

# Critical Dialogue

## Human Capital versus Basic Income: Ideology and Models for Anti-Poverty Programs in Latin America.

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— William Ascher , Claremont McKenna College  
william.ascher@claremontmckenna.edu

Fabián A. Borges's new book, *Human Capital versus Basic Income*, is a well-researched effort to identify alternative ideologies among Latin American presidents over the past several decades, in terms of commitment to economic rights for the poor. The point of departure is the well-documented finding that leftist regimes in Latin America are more likely to embrace social welfare programs than are centrist or right-wing regimes (e.g., Evelyne Huber and John D. Stephens, 2012, *Democracy and the Left: Social Policy*; Gibrán Cruz-Martínez, ed., 2019, *Welfare and Social Protection in Contemporary Latin America*), yet social welfare programs have been established by regimes across the ideological spectrum. Borges's focus is on identifying ideological premises underlying the programs, given a wide range of possibilities and significant differences in the implications for rights, the treatment of the poor, and connections to other political and economic patterns. Given the proliferation of different types of social welfare programs, the book necessarily focuses more narrowly; it does so on the most prominent form: the conditional cash transfer (CCT) program. It offers a broad summary of these CCTs across many Latin American countries, and a detailed analysis of the patterns of enrollment and design. In so doing, the book demonstrates that instead of regarding CCTs as essentially alike, significant differences exist in the stringency of eligibility and compliance with the conditions. The reasonable premise is that because cash transfers conceivably could range from universal transfers (i.e., basic income guarantees) to programs with stringent eligibility tests and demanding conditions to maintain eligibility, the programs with looser criteria represent an ideology closer to a rights approach. Borges employs a sophisticated statistical analysis across the many CCT programs in Latin America, resulting in a broad range of correlates of CCT spending and coverage. In a more nuanced case study vein, he also examines the influence of presidents on the CCTs developed in Brazil and

Mexico, the two most prominent CCT programs, but also the cases of Argentina, Bolivia, and Costa Rica. Another contribution is a narrative of the patterns of adoption of CCTs across Latin America. The analysis also clarifies the severe limitations of CCTs as redistributive instruments.

Borges's key, and clearly most controversial, thesis, is that it is the ideology of presidents that determines the degree of permissiveness of the CCTs, with leftist presidents preferring a rights-based commitment best reflected by unconditional transfers, even though political and economic constraints have precluded such transfers except in emergency situations, with the partial exception of the elimination of the health-care condition by Mexico's leftist Andrés Manuel López Obrador (the education condition has been framed as a scholarship). Consistent with this argument is that leftist leaders in Brazil and Mexico initially opposed CCTs instituted by right and centrist governments, though opposing the policy initiatives of the regime in power is hardly surprising in general.

In assessing Borges's argument, it is crucial to understand the significance of these programs and the strength of the argument that more permissive programs reflect a rights-based ideology, and it is important to clarify the structure and magnitude of these programs. Except for short periods of economic crisis, Latin American cash transfer programs have been conditional, at least in principle, requiring that families deemed poor enough through some sort of means test need to comply with conditions, routinely involving school attendance and healthcare for the children. The conditions are typically a major selling point to promote these programs in the policy process, with the prospect of improving overall human capital for the country through a healthier, better educated workforce, a more civically aware public, and reduction of resentment toward the non-poor (see Candelaria Garay, 2016, *Social Policy Expansion in Latin America*; Rubén Lo Vuolo, ed., 2012, *Citizen's Income and Welfare Regimes in Latin America: From Cash Transfers to Rights*). Thus, the debates are more complicated than universal transfers versus stringent eligibility and compliance with conditions.

