Development' is interpreted in a variety of ways, but one of the core meanings is 'change and transformation'. In thinking about this, we need at times to step outside the box of formal models with determinate 'results'. It would, for instance, be useful to keep an open mind about the possibility of 'contradiction'; of a phenomenon having at the same moment different significances, in tension with one another. To be two things at once makes no sense in one-dimensional formal logic, but entertaining this idea may be helpful in understanding complex social phenomena which are inherently unstable and subject to change. This is particularly important for examining issues of power and conflict that neoclassical economics has difficulty treating (except through the limited metric of bargaining games). As Amartya Sen has pointed out, relations between employers and employees, and between members of a household, are sites of both conflict and cooperation. As feminist research has shown, export oriented industrialisation simultaneously empowers and disempowers women (eg Elson and Pearson, 1981;Cagatay, 2000). As Bowles and Gintis (1993) have argued, markets are sites of contestation as well as of contracts.

What Do We Want Economics For?

Discussions of methodology become arid if long divorced from the question of the purpose of the analysis. One important purpose is to guide practical decisions of politicians and officials. (Another is to provide a basis for critique of existing forms of economic organisation and the formulation of alternatives). In the golden age of development economics, the main stated policy purpose was to promote national development, measured in practice through structural change in the pattern of production (especially industrialisation) and growth of GDP. This was expected to lead to reduction of household poverty and of international inequality between countries.

In the era of the neoclassical counter revolution, the main stated policy purpose is to promote 'optimal' use of resources (where 'optimal' is related to the idea of global consumer choice, and formalised through the apparatus of welfare economics). Progress in achieving optimality is measured in practice by the growth of GNP. This is expected to lead to the reduction of household poverty and of inequality between countries. There is thus considerable common ground between these two paradigms in terms of stated purpose.(Both paradigms were also used by a variety of actors for other, less overt, purposes, such as enrichment of national elites or multinational corporations- but we shall not explore that here).

The argument is about the instruments that policy makers should use-the relative roles of 'state' and 'market' (both treated as internally undifferentiated and distinctly self-contained). It is important that our rethinking does not become trapped in this over-abstracted polarity. As Gita Sen (1996) has pointed out, it all depends on what kinds of state agency and what kinds of markets are involved; and what forms of power structure each. As experiences of privatisation have shown in many countries, the same set of people may control key resources, both when those resources are subject to state procedures and when they are subject to the disciplines of markets.

As is now abundantly clear, neither the project of national development nor the neoliberal project of global consumer choice has adequately fulfilled the hope for the substantial reduction of poverty and inequality. There is accumulating evidence that things got worse in the neoliberal era of the 80s and 90s, compared to the 50s, 60s, and 70s. Growth rates were lower and inequality widened. But even in the 'golden age', wealth and power were concentrated in the hands of a few; women were treated as dependants of men; and indigenous people were marginalised.

Human development and feminist approaches have a different project-the emancipation of individual human beings from the constraints that prevent them from living a 'good life'. This means enjoying a rich set of valued functionings, far beyond the utility to be got from visits to the shopping mall, including being free from poverty and social exclusion (see, for instance, Nussbaum, 2000). This position might be described as one of 'ethical individualism' in that it does not focus on national development, nor on the household but on the individual human beings celebrated in the Universal Declaration of Human Rights. But this position does not entail 'methodological individualism'.

Rather than tracing all institutions back to the choices of rational economic men, allowance is made for the sum total of individual actions to appear to have a 'life of its own', a force that bears down on individuals, and can only be changed by collective action. The socioeconomic relations in which individuals are embedded are the starting point. In terms of conventional economic categories, this implies a rejection of the idea that macro relations must be deduced from micro foundations, a position shared with many other currents of thinking that challenge neoclassical economics.

Progress towards realisation of the project of human emancipation cannot be encapsulated in the theorems of welfare economics or measured in terms of GDP or GNP. Nor can this realisation be conceptualised in terms of a simple 'instruments and objectives' model, since the objective includes the idea of self-emancipation (for instance Amartya Sen's idea of public action and the feminist idea of self-empowerment of women). It rejects a means-ends dichotomy and questions the organisation of policy processes themselves. (Indeed the objective itself is better seen as an ongoing open-ended process, rather than as a state of rest).

