

## ATTACKING POVERTY: WHAT IS THE VALUE ADDED OF A HUMAN RIGHTS APPROACH?

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In two interesting papers on Human Rights and Extreme Poverty,<sup>1</sup> Arjun Sengupta develops an argument for viewing extreme poverty as a violation of human rights. His discussion contributes to the broader discourse on whether and how economic and social rights can be integrated into the human rights agenda, and what benefits such integration might bring.

In these notes I would like to approach the question posed in the title, and in the literature, from a purely consequentialist perspective. In other words, I want to ask, would treating extreme poverty as a violation of human rights actually lead to a reduction in poverty, or at least lead to the conditions which would in turn lead to a reduction in poverty? This is not to minimize or deny the importance of deontological arguments and intuitions in the great debates on human rights, and the relevance of criteria other than simple outcomes for evaluating policy proposals.<sup>2</sup> Rather, I think the consequentialist strand of argument exposes a number of issues that any discussion of poverty and human rights will have to take account of. At any rate, it is a route worth exploring, and one that is indeed explored in the debate.

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<sup>1</sup> UN Commission on Human Rights, E/CN.4/2006/43, March 2, 2006; and E/CN.4/2005/49, February 11, 2005.

<sup>2</sup> For example, Amartya Sen, 'Elements of a Theory of Human Rights', *Philosophy and Public Affairs*, Volume 32, No. 4, 2004.

In the discourse on poverty eradication, it is often argued that 'we know what to do – what is lacking is political will'. It is in the latter dimension that the rights based approach is meant to contribute. This point is made strongly by Sengupta:

It would be difficult to argue that poverty alleviation programs have not worked because appropriate programmes cannot be designed or are not technically feasible...The only reason why such programmes have not been adopted is that countries have shown no political will to adopt them or have not accepted their 'obligations' that would follow from their legal recognition of the relevant human rights.<sup>3</sup>

While I agree in essence that the most important missing element is 'political will', I think we need to appreciate just how much debate still survives in the development discourse on the best (or only) methods for poverty reduction. In my paper, 'Economic Policy, Distribution and Poverty: the Nature of Disagreements', I set out to try and understand the sometimes virulent disagreements among people who all claim to have the interests of the poor at heart.<sup>4</sup> I highlighted the competing perspectives that still remain unresolved and are the subject of lively debate. Even when there is a shared perspective, there are many narrowly technical aspects of empirical assessment that remain subjects of dispute and disagreement.<sup>5</sup> Sometimes, even the basic facts are in dispute.<sup>6</sup>

Having made this point about the uncertainties in development strategy and in the evaluation of specific interventions, I will turn to my main focus – the difficulty of achieving change even when there is professional agreement that a move in that direction will in fact reduce poverty. It is common practice to say that this is because the political interests of the rich, who control the policy processes, do not allow changes that benefit the poor but hurt the rich. Before taking this point head on, however, I need to make another point. The dirty little secret of policy reform and development interventions is that, for many instruments, certainly for those that

<sup>3</sup> UN Commission on Human Rights, E/CN.4/2006/43, March 2, 2006, p 14.

<sup>4</sup> Ravi Kanbur, 'Economic Policy, Distribution and Poverty: the Nature of Disagreements', *World Development*, Vol. 29, No. 6, 2001, pp 1083-1094. <http://www.people.cornell.edu/pages/sk145/papers/Disagreements.pdf>

<sup>5</sup> Examples are the impact of lower tariffs on growth, the effects of aid on growth and poverty, the effects of water privatization on the poor, the extent to which health and education should be privatized, etc.

<sup>6</sup> For example, how much poverty has changed in India, or in the world.

operate at a high level of aggregation (like macroeconomic policy or broad budgetary instruments), there is not only a conflict between rich and poor, but *among* the poor themselves. Thus, for example, while devaluation benefits the poor in the exporting and import-competing sectors, it hurts the poor in the non-tradable sector. The fact that overall poverty may fall (because the incidence of poverty is higher in the export sector, say), this fall is a weighted sum of an increase and a decrease, and it is cold comfort to those whose poverty has actually gone up.<sup>7</sup> There are a multitude of such examples. It is not at all clear how the rights based approach to poverty reduction would deal with such cases. If the operation of an instrument raises poverty for some but decreases it for others, should it be applied, or not? I leave this as an important issue for future debate and discourse.

