

[Book review] "Poverty and Social Exclusion in North and South: Essays on Social Policy and Global Poverty Reduction edited by Paul Mosley and Elizabeth Dowler"

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journal or publication title	The Developing Economies
volume	43
number	4
page range	519-522
year	2005-12
URL	http://hdl.handle.net/2344/697

Poverty and Social Exclusion in North and South: Essays on Social Policy and Global Poverty Reduction edited by Paul Mosley and Elizabeth Dowler, London and New York, Routledge, 2003, x + 276 pp.

The *World Development Report 2000/2001*¹ set forth a number of strategies for poverty reduction based on concepts of opportunity (such as investment and household assets), empowerment (such as equality, decentralization, and reduction of social barriers), and security (risk management, prevention of conflicts, and combating HIV/AIDS). The report elicited many responses from researchers in academia and people involved in practical development activities. The book under review is one of those responses. It is a compilation of papers by mainly European researchers from noneconomic disciplines and practical experts working in development programs. The papers were originally presented at a one-day conference on poverty and social exclusion that took place at the University of Sheffield on April 9, 2001.

In the introduction the editors draw attention to two related trends in thinking taking place in both developed and developing countries. One is the reconceptualizing of poverty to see it in terms of insecurity and vulnerability within the context of globalization; with this is a corresponding reconceptualization of anti-poverty policy which calls for (social) risk management within the same globalization context. The second common trend in thinking between North and South is the concept of social capital (pp. 3–4).

The chapters of the book fall into four sections: the relationship between social policy and development literature; the argument for a linkage between social capital and risk; the influence of the discourse on globalization; and finally operational solutions. Within each section the editors have paired essays expressing enthusiasm for a concept with more skeptical essays.

The first group of papers (Chapters 2 and 3) reviews the changing context of the analyses of poverty and action against it in both North and South. The second group of papers is concerned with the book's linkage of risk and social capital, the argument being that the relationships which form social capital can be expected to reduce interpersonal risks. The third group of papers deals with policies for coping with poverty and social exclusion. The final group of papers is more locally focused and centers on the politically crucial issue of urban deprivation (in northern countries found mainly in the inner city, in developing countries seen more frequently in the outer city of shanty towns).

In the area of measurement, there has been some convergence in the use of a broader range of poverty indicators in both North and South. In the area of assessment and interpretation, this volume brings out three trends observable in the analysis of poverty: the renewed awareness of the cumulative (often intergenerational) causation of poverty, the increased awareness of inequality as a cause of (rather than a separate problem from) poverty, and the rise of social capital as a dominant influence in reducing both poverty and inequality (pp. 10–12).

In Chapter 2 (by Bob Deacon), it is argued that the prospects for equitable social provi-

¹ World Bank, *World Development Report 2000/2001: Attacking Poverty* (New York: Oxford University Press, 2001).

sion in a globalizing world depend on: a greater Northern commitment to global social transfers, a larger voice being given to the South in the articulation of international social standards, and the fostering in the South of a regional approach to social policy which echoes the model provided by the European Union (p. 18).

Chapter 3 (by Arjan de Haan) collects a number of “stylized facts” regarding globalization, poverty, and inequality. The author argues that open markets do not automatically mean more growth, and growth does not automatically turn into poverty reduction. The focus of the latter part of the chapter is on national policy making, and acknowledges that there is a hugely important agenda at the international level regarding more equitable access of countries to international institutions (pp. 39–40).

Chapter 4 (by Robert Holzmann) presents a forward-looking approach to social protection which focuses on vulnerability (a dynamic view of poverty) and the need to offer risk-management instruments to the population at large and poor people in particular in order to reduce future poverty (p. 77).

Chapter 5 (by Geof Wood), which relies on a context-oriented and actor-oriented epistemology, attempts to provide a social policy theory which applies to societies with weak market mechanisms. According to the author, the poorer regions of the world do not comfortably comply with the two key assumptions supporting the OECD model of a welfare regime: a legitimate state, and a pervasive formal-sector labor market (p. 118). The author argues that any social policy of poor countries moves on to the agenda of “civil society compensating for the inequities of the state” instead of the OECD welfare regime principle of “the state compensating for inequities of the market” (p. 119).

Chapter 6 (by Paul Whiteley) examines the relationship between social capital and economic growth in a sample of cross-country data, building on the theoretical framework of a neo-classical model of economic growth. The findings suggest that social capital, measured in terms of interpersonal trust, has had important impacts on economic growth in the sampled countries. However, the author argues that there are no really poor countries in the sample, and the findings cannot be generalized to all countries (pp. 124–25).

In Chapter 7, the author (John Campbell) delves into the rich anthropological literature to undertake a critical review of a central argument of development: that social capital—anchored in trust, shared norms, and cooperation—facilitates collective social action and provides a basis for economic development. According to Campbell, many writers who use the concept of social capital tend to *assume* [italics in the original] its existence (p. 161), and/or they see it as conceptually equivalent to solidarity, participation, cooperation, or trust. Few studies define social capital with sufficient clarity to allow the term to be observed or measured, with the result that research work has produced contradictory findings and confused policy analyses.