This more challenging project requires much more thought to be given to the interaction of micro and macro processes, allowing each their own relative autonomy, but exploring their interconnection. It also requires a reconceptualisation of what an economy is; how 'economic' and 'social' policy should interact; how policy success should be evaluated; and how policy processes should be organised. In what follows I draw on some recent feminist thinking to sketch out some possible directions.

Rethinking 'the Economy'

The starting point is the joint social process of production of the means of life and use of these means to reproduce life itself, on a daily and intergenerational basis. Most analysis of economies privileges production-tries to measure it, increase it, optimise it. Social reproduction is taken for granted, treated as a bottomless well, rather like the traditional sector in the Lewis model. Feminist economics, and to a lesser extent, human development has challenged this exclusion, arguing that as well as the 'commodity economy', we should take account of the 'unpaid care economy' in which people produce services for their families, friends and neighbours on the basis of social obligation, altruism and reciprocity (eg UNDP. 1995, 1999; Folbre, 1994, 2001).

There are two reasons to do this. The first is that the inputs of unpaid work and outputs of care are very important for human well-being. Too much unpaid work and too little care both jeopardise the possibility of living a 'good life'. The second is that though the 'unpaid care economy' is outside the production boundary, its operation has implications for what goes on inside the production boundary. Its operations affect the quantity and quality of labour supplied to production and the quantity and quality of goods demanded from production. Its operations affect the stability of the social framework in which market and state are embedded.

This interaction been analysed in a number of contexts relevant to 'development', with a particular emphasis on the gender relations that assign most of the responsibility for the supply of unpaid care to women. For instance, in the early 90s I examined the interaction in the context of structural adjustment arguing that the design of structural adjustment implicitly assumes unlimited supplies of female labour, available to make good any shortfalls in provision of public sector non-tradable services (such as health, education, water, sanitation); and to increase production of exports, while at the same time, maintaining household food security and the social fabric of family and community networks (Elson, 1991) Adjustment theory does not confront this implication because it appears to treat labour as a non-produced means of production, and all consumption as discretionary.

Gendered cultural norms about what is 'men's work' and 'women's work' mean that men's labour tends not to be reallocated to 'women's work' where there is a decrease in what is considered to be 'men's work' and an increase in what is considered to be 'women's work'. Instead, a more likely outcome is unemployment and underemployment for men, and overwork for women. Failure to take this into account in analysing adjustment results in extra burdens for women, and means that adjustment programmes are unlikely to be able to deliver the growth they promise:

> "Ignoring the implications of macro-economic changes for unpaid domestic labour inputs is tantamount to assuming that women's capacity to undertake extra work is infinitely elastic – able to stretch so as to make up for any shortfall in income and resources required for the production and maintenance of human resources. However, women's capacity for work is not infinitely elastic and breaking point may be reached. There may simply not be enough female labour time available to maintain the quality and quantity of human resources at its existing level. This may not have an immediate impact on the level and composition of gross national output, but in the longer run a deterioration in health, nutrition and education will have adverse impacts on output levels". (Elson, 1991: p.179).

Further examples of analysis that takes account of unpaid care work can be found in the 1995 special issue of *World Development* on macroeconomics and gender. William Darity (1995) constructed a two sector model of a gender segregated low income agrarian economy, in which one sector produced crops for export and the other sector produced subsistence food and care for the family. The model was used to show how a devaluation of the currency, which raises the relative price of export cash crops, means extra demand for women's labour in the export sector and extra income for their husbands who control the sale of the crop, given the prevailing pattern of gender relations in both sectors.

If women respond to this demand, through some combination of compensation, cooperation or coercion, output of food and of care is liable to fall under reasonable assumptions, with potentially adverse impact on heath and nutrition of women and children. On the other hand if women are able to resist the demand, the supply response of the export crop is muted, and the devaluation does not have to expected impact , a scenario explored by Warner and Campbell, 2000, in the second special issue of *World Development* on gender and economics.