It is also important to note that CCTs, even in the most prominent cases of Mexico and Brazil, constitute a rather modest fiscal commitment: .04% of GDP for both countries. The programs do require more fiscal commitment to address the greater demand for education and healthcare,

but the CCTs per se, at less than one half of one percent of GDP, are hardly revolutionary in any of the cases. Ana De La O (*Crafting Policies to End Poverty in Latin America: The Quiet Transformation*, 2005, p. 47) argues that “since 1990 the economic crises and electoral competition compelled the ideologically broad range of regimes to adopt poverty programs, and CCTs have served the purpose of prominent efforts “in lieu of more comprehensive policy responses.” Therefore, a permissive CCT is a rather modest incremental shift toward rights-based economic justice; it can be criticized, as Harold Lasswell (*Politics: Who Gets What, When, How*, 1939, p. 166), put it, as “restriction by partial incorporation.” The limited funding for CCTs allows for patronage tactics, in that setting a reasonable level of per-family transfer precludes admitting all families qualified by their low incomes. Therefore, fastening on CCTs as a vehicle for moving toward universal benefits is somewhat precarious, compared to alternatives seen both in Latin America, such as food subsidies (e.g., Brazil’s pre-Bolsa Familia Programa Bolsa Alimentação); and India’s Mahatma Gandhi Rural Employment Guarantee Scheme, which was explicitly framed as a rights initiative (Deeptha Chopra, 2014, “The Mahatma Gandhi National Rural Employment Guarantee Act, India: Examining Pathways Towards Establishing Rights-Based Social Contracts,” *European Journal of Development Research*; Reetika Khera, 2020, “India’s Welfare State: A Halting Shift from Benevolence to Rights,” *Current History*).

From a methodological perspective, it is important to note that Borges’s approach largely forgoes both discourse analysis and process tracing. The discourse analysis could have established whether leftist leaders have articulated preferences for going fully to a rights position of unconditional transfers if conditions would permit. Mexico’s López Obrador, elected with a landslide in 2018, eschewed the opportunity to eliminate the school attendance requirement. Policy process tracing (distinct from chapter 2’s event history analysis), by placing the cash transfer initiatives in the context of resistance to executive initiatives, tradeoffs regarding different policy preferences, coalition formation, and obstacles of budget limitations, would offer alternatives to Borges’s reductive thesis that presidential ideology determines the degree of permissiveness. Carla Tomazini (“Pioneering Anti-Poverty Policies in Brazil and Mexico: Ambiguities and Disagreements on Conditional Cash Transfer Programs”, *International Journal of Sociology and Social Policy* 15[3], 2022, p. 12) notes “three types of coalitions with distinct objectives: human capital, universal basic income and food security.” It might not have been feasible to examine these policy-process aspects for all of the countries, but doing so for the clearly most prominent Brazilian and Mexican cases would have been illuminating.


Specifically, the different origins of the CCTs provide a counter-explanation for the differences in permissiveness. Brazil’s Bolsa Familia was the amalgamation of assorted

unconditional services, unified to reduce heavily criticized disarray. The basic administrative task was to get the massive number of the poor enrolled in the central data base (*Cadastro Único*); to address the daunting challenge, the enrollment procedure was minimized to an application entailing self-reported income (Sergei Soares, Rafael Guerreiro Osório, Fabio Veras Soares, Marcelo Medeiros, and Eduardo Zepeda, 2009, “Conditional cash transfers in Brazil, Chile and Mexico: impacts upon inequality,” *Estudios Económicos*). In Mexico, the succession of CCT programs (*Progres-a-Oportunidades-Prospera*) began with blatant political and patronage targets, down to the micro level of deputizing loyal CCT beneficiaries to recommend others for acceptance (Clément Crucifix and Solène Morvant-Roux, 2018, “Fragmented Rural Communities: The Faenas of Prospera at the Interface of Community Cooperation and State Dependency.” In Maria Balen and Martin Fotta, eds., *Money from the Government in Latin America: Conditional Cash Transfer Programs and Rural Lives*, pp. 85-86).

*Human Capital versus Basic Income* accomplishes much in placing the CCT controversy within the context of the Latin America’s economic rights debate. The histories and statistical analysis of the rise of CCTs developed and modified by leaders across the ideological spectrum is consistent with the premise that leftist leaders promote more expansive and less demanding CCTs. Yet further research on other strands of the broader set of goals would provide an even richer understanding of how cash transfers—and other social welfare programs—will evolve. Another promising avenue is to explore other types of programs that could move Latin American countries toward rights-based economic policies and programs.

