

THE DISCUSSANTS

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In no country of the world have poor people themselves initiated a process of trying to understand why they are poor and powerless and decide how they are going to overcome that situation in cooperation with the government, the private sector, NGOs, and international institutions. Through 40 years of working intensively with poor villagers in Sri Lanka, *Sarvodaya*³ has helped to establish the “nonviolent total transformation process.”

This model embraces a vision of the kind of society villagers want, in which the concept of an affluent society is meaningless because not everyone can become affluent. Equally intolerable is a predominantly poor society. These extremes must instead give way to a nonaffluent, no-poverty society. It is achievable because there are enough resources, technology, and intelligence to make it happen. What is needed is to bring into the village the kinds of organizations and institutions capable of working effectively with their counterparts in local communities.

Building a social infrastructure. First, a vision or psychological atmosphere must be established that motivates people to improve their conditions. Everyone should be involved in this process. If children are malnourished and in poor health, children themselves should play significant roles in programs to reduce child malnutrition, illness, and death. In this way, all kinds of groups—mothers, farmers, youths, and others—organize around their interests and take advantage of the skills and know-how we can make available to them.

Second, to counteract negative elements, especially those in the government responsible for corruption and other evils, the people themselves must be enlightened. This entails developing their own legal self-help institutions to carry out their decisions in democratic and effective ways. Some 3,000 legally registered community organizations in Sri Lanka are now providing credit through 3,000 village development banks, essentially through pooling and managing their own monetary and nonmonetary resources. While these banks are subject to national banking rules, like any commercial bank, they can set their own interest rates, depending on local circumstances. Repayment levels are consistently at or near 100 percent.

In addition to gaining greater financial autonomy, legally registered community groups have enabled people to go to court and to sue (and be sued) when they have grievances to settle. Rural people have thus become politicized, not in the sense of party politics or election contests, but through participating in decisions affecting their village and themselves as members of it.

Engaging in social progress. As the basic vision, technical know-how, and institutional support framework fall in place, people move on to more complex ventures. With capable managers, their capital in banks has in some villages increased twenty fold. Where once they would dwell on unemployment as a local problem, they now refer to “full engagement” as representing some form of contribution to society. In this perspective, even a child in the womb is fully engaged by growing

³ The *Lanka Jatika Sarvodaya Shramdana Sangamaya* is a people’s movement for universal awakening through sharing of labor and resources. The quest began at grassroots level in a remote village, where poverty and illiteracy were rampant. *Sarvodaya* now has 10 legally independent umbrella organizations covering *Sarvodaya* development programs in 11,600 self-governing villages. Recognition has come in the form of numerous honors and awards, including the Mahatma Gandhi Peace Prize, the Ramon Magsaysay Award for Community Leadership, and the Nuano Peace Prize, Japan.

in the right way, while the mother, family, and community engage in supporting that process through ensuring the good health, nutrition, and overall well-being of the mother. A pensioner is not viewed as “retired”, or idle, as he or she is engaged in processes linked to progress in the community.

There are income-poor children in Sri Lanka who are more secure and therefore happier than rich school children in the United States. Developing-country leaders accepted the western standard of development—one wife, two children, a three-room house, and a car—which resulted in our trying to solve other people’s problems, when we should instead be handing over the problems to the people and encouraging them to assess their needs and identify the specific resources or responses required. Development should be in their hands. They should determine the right path, then tell those with the information and technology what is needed.

Talking with and empowering villagers. Despite literacy levels of over 90 percent in Sri Lanka, many planners act like they are the only literate people in the country. National and international planners rarely talk to and listen to villagers. While statistics and quantifiable information are important, the quality in development lies in the people. If large institutions like ADB understand that, they can find ways and means of reaching people. Certainly poverty reports are not going to accomplish that. No one among the poor will read them. Instead, let us ensure that they get the tools and they will carry out their own development.

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The much-appreciated presentations offer the opportunity to review the comprehensive poverty reduction strategies suggested by the presenters. They reveal a growing consensus that poverty is multidimensional and that single-sector efforts or projects cannot address effectively a complex issue like poverty. Calls are being heard for a holistic approach or one that brings together various sectors for more synergistic outcomes. ADB has always highlighted this perspective and is in that light developing a comprehensive poverty reduction strategy, as is the World Bank. Other more modest efforts, attempting to link only a few sectors, are also underway.

Highlights of the presentations. Richard Jolly’s discussion of the HDR, annually issued by the United Nations Development Programme, emphasizes that poverty reduction should not be seen only as a technocratic issue. Indeed, it can become the starting point in a mobilizing process bringing together many groups, including the poor themselves, to improve their life situations. Development indicators allow annual monitoring of progress along those lines, and make possible comparisons of progress across and within nations. Another notable contribution has been the Human Poverty Index, which focuses on deprivation through assessments of longevity, knowledge, and decent living standards. However, as the 1998 HDR points out, quantification of other important dimensions has been more elusive, like the lack of political freedom and personal security, inability to participate freely in the life of a community, and threats to sustainability.