In contrast, Korkut Erturk and Nilufer Cagatay (1995) focused on the investment behaviour of firms and savings behaviour of households in industrialising economies, drawing upon empirical research on patterns of economic development to identify some 'stylised facts' about the degree of feminisation of the paid labour force and the extent of women's unpaid household work. They assumed that a rise in the feminisation of the labour force stimulates investment by making available a new pool of low cost and malleable labour; while a rise in the extent of womens' unpaid household work is equivalent to an increase in savings because it reduces expenditure on marketed goods. The interaction of these two effects is examined in relation to recovery from economic crisis and recession, and it is concluded that recovery will be dampened if the positive impact of feminisation of the paid labour force on investment is weaker than the positive impact of an intensification of women's household work on savings.

In the same volume, Walters (1995) reconsidered growth theory, in the light of the conceptualisation of labour as an input produced in the 'unpaid care economy' (which he called the reproductive sector). He identified Harrod's theory of growth as the most fruitful for exploring potential imbalances between the productive and reproductive sectors.

These four articles all pitch their argument s at a high level of abstraction, but they are important as heuristic devices which begin the task of showing how gender-sensitive variables, which capture reproduction as well as production, and power as well as choice, can be incorporated into the analysis of growth and structural change.

As more comprehensive studies of time use become available for developing countries it will be possible to start exploring the inter connection between production and unpaid care empirically. Some examples which point the way can be found in the special issue of *World Development* on Growth, Trade, Finance and Gender Inequality (July, 2000). Fontana and Wood (2000) present a CGE model that includes the unpaid care economy (labelled 'social reproduction'). The model is calibrated for Bangladesh and is used to explore different trade policy regimes. Lim (2000) examines the effects of the East Asian financial crisis on employment in the Philippines and though the data on paid work is much richer than on unpaid work, is able to consider some of the interactions between the two in the aftermath of the crisis.

This kind of analysis brings together what has generally been thought of as ' the economy' with what has often been thought of as the domain of the 'social', and is an example of what I mean by 'socioeconomics'. It overcomes to some degree the dichotomisation between 'economic analysis' (largely pertaining to monetised aspects of life) and 'social analysis' (largely pertaining to non-monetised aspects of life). But it does not dissolve the difference between these two aspects of life, unlike, say, the 'new household economics' and other applications of rational choice theory to social life.

A New Synthesis of 'Economic' and 'Social' Policy

Although there is now widespread recognition of the need to integrate 'economic' and 'social' policy, there is still a strong tendency to think this means first designing what are termed 'sound' economic policies and then **adding-on** social policies in order to achieve socially desirable outcomes such as reduction of household poverty. This is how the World Bank's Comprehensive Development Framework operates. As shown in Elson and Cagatay (2000), the CDF does not explicitly consider macroeconomic policy at all. ‘Prudent’ fiscal and monetary polices are described as the ‘essential backdrop’ to the CDF and the specification of exactly what these are is treated as beyond discussion. The new IMF concern with social policy in the context of debt-relief initiatives operates in a similar fashion. The emphasis is on adding on new sectoral policies to help those adversely affected.

An alternative approach to considering social policies as an afterthought to economic policies would start with the idea of examining the intrinsic social content of macroeconomic polices.To do this one has to re-open the question of what constitutes a ‘sound’ and ‘prudent’ macroeconomic policy. To do so is to run the risk of being cast in the role of an irresponsible ‘macro populist’ advocating unsustainable and inefficient fiscal and monetary policies. But we have to insist that there are more than two alternatives – we do not have only the choice between an IMF –approved policy on the one hand, and hyperinflation and falling per capita income on the other. The viable alternatives depend on the ensemble of social as well as economic forces-what Lance Taylor (1991) has called the social matrix.

Moreover, while there are indeed aggregate real resource constraints on the achievement of ultimate objectives (such as emancipating people to lead the ‘good life’), these real constraints are not directly the object of macroeconomic policies. Macroeconomic policies address financial constraints-and financial constraints depend on the pattern of ownership and control of financial resources and the willingness of different groups of people to pay taxes and to buy government bonds. They are socially variable and socially malleable constraints. Macroeconomic policies which are ‘sound’ in the sense of balancing the budget, accepting the current balance of financial power, can be quite ‘unsound’ in the sense of exacerbating real resource constraints by destroying human capacities as people lose access to employment and goods and services. This destruction may not have immediate financial repercussions for the government budget, or the repercussions are roundabout and the connections not obvious, and so go unnoticed by economic policy makers. The destruction of real resources that occurs when human capacities are destroyed may even have benefits for capital accumulation if it is part of a process that lowers the unit cost of hiring labour. It is a mistake to equate the process of capital accumulation with a process of expansion of real resource availability. Competition to make a profit entails destruction as well as expansion of real resources, but national income accounting tends to capture the expansion better than the destruction (as environmentalists have pointed out).