#### **Response to William Ascher’s Review of *Human Capital versus Basic Income: Ideology and Models for Anti-Poverty Programs in Latin America***

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— Fabián A. Borges 

I am grateful to William Ascher for his thoughtful review of my book. Ascher’s skepticism of the book’s claim that “more permissive [CCT] programs reflect a rights-based ideology” is warranted. As he notes, “CCTs per se, at less than one half of one percent of GDP, are hardly revolutionary.” It is true that even the region’s most permissive CCTs are, at best, “a rather modest incremental shift toward rights-based economic justice.” Such was the state of social policy in this primarily middle-income region in the early 1990s that these modest programs could make significant contributions to reducing poverty and even inequality. Nevertheless, what is most revolutionary about CCTs is that they actually reach the poor, which the region’s long-standing and relatively generous contributory social programs do not. That is why the book

seeks to explain the politics behind their design, adoption, and diffusion.

I will, however, push back against the review's excessive focus on Brazil and Mexico at the expense of the book's regional scope. First, Ascher questions my claim that the left initially opposed CCTs. Indeed, it is "unsurprising" that, while in opposition, the Mexican and Brazilian left opposed their respective governments' CCTs. However, as chapter 3 details, Lula also de-emphasized Brazil's CCTs once in power. Only once his own more ambitious policies failed did he embrace CCTs. Furthermore, as chapter 2 shows, the election of left-wing leaders in Venezuela and Nicaragua led to the cancellation of CCT initiatives. In Argentina and Bolivia, where left presidents adopted CCTs, they were responding to and coopting proposals from the right and center. Further still, across the Atlantic, the South African left was also initially critical of cash transfers.

Second, Ascher posits alternative, non-ideological, explanations for the differing permissiveness of Brazilian and Mexican CCTs. The unique national factors that Ascher mentions may well have mattered but do not explain the cross-national patterns in CCT design presented in chapter 5. Further, as an analysis of program decrees shows, Costa Rica's program, enacted by a centrist, was justified as a means of tackling secondary school desertion, while the programs enacted by the Argentine and Bolivian left were presented as poverty alleviation tools. Additionally, as chapter 7 details, Bolivia's president rejected a World Bank proposal for a targeted and conditional program in favor of his own universal and essentially unconditional program. In contrast, Costa Rica's highly targeted and conditional program benefited from Inter-American Development Bank assistance.

Finally, I fully agree with Ascher's suggestion that future research should "explore other types of programs that could move Latin American countries toward rights-based economic policies and programs." A broad, comparative book length study on the politics of non-contributory pensions would be welcomed. Such unconditional programs are much more generous than CCTs. On the policy front, researchers should explore the prospects for employment guarantee programs akin to India's, though past workfare schemes in the region were highly clientelistic and failed to reach the poorest.

**The Psychology of Poverty Alleviation: Challenges in Developing Countries.** By William Ascher. New York: Cambridge University Press, 2020. 269p. \$99.99 cloth, \$29.99 paper.  
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— Fabián A. Borges, *California State University, San Bernardino*  
fabian.borges@csusb.edu

Even the best designed poverty relief policies can fail, if policymakers and advocates do not account for stereotypes

about the poor and other biases held by the more prosperous members of society who pay the bulk of taxes and hold a disproportionate share of political power. Similarly, well-designed policies may fail to get off the ground if prosperous citizens *believe* that their government is simply too incompetent or corrupt to effectively administer complex poverty relief programs. In sum, to succeed politically, pro-poor policies must be palatable to the non-poor. That is the main lesson from William Ascher's new book, *The Psychology of Poverty Alleviation: Challenges in Developing Countries*, which makes the case for integrating insights from social psychology into policy design and development policy more generally.