Partha Dasgupta has over the years drawn attention to institutional linkages related to rural poverty. He has emphasized interconnections among poverty and population growth, undernourishment, the degradation of the local environmental resource base, and the erosion of civil society and social capital. Yet, conventional living standard indicators relate to commodity production rather than to the environmental resource base upon which all production ultimately depends. If national product is to function effectively as an index of social well-being, it should include the value of changes in the environmental resource base. He, too, underlines the complexity of poverty, and the need for careful institutional and historical analysis along with policies to address poverty simultaneously.

Christine Wallich emphasizes the role of the private sector in poverty reduction and advocates a more enabling and better governed environment as necessary for ensuring that poor people participate in the private sector. While this is a welcome proposal, it should also be recognized that in some cases, the private sector has been more a part of the problem than the solution. Inequalities created or heightened by privatization, as described by Dr. Dasgupta, or the environmental damage brought about by beef or cattle production in fragile ecological settings are cases in point.

Martodinoto Mubyarto highlights the need for more focused poverty reduction programs. Without public action directed at the poorest and most vulnerable groups, economic growth, even if combined with improvements in human indicators, will not reduce the more obstinate forms of poverty. Better management of poverty reduction programs calls for better targeting, avoiding leaks, responsible governance, and improved links at the macro level, along with a focus on better managing natural resources, stability, growth, equity, and people's participation. Also crucial is economic growth to promote industrial development and employment.

Toward synergy. The call for synergy among the factors underlying sustainable growth is important but not easily addressed because the linkages are not yet clear. A number of ideas are emerging, but they are still tentative and at a formative stage. In tracing connections between economic growth, poverty reduction, and human development, one study points out that policies that focus on human development but ignore growth and income-poverty reduction produce unsustainable human development outcomes in the long run (Kerala and Sri Lanka).⁴ Policies that focus on income-poverty reduction and human development without regard to macroeconomic imbalances or constraints that limit growth (Cuba), run the risk of reversal in situations of external shocks. Policies that focus largely on economic growth with little regard for income-poverty reduction or human development (most of Latin America) are doomed to unequal income distribution or low levels of human capabilities, which dampen economic prospects in the long run.

Another study analyzing the links between sociopolitical institutions and economic growth confirms important associations between economic growth and various social and institutional indicators. The indicators included measures of regime instability, violence, political and civil rights, corruption, inequality, political and ethnic splintering, separatist and discriminatory pressures, family instability, and an array of cultural characteristics. The social indicators most significantly and meaningfully associated with economic growth were those relating to levels of rights, political stability, and efficiency of social institutions.⁵

Conclusion. In the long run, a comprehensive theory on the exact linkages and order of interventions is needed. It would have to consider historical legacies, country-specific economic trajectories, and a variety of institutional and sociocultural contexts. As economic development is guided both by economic and social institutions, and as some institutions block the poor from gaining access to resources and power, any theory of development would have to be sufficiently compelling to mobilize people and NGOs around the attack on poverty.

Another new challenge appears in globalization, a process that in itself appears neutral but is capable of generating positive and negative impact, as in the Asian financial and economic

⁴ Taylor, Lance, Santosh Mehrotra, and Enrique Delamonica. 1997. The Links Between Economic Growth, Poverty Reduction, and Social Development: Theory and Policy. In *Development with a Human Face: Experiences in Social Achievement and Economic Growth*, edited by S. Mehrotra and R. A. Jolly. Oxford: Clarendon Press.

⁵ Fedderke, Johannes, and Robert Klitgaard. 1998. Economic Growth and Social Indicators. *Economic Development and Culture Change* 46(3): 455-489.

crisis. The question is whether the crisis has changed the earlier fundamental dynamics of poverty and whether it calls for a new strategy in addressing poverty. One postcrisis challenge emerging clearly is the need for a poverty prevention strategy related to managing future social risks. Risk analysis will be useful in countries with social and political frailties or ethnic fault lines. Severe hardships can bring serious social consequences, as already seen in the social and political unrest in the region. Risks will need to be shared more equally, with the wealthy assuming their share of the burden.⁶

Equity in the globalization process is also seen in the realization that many people will not be able to integrate themselves into the global information age if present disparities persist. Since about 80 percent of the world's population lack access to the most basic communication technologies, they are now also "information poor." The need to turn the new information and communication technology into a force supportive of poor people's development initiatives becomes more urgent than ever.

⁶ Stiglitz, Joseph. 1998. Responding to Economic Crises: Policy Alternatives for Equitable Recovery and Development. Presentation at the North-South Institute Seminar, Ottawa, Canada, 19 September.