Macropopulist policies make the mistake of trying to circumvent financial constraints by printing more money while leaving the structure of financial power intact. In common with neo-liberals, macropopulists do nothing to educate people about the **social content** of macroeconomic policies- about which groups are currently strong enough to set parameters and which groups are forced to vary their activities, and to adjust to the parameters set by others; about whose contracts will be honoured and whose contracts will be broken by particular configurations of macroeconomic policy; about whose standard of living will be upheld and whose will be destroyed. Elson and Cagatay (2000) argue that there are least three important pervasive biases in in macroecnmic polices-deflationary bias, male breadwinner bias and commodification /privatisation bias.

Deflationary bias

Liberalized financial markets have induced governments to adopt policies primarily aimed at maintaining their 'credibility' in financial markets – such as high interest rates, tight monetary policies, and fiscal restraint. As many non-neoclassical economists have noted, this has produced a deflationary bias which prevents governments dealing effectively with recession and which has a disproportionately negative effect on women (UN, 1999). Women who are in the formal sector tend to lose their jobs faster than men, and usually have worse access than men to social safety nets. They crowd into the informal sector, where the already low earnings of women fall even further. Moreover, as compared to men, women assume greater responsibilities in cushioning their families from the negative effects of recession. A review of effects of the Asian crisis shows how the adverse effects on women were amplified because of gender inequalities in labor markets and in the household (UN, 1999). Creditors were in effect 'bailed out' while poor women acted as unpaid provisioners as of last resort. The macroeconomic policies insisted upon by the IMF did not simply have a negative social impact; they were designed embodying a profoundly unjust social content, prioritizing the financial rights of creditors over the human rights of the peoples of East Asia, with particularly low priority accorded to poor women. This was not because there was no alternative 'sound' macroeconomic strategy available, but because the IMF chose to prioritize the interests of the creditors.

Male breadwinner bias

However, removal of deflationary bias would not by itself deal with all macro-level, systemic, economy-wide sources of social bias. Feminist economics draws attention to another type of macro-level systemic, social bias: 'male breadwinner' bias. This is the bias that comes from assuming that the unpaid care economy is articulated with the market economy of commodity production through a wage which is paid a male breadwinner and which largely provides for the cash needs of a set of dependents (women, children, elderly people, sick people). 'Male breadwinner' bias constructs the ownership of rights to make claims on the state for social protection (access to services, cash transfers, pensions) around a norm of full-time, life-long working-age participation in the market-based labor force. Those whose participation does not fit this norm typically have lesser rights, which they can frequently only exercise as dependents on those who do fit the norm. Macroeconomic policy approaches that rely *solely or principally* on full employment to achieve social goals such as equitable income distribution and elimination of poverty tend to suffer from male breadwinner bias.. In order to be gender-equitable, full-employment policies must be complemented by social protection for those in informal or part-time paid work and for the providers of unpaid caring labour.

Commodification /privatisation bias

The 'male breadwinner' model is itself now being replaced by the drastic reduction of social protection, with private provision for those who can afford it, and social exclusion for those who cannot – private pensions, private health insurance, private hospitals, private schools, private retirement homes, private paid care for children and old people. This is the third pervasive, macro level social bias which we might call commodification or privatisation bias. This occurs when macroeconomic policy is designed to minimize the role of public provision. Not only is there pressure to minimize the budget deficit, there is also pressure to minimize levels of taxation and public expenditure. (See UN, 1999 for more discussion). Such policies often appear to be efficient when only short run financial costs are considered, but one closer scrutiny may turn out to transferring real costs to the unpaid care economy.

This has profound and disturbing implications for the organization of social reproduction, and for the majority of women also currently disproportionately provide the unpaid care upon which social reproduction rests. In periods of economic crisis, women will be more likely to have to act as 'provisioners of last resort.' Even in periods of economic prosperity, commodification bias is likely to confine women, especially poor women, to low-paid and insecure forms of paid work.