Chapter 8 (by Fran Bennett) takes up some issues of globalization and focuses on Oxfam’s work in the United Kingdom. The author argues that in the longer term there is a common interest between those living in poverty and disadvantaged by discrimination and inequality, wherever they live, in preventing job insecurity and ensuring that the better-off throughout the world bear a greater share of the costs in the process of achieving a vision of fairer globalization (p. 173).

In Chapter 9, the authors (Paul Mosley with assistance from Jane Tate) examine the man-

ner that globalization has transformed the role of home-based workers, the implications of this transformation for global poverty, and policies for reducing this poverty. The authors discuss three distinct channels (informational and organizational services, financial services, and training and other support services) through which the rights and welfare of home-based workers could be advanced globally.

Chapter 10 (by Elizabeth Dowler and Geoff Tansey) argues that the problems of food and poverty have to be tackled in ways that address the broader aspects of food, which include livelihood, health, freedom from environmental destruction, enjoyment, and participation (p. 201). The authors briefly look at four tools for controlling operations where various actors are engaged to minimize or offset risks and maximize or optimize the benefits the actors can obtain. These four tools are: information; management; laws, rules, and regulations; and science, technology, and biotechnology (p. 203).

In Chapter 11 the authors (Paul Mosley and Lucy Steel) assess the adequacy of expectations generated by microfinance as a tool for the reduction of poverty and a cause for social exclusion in both North and South. A majority of microfinance schemes in both North and South have been able to raise assets, employment, and income in relation to the performance of a control group. But loan-based schemes in particular have seldom benefited the very poorest because these people seldom become borrowers (p. 216). Nevertheless, there may be indirect benefits from these schemes for the very poorest. One of the most important of these, given that the poorest have few things to sell other than their labor, may be that microfinance enables entrepreneurs to hire people who are extremely poor, even if few of the entrepreneurs are extremely poor themselves (p. 217).

In Chapter 12, the author (Marek Markuš) seeks to show how the findings regarding social capital relate to micro-enterprise development, and more specifically to microfinance in the context of the Integra Foundation (a grass-roots initiative, established in Slovakia in 1995).

The author of Chapter 13 (Jo Henderson) describes her experience of working as a consultant to an NGO (Manor and Castle Development Trust, MCDT) which has been handling part of the urban regeneration project in two highly disadvantaged wards in the southeast of Sheffield. The author argues that funding organizations may prefer micro-credit because the risk is transferred to the individual, but the author prefers grant-aiding projects that develop residents' personal capacities without exposing them to increased risk which can worsen their personal circumstances (p. 245).

The reviewer is interested firstly in the relationship between social capital and individual empowerment or investment in human capital. In the case of poverty reduction, policy intervention can enhance the well-being of the individual directly and indirectly. Amartya Sen² argues that a person's ability to promote his or her well-being directly and indirectly can be interpreted as human capability; and from the human capability perspective, human capital which indirectly enhances human well-being through income generation can be understood as a special case of human capability. According to the book, social capital can be understood as a social arrangement which directly and indirectly enhance human well-being and

² Amartya Sen, *Development as Freedom* (New York and Oxford: Oxford University Press, 1999), pp. 292–97.

quality of life, but it is necessary to provide a theoretical explanation regarding the relationships among human capital, human capability, and social capital. This is because investment in human capital (or promotion of human capability) may not automatically lead to the accumulation of social capital.

Secondly, all of the chapters attempt to link poverty in developed and developing countries, and if we take the views expressed in this book, I have to wonder how to discriminate between developed and developing countries. This is because the book attempts to provide a unifying theme of poverty reduction for both the North and South. It pays special attention to inequality and the social dimension of poverty, and it is not sufficient to define developed countries by per capita income or macro indicators for the standard of living such as the Human Development Index.³ In order to enhance the comparison of social policy outcomes in developed and developing countries, performance measures for gauging the social capacity to manage risk and for judging income support programs need to be prepared in order to assess the development performance of the countries.

Thirdly, since the book focuses on topics such as poverty, social capital, and microfinance, it is difficult to identify mechanisms which link poverty reduction and social protection at the micro or regional level, and long-term economic growth (or social and institutional change) at the macro level for risk reduction and employment generation. For example, the *World Development Report 2000/2001* (pp. 31–41) identifies distribution, opportunities, empowerment, security, and other institutions as factors linking economic growth and poverty reduction, and this framework enables the reader to study conditions for pro-poor growth. The present book likewise should provide some sort of unified approach for economic development.

Finally, the book is a product of interdisciplinary studies regarding poverty reduction and social policy, but it does not try to compare itself with alternative approaches to poverty issues. The authors explore their arguments in diverse models, theories, and standpoints, and these scattered approaches reduce the impact of the arguments and achievements of the papers.

This book summarizes the recent literature that links poverty reduction in developed and developing countries, and the comprehensive bibliography of the book is valuable. I hope that many researchers and experts in the fields of economic development will read the book and grapple more deeply with the issues discussed in the *World Development Report* and *Human Development Report*.
(Hiroki Nogami)

³ United Nations Development Programme (UNDP), *Human Development Report 2000* (New York: Oxford University Press, 2000).