So we come finally to the point that, in situations where the operation of instruments, interventions and policies that would reduce poverty is opposed by the rich because it would make them worse off, the adoption of (extreme) poverty as a denial or violation of a human right would somehow help to overcome this resistance. This would be the consequentialist argument for integration of poverty into the human rights agenda. How is this supposed to work? Presumably there are two channels: Firstly, the integration should increase the cost to the rich and powerful of resisting the interventions that reduce poverty. Secondly, the integration should make the rich and powerful want poverty reduction more, or want the presence of poverty less. In economic terms, while the second works through a change in preferences of the rich, the first works through a change in their opportunity sets. Let us take each of these channels in turn.

Begin by taking a polity as homogeneous, or at least to have resolved its internal conflicts as it decides to sign an international convention and then give that convention a legal form. Since, presumably, the polity can do what is required in the convention without having signed it, then why sign the convention? The benefits of signing may be some financial or other assistance that comes with the signing. But, perhaps equally important is the benefit of not being a country that has not signed a convention that others have signed – the peer group effect. If this were all, then every country would sign. But there is more. There is a cost to signing, because while

<sup>7</sup> These points are developed further in my paper, 'Pareto's Revenge', *Journal of Social and Economic Development*, Vol. 7, No. 1, January-June, 2005, pp 1-11. <http://www.arts.cornell.edu/poverty/kanbur/ParRev.pdf>

there is indeed a cost to not signing because of peer pressure, the cost of signing but not implementing when others are doing so is also present, and possibly higher – again because of peer group pressure. On this view of the calculus of a polity committing itself to an international convention, there is clearly a value added to poverty reduction of having a convention for countries to sign and implement, that value added being increased the greater is the importance of peer group effects, and the stronger and more aggressive are the monitoring and ‘naming and shaming’ provisions among those who have signed the convention. The latter may deter some from signing for any given strength of peer group influences, but among those who sign, they will encourage greater compliance.

Nancy Chau and I have tested the above conceptual argument against actual data for the adoption of ILO Conventions.<sup>8</sup> It is sometimes argued that these conventions have ‘no teeth’, and the whole mechanism is a waste of time and resources. Applying the above model of rational choice to adopting or not adopting a convention, we argued that if there were really no genuine costs and benefits to adopting (‘no teeth’), then the *pattern of adoption* should be random, not systematically related to factors that might reasonably be thought to explain such costs and benefits. Using appropriate time series analysis, and attempting to characterize the probability of adopting<sup>9</sup> at a particular time, conditional on not having adopted up to that time, we find that these estimated probabilities are not at all random. Most importantly, the probability of a country adopting a convention depends crucially upon how many other countries in its peer group, variously defined, have also adopted that convention. We also argue, on the basis of evidence for a smaller number of countries, that adoption actually increases the costs of non-compliance. We interpret this as evidence in favor of the effectiveness of the general method of establishing international norms and standards and campaigns to get countries to sign them.

So much for a model of the polity as a unified entity. But, of course, we need to unpack this, and look at processes within a country and how inte-

<sup>8</sup> ‘The Adoption of International Labor Standards: Who, When and Why’, (with N. Chau), *Brookings Trade Forum*, Brookings, Washington, D.C., 2002. <http://www.arts.cornell.edu/poverty/kanbur/ckbrookings07-03.pdf>

<sup>9</sup> Note that there is a difference between signing a convention and adopting one – the latter is a stronger provision, requiring the incorporation of the convention into the legal framework of the country. In what follows, however, we will use the two terms interchangeably.