Synthesising social policy and macroeconomic policy requires designing policies that at minimum, do not have these forms of social bias built into them. But as well as promoting an examination of the social content of economic polices, a new synthesis of social and economic policy requires different criteria for conceptualising the success of policy, and a different understanding of how to organise policy processes.

Towards an Emancipatory Policy Framework

My remarks here are organised around two themes :
1. from 'market failure' and 'bureaucratic failure' to 'entitlement failure';
2. from technocratic calculation to democratic deliberation.

The evaluative framework that dominates policy discussion is that of welfare economics. This deliberately privileges a criterion of optimality that divorces maximisation of the output that consumers prefer from the distribution of purchasing power. It says a policy is optimal if it maximises this output, provided no one is worse-off, irrespective of the distribution of income. Even if some people lose, provided there is enough extra output for the winners to compensate the losers, the policy is optimal. The issue of whether the compensation actually takes place or whether income actually is redistributed, is not part of the criterion for judging the optimality (or 'efficiency') of the policy. This leads to conclusions that buttress the neoliberal status quo. Even if empirical evidence and analytical reasoning shows that some poor people have been losers, provided there is reason to suppose the policies promote growth of national income, they are declared 'efficient' and 'optimal'. The effectiveness of markets and states is judged against this criterion: market failure and bureaucratic failure are failures to achieve pareto optimality. No attention is paid to whether the policy regime that promotes pareto optimality strengthens or weakens the possibility of compensation or redistribution. It could be argued, however, that a neoliberal policy regime is likely to weaken rather than strengthen this possibility, through weakening the capacity of the state to tax; and by promoting a form of individuality (through consumerism and commodification) that weakens gift-giving and social reciprocity.

It seems important to displace this criterion of policy success and failure and try to elaborate criteria that focus directly on distribution. One candidate worth exploring is the idea of entitlement success and failure.

Amartya Sen introduced the idea of 'entitlement failure' in his work on famine. He defined a person's entitlements as 'the totality of things he can have by virtue of his rights. What bundle of goods he ends up with will, of course, depend on how he exercises his rights, and so the entitlements are best viewed as set of bundles, any one of which he can have by using his rights.'(Sen, 1984). These rights include rights to inherited and acquired assets, including health, strength, and skills, and property ;and rights to use this 'endowment' to produce for one's own consumption or for sale; and rights to goods, service and financial transfers from the state. Sen's concept of entitlements thus includes both production and distribution and includes legally sanctioned claims upon fellow citizens via both market transactions and the state.

Sen argued that many deaths in famines occurred not because there was an overall insufficiency of food in the country as a whole but because some people were excluded from obtaining food because they could not produce it themselves, could not pay for it in the marketplace and had no institutionalised claim on the state to provide food for them. They died because of entitlement failure. As Sen put it: 'Most cases of starvation and famines across the world arise not from people being deprived of things to which they are entitled , but from people not being entitled, in the prevailing legal system of institutional rights, to adequate means for survival'. As Fine (1997) point out, although entitlements were defined by Sen on an individual (micro) basis, he also gave the idea a social systemic (macro) dimension, referring to a 'network of entitlement relations' (Sen, 1981: p.159). Famine occurred because entitlement failures were endemic in the prevailing social arrangements, so that episodes of bad weather or economic recessions led to a needless loss of people's ability to live a well-nourished life, which would have been prevented by a better system for sharing resources. A one-sided focus on the fall in food output obscured this important fact.

More generally, we might extend the idea of entitlement failures to cover all occurrences when the resources a person can obtain through their existing entitlement relations are not sufficient to enable that person to live a well-functioning human life, in which a person is able to be well nourished, healthy, literate, able to take part in the life of their community, and able to define and pursue their own goals in life and to enjoy their human rights. Sen himself has not developed any precise definition of basic or essential functionings but some are implicit in the various indexes produced in successive Human Development Reports. Nussbaum has been less reticent and had proposed various lists for discussion(eg. Nussbaum, 2000). Also relevant are the efforts of the UN Committee on Economic, Social and Cultural Rights to define minimum standards with which states are obligated to comply. It would also be open to any country to develop in open, democratic, debate and discussion its own set of core functionings. Public policy could then be judged in terms of success or failure in ensuring that all citizens have the entitlements necessary to achieve such functionings.

Sen’s entitlement approach has been criticised for putting too much weight on formal legal rights and not paying enough attention to the problems people with little power have in exercising their legal rights (Gaspar,1993). It has also been criticized for leaving out the informal gifts of income and property within families and kinship networks , to which people may feel they have moral entitlements (Gore,1993).Gore suggests a concept of ‘extended entitlements’ to include all of these ways of acquiring resources, through both moral rules and legal rights.

A key issue relevant to all these comments is the importance of examining the processes through which people articulate and claim their entitlements and recognize their responsibilities, both legal and moral. But in doing this, it is important not lose sight of the core idea of the exercise of rights. To have an entitlement implies access to an accountable process in which the discretion of decision makers is limited. If my access to a resource is at the arbitrary discretion of a public official or dependent on the favour of a patron or the goodwill of a husband, or the price-fixing power of a monopoly supplier, then I do not get that resource as of right. Here it is useful to refer to a recent statement adopted by the UN Committee on Economic, Social and Cultural Rights on Poverty and Human Rights. The Committee stated that:

> “Critically, rights and obligations demand accountability: unless supported by a system of accountability, they can become no more than window dressing. Accordingly, the human rights approach to poverty emphasises obligations and requires that all duty-holders, including States and international organisations, are held to account for their conduct in relation to international human rights law. In its General Comment No.9, the Committee remarks upon mechanisms of legal accountability for States parties. As for other duty-holders, they must determine which accountability mechanisms are most appropriate to their particular case. However, whatever the mechanisms of accountability, they must be accessible, transparent and effective’. (UN, 2001:para 14).

This statement also usefully reminds us that rights do imply duties. Article 29 of the Declaration of Human Rights states that ‘Everyone has duties to the community’. These duties are clearly specified for states which are parties to the Declaration, and to the human rights treaties stemming from it. They are obliged to protect, promote and fulfil human rights. They are held to account through the mechanisms of the UN Commission on Human Rights and other UN mechanisms. The problem with moral rules on interfamilial transfers, for instance, is that there may be no such clearly specified duties and no clear accountability mechanism, so although one family member may feel they have a moral right to a transfer of income, if other family members do not feel the moral obligation to make this transfer, there is no redress available. This is a particularly important issue for women who are often in a very weak position to exercise ‘moral rights’. This is why ‘male breadwinner bias’ may result in entitlement failure. Some kind of formal or informal public process (which could involve the local community rather than the national government) seems essential for an entitlement to have substance. Any such process must meet the criteria of accessibility, transparency and effectiveness.

If the idea of entitlement failure (rather than market failure and bureaucratic failure) were to be used as an alternative normative criterion for judging the effectiveness of procedures for resource, this would also have the advantage of giving more substance to the idea of a human rights based approach to economic policy. This would be particularly (though not only) relevant to the fulfilment of core obligations to ensure the satisfaction of at least minimum essential levels of economic and social rights. The Committee on Economic Social and Cultural Rights has begun to identify the core obligations arising from the minimum essential levels of the rights to food, education and health, and it has confirmed that these core obligations are 'non-derogable'. In other words there is an obligation to fulfil these obligations right now, on the part of states and any others 'in a position to assist'. It is not permissable to 'trade-off' provision of the goods and services required to fulfil these rights against an increase in the provision of some other goods and services.

In judging the effectiveness of an economic policy regime, we could examine how far the system of entitlement relations that it promotes has adequate safeguards against entitlement failures. Entitlement relations that operate through buying and selling in competitive 'liberalised' markets seem to have several advantages: if the market is competitive, access is relatively open and prices are relatively transparent**.** Moreover, transactions in competitive markets seem to avoid the problem of social dependence. However, the independence that markets seems to provide is an illusion, masking a many sided dependence on many other people scattered far and wide, whose only social bond is the market.