gration of poverty into the human rights agenda would play out in this context. A closely related question that might help us along is the following: what is the value added of a country passing a law on some aspect of poverty reduction, as opposed to simply having poverty reduction schemes? A specific case in point is India's National Rural Employment Guarantee Act (NREGA) of 2005. The elections of 2004 brought to power a coalition, the leading party of which (the Congress party) won a sharp increase in its seats by pitting the slogan 'The Common Man' against the Bharatiya Janata Party's slogan, 'India Shining'. The Congress-led ruling coalition that emerged developed a Common Minimum Programme (CMP) as the policy basis of the coalition, and the NREGA, which was in the Congress platform, was an important plank of the CMP.

The specific details of the NREGA have been discussed by myself, Arnab Basu, and Nancy Chau in two papers.<sup>10</sup> The key general point for the discussion in this note is, why pass a law? India has had employment guarantee *schemes* for a long time. Passing a law makes the proposed intervention 'justiciable'. No government likes to be taken to the Supreme Court, and it is this cost that is being used as the key element of the 'commitment technology'. Notice, however, that in this case the passage of the law, while important in ensuring the implementation of the CMP, is a *reflection* of the balance of power in favor of poverty reduction. It is not a *cause* of the shift in power between those who would support and those who would oppose employment interventions of this type as a poverty reduction device. The insight here is that the possibility of signing a law, of adopting a convention, offers a commitment device to implement a shift in balance of power in the polity in favor of poverty reduction schemes, even if the law or convention is not itself the cause of the shift in power.

Finally, let us now turn to the argument that integration of poverty into the human rights agenda should make the rich and powerful want poverty reduction more, or want the presence of poverty less. In other words, integration might induce a change in preferences. We have already touched

<sup>10</sup> Arnab Basu, Nancy Chau and Ravi Kanbur, 'The National Rural Employment Guarantee Act of India, 2005', in K. Basu (ed.), *The Oxford Companion to Economics in India*, Oxford University Press, 2007. <http://www.arts.cornell.edu/poverty/kanbur/EGAOxford-Companion.pdf>; and Arnab Basu, Nancy Chau and Ravi Kanbur, 'A Theory of Employment Guarantees: Contestability, Credibility and Distributional Concerns', *Journal of Public Economics*, 2009. <http://www.arts.cornell.edu/poverty/kanbur/BasuChauKanburEmployment-Guarantees.pdf>

upon preferences indirectly, when we argued above that the presence of a convention without signing it might make a polity feel peer pressure. But might the presence of the convention in and of itself change preferences? I suppose there is an argument to be made here in terms of how the convention might bring forward the better angels in those among the rich and powerful previously opposed to poverty reduction because of self interest. The process itself reveals realities of poverty that might shock some into changing their views. I feel this is perhaps a weak reed to lean the whole argument on. Rather, I would argue as follows, taking the lead from the discussion of the NREGA above, transposed to the global human rights context. The process of integration of poverty into the human rights agenda, if it succeeds, will alter the costs and benefits of implementing interventions that reduce poverty. This will happen not only because of peer pressure, but because the signing of the convention will reflect the shift in the balance of power that brought it about. However, to the extent that there are those whose preferences on particular issues are determined by how many others they perceive to think in a particular way, every signing of a convention, or every passage of a law, provides a signal, however weak, that the balance of opinion is shifting. This could lead the waverers at the margin to shift, strengthening the movement for poverty reduction even further.

The above sheaf of consequentialist argument does establish, in my view, the case for advancing the integration of extreme poverty into the human rights agenda. While the debate has focused on this issue (and the deontological arguments), to my mind the difficult (or equally difficult) issues are those that this literature seems to take as granted, as reflected somewhat in Arjun Sengupta's papers. First, do we really know what sorts of policies and interventions work for poverty reduction? Are there no more technical/professional disagreements? Second, can we talk of 'extreme poverty' in aggregated fashion, thereby sidestepping the difficult issues of what happens, as is the case in almost every intervention of significant scale, when some poor are made worse off as the price of making others better off? Whose human rights count then?