Moreover, such markets are inherently risky and volatile. There is absolutely nothing to guarantee that the prices a person gets for the goods or services they sell (including their labour) will be high enough to enable them purchase the minimum levels of food, education and health, let alone the requirements for a well-functioning life. Moreover, if the prices are too low, it is not clear who in the market can be held accountable. Responsibility is diffused through many buyers and sellers, none of whom has an overview of the market system; and different decisions made by anyone of them acting alone will make no perceptible difference to the outcomes. Everyone can say with truth that they are merely offering the 'going rate' for the good or service in question. This diffusion of responsibility gives rise to the illusion that the outcome is a result of ineluctable market forces acting beyond human control, whereas the outcome is in fact the result of human decisions to establish a set of entitlement relations that have no provision for mutual scrutiny of interactions of individual decisions and mutual assurance of social security. The only kind of security that markets offer is through the purchase of private insurance-which is beyond the means of those who need it most. This private security is in turn subject to the inherent risks of markets. Of course all other kinds of entitlement relation are also subject to risk, but they tend to be more stable, less volatile; and entitlement failures are not so likely to engulf large numbers of people simultaneously, as they do in a financial crisis or recession.

Neoclassical economists do recognise that competitive markets are risky, which is why they advocate state provision of targeted social safety nets. But there are several problems with this kind of residual provision. There may be no minimum standards. Access is determined by public officials operating means - tests of various kinds; criteria are often complex and difficult to understand; public officials may exercise such discretion that the claimant has very few, if any rights, so that the provision is not properly described as an entitlement. The effectiveness of such provision in meeting needs is limited by the unwillingness of the better-off to pay taxes to finance services that they do not themselves make use of; and by the stigmatization of those claiming such provision, so that they become less willing to make those claims.

A minimal safety net system accords greater moral value to making claims for resources on other people (outside one's family) via the market rather than via the state. This depends on the illusion (noted above) that exercising entitlements via the market, constitutes providing for oneself, being independent, not being a burden on others; whereas making claims via the state entails being dependent. This ideological dimension of the neoliberal agenda has considerable social power and may result in a sense of social exclusion on the part of those who have recourse to the safety net. It also results in many people not claiming the resources to which they are legally entitled.

Universal state-based entitlements which are equally available to all members of a society are likely to be more accessible, more transparent and more effective. Claiming such entitlements is not stigmatizing. It is not taken as a sign of failure or dependency. Universal entitlements are more secure than narrowly targeted safety nets or market entitlements. They can be changed by the political process and their real value may be eroded by rising prices, but the majority of citizens have a stake in maintaining them, not just poor people. It is clear that the government has responsibility for these entitlements and must be held accountable for them. Such entitlements are a form of mutual assurance against entitlement failure and symbolise citizenship as a social bond. Of course such entitlements do demand a society willing to pay taxes, but this willingness is more likely to be forthcoming if everyone stands to gain. Obviously the scope and modalities of such a system will depend partly on the wealth of a country. But we should recall that in the 50s and 60s poor countries aspired to have at least well-functioning basic education and health systems open free of charge to all their citizens.

Of course, fiscal and monetary policy set some of the parameters that constrain individual entitlements. If fiscal and monetary policy are inappropriate there can be macro-level entitlement failure, in which macro-policy leads to multiple entitlement failure in both markets and public provision. The neoliberal policy agenda prioritises the danger of systemic entitlement failure through high rates of inflation. 'Sound' policy is policy that minimises this risk. But it downplays the risk of systemic entitlement failure through deflationary bias and embraces a miserly macroeconomics in which budget surpluses (or speedy deficit reduction) are seen the top priority, and lower levels of taxation and public expenditure are typically preferred (Elson and Cagatay, 2000). Of course, hyperinflation does erode entitlements, but hyperinflation is usually the result of 'populist' policies that fail to place sufficient emphasis on increasing revenue. The avoidance of hyperinflation does not entail massive reductions in public provision. It requires building the social capacity to finance adequate levels of public provision.

A major problem in doing this is that macroeconomic policy is constructed in neoclassical economics as something beyond social dialogue and public debate. This leads me to the second theme: from technocratic calculation to democratic deliberation. Fiscal and monetary policy is typically a technocratic exercise in short term balancing of financial flows, with key decisions increasingly handed over to 'independent' central banks which have little political accountability. Bakker (2001:p.5) describes a 'high priesthood' of economists wielding mathematical models, carrying the same message to every country ' as if the truth were carved in stone'. The World Bank's Comprehensive Development Framework was supposed to promote dialogue and co-ordination among a range of social actors, but the dialogue does not include macroeconomic policy which instead was treated as a parameter (Elson and Cagatay, 2000). The IMF refers to the importance of the 'national authorities' explaining the economic reform programme to the public and building a 'national consensus' to support the programme; which sounds much more like 'selling' a preformulated programme than involving the public in creating the programme (Elson and Cagatay, 2000). These suspicions are confirmed by a recent report to the Human Rights Commission (Cheru, 2001) on the implementation of the Highly Indebted Poor Countries Initiative. The report concludes that the IMF and World Bank staff involved in the preparation of the Poverty Reduction Strategy Plans (PRSPs), which must be developed in order to qualify for debt relief, see the process as 'essentially technocratic'. It notes that :

> 'While civil society groups have been invited to participate extensively in discussions on the social policy-planning component of the I-PRSP, they have effectively been excluded when it comes to discussions on the content of macroeconomic policy choices.' (Cheru, 2001:14). It further notes that 'there is still a tendency to design macroeconomic policy with a focus on market- based criteria and financial concerns. This tendency always leads to a situation where social and human development and equity concerns take a back seat to financial considerations.' (Cheru, 2001:15).

All the PSRPs reviewed in the report emphasise down-sizing the public sector and introducing cost-recovery measures such as user charges, and fail to show how such measures will reduce poverty. The picture that emerges indicates that the macroeconomic policy process associated with HIPC does not conform to the accountability criteria set out by the Committee on Economic, Social and Cultural Rights (UN, 2001:para 14). It is not accessible, transparent and effective.

My argument is not that policy makers should not make macroeconomic calculations, but that these should be used as inputs into a democratic deliberative process. Instead of exercising judgment behind closed doors to tweak the results of running models or to decide the implications for policy in the face of an uncertain future, judgement should be exercised in a much more transparent way, with much more public debate. Some innovative approaches are being developed in a number of NGO initiatives on participatory development of alternative national budgets and budget processes (Cagatay et al, 2000). For instance, in Bangladesh, the Institute for Development Policy Analysis at Proshika has conducted a participatory study of peoples understanding of budget issues and the impact of the budget on their livelihoods.

Subsequently, it has made recommendations on participation in the production of the Bangladesh budget, including the democratisation of priority setting; pre-budget consultations with civil society; gathering public feedback on expenditure choices from citizen juries; and strengthening the capacities of parliamentary budget committees. In Canada an Alternative

Federal Budget has been prepared each year since 1995 through consultation between a wide range of labour, social and community organisations. It includes alternative taxation and monetary policy to achieve a range of social goals including gender equality and the protection of human rights. It aims to improve the entitlements of a wide range of disadvantaged people, focussing not only on market-based entitlements through growth and full employment, but also on universal gender-equitable state-based entitlements through public services and public income transfers.

Gender equality is being addressed through a wide range of gender budget initiatives in both developed and developing countries, some organised by women outside government and some by women inside government (Budlender, 2000, 2001). These have been particularly concerned to ensure that male breadwinner bias and commodification bias in government budgets are identified and eliminated; and that budget processes are made more accountable to women, especially poor women.

However, the possibilities of determining macroeconomic policy through an open social dialogue in which different interests can exercise 'voice', and in which entitlement failure can be explicitly brought into view, is foreclosed not by the technical requirements of macroeconomic policy but by fear of pre-emptive exercise of the 'exit' option by financial institutions. Their ability to exit rather than join in a policy dialogue is a result of the "openness" of capital markets. Ironically the "openness" of capital markets is conducive to an absence of "openness" in policy discussion, for fear that the wrong signals will be sent and the volatile 'sentiment' of capital markets will be disturbed. It is difficult to conduct a policy dialogue, when some of the key players have no stake in the outcome beyond the next few hours (a further reason for controls on international movement of capital).

Improving the empirical foundations

My remarks have largely focussed on conceptual issues, but that does not mean I think that we should neglect empirical investigations. So I will end by stressing the continuing need to improve economic and social data, both quantitative and qualitative. Just to give one example. A lot of attention is focussed on targets for reducing income-poverty. There is also concern about the feminisation of poverty. But no one is producing the data that will allow us to track to what extent women are disproportionately income- poor; and whether this is increasing or decreasing. (For further discussion, see UNIFEM, 2000).

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