This important book starts from the premise that economics in isolation, with its emphasis on utility maximization, is poorly suited to explain the adoption and survival of anti-poverty programs. At their core, social policies impose compulsory solidarity among individuals, requiring the better-off to forgo part of their incomes knowing that the beneficiaries from subsequent government transfers will be people other than themselves. The less contributors *believe* they have in common with the *perceived* beneficiaries of social policy, the less they will support redistribution. Acquiescence toward, let alone support for, redistributive policies among the better-off is particularly puzzling in societies with overlapping economic and identity cleavages—where the poor and the rich tend to belong to different ethnic groups. A substantial body of research has found negative correlations between societal heterogeneity and individual support for redistribution and overall social policy generosity (e.g., see Alberto Alesina and Edward Glaeser, 2004, *Fighting Poverty in the US and Europe: A World of Difference*). Similarly, diverse countries tend to provide fewer public goods (e.g., see Kate Baldwin and John D. Huber, 2010, "Economic versus Cultural Differences: Forms of Ethnic Diversity and Public Goods Provision," *American Political Science Review* 104[4]). Low-income individuals from a dominant ethnic group may even oppose policies that would benefit them personally because of their perceived association with minority groups, in what is known as the anti-solidarity effect (e.g., see John E. Roemer, Woojin Lee, and Karine Van Der Straeten, 2007, *Racism, Xenophobia, and Distribution: Multi-Issue Politics in Advanced Democracies*).

William Ascher proposes incorporating insights from social psychology to better understand the conditions under which the rich will empathize with the poor's plight and thus consider them deserving of redistribution. In incorporating social psychology, Ascher introduces an additional layer of complexity to the policymaking process. It is not enough, he argues, to copy a policy that worked well in another country. It is necessary to ensure that such a policy will be compatible with the views held by the better-off in that given time and place. Even

internationally proven policies are unlikely to succeed if the rich overwhelmingly *believe* that the poor are *lazy* or content with their “simple” ways. Similarly, policies are unlikely to get off the ground if the rich are convinced that bureaucrats will embezzle most of their budgets or are simply too incompetent to achieve their objectives.

Fortunately, Ascher argues, “the plasticity or malleability of identifications provides crucial openings for influencing pro-poor predispositions” (p. 62). Armed with insights from social psychology and detailed knowledge of the perceptions and biases of key local actors, proponents of redistribution should be able to create conditions more favorable to the adoption and survival of pro-poor policies. This can be done by framing policies in ways that enhance the dominant group’s self-image (engendering *noblesse oblige*), strengthen broader identities that cut across income levels (emphasizing commonalities rather than differences), or demonstrate that helping the poor is in the dominant group’s self-interest (since it may prevent social conflict). To illustrate how social psychology dynamics affect policy success or failure, the book relies on case studies of five types of anti-poverty interventions across eight developing countries in Latin America, South Asia, and Southeast Asia.

The reader is presented with nuance, not easy, one-size-fits-all answers. Local knowledge is key as what works in one context may backfire in another. As Ascher freely admits, “each class of pro-poor instruments will have a different potential depending on the psychology of both nontargeted and targeted people” (p. 210). Take, for example, the case of cash transfers in Latin America (chapter 4), perhaps the lowest cost and least politically contentious of the interventions analyzed. Ascher notes that conditional transfers will be more successful “where judgments of deservingness require demonstrations of compliance to satisfy relatively prosperous people who hold generally negative stereotypes of the poor” or where those not targeted possess a “strong future orientation” and will thus be attracted to transfers conditioned on school attendance (p. 212). However, where “self-esteem of untargeted people rests heavily on broad charitability” or where “people are skeptical of bureaucratic expansion” unconditional transfers may be more attractive (p. 211). In sum, it is difficult to generalize—policymakers must try to simultaneously be area specialists, policy technocrats, and amateur social psychologists.

*The Psychology of Poverty Alleviation* is divided into four sections. Following the introduction, anti-poverty policies are placed within the broader economic context. Such policies, though essential, are no substitute for economic growth. When an economy grows rapidly, the poor’s incomes generally grow faster than the economy as a whole, but when an economy does poorly, the poor see steeper drops in income than the rest of the population (p. 27). Still, poverty-reducing growth may increase

overall inequality, at least in the short run. Ascher warns that governments should focus on maximizing growth, even at the cost of moderating their ambitions with regard to inequality reduction (pp. 29–30). Radical redistributive policies should be avoided as they can reduce growth by triggering capital flight and may even spark destructive social conflicts. Struggling economies, in turn, will have fewer funds to invest in the poor and their better-off citizens will be less supportive of such policies.

Next, Ascher reviews social psychology research on how individuals develop opinions of deservingness towards other groups, most notably the poor. In essence, individuals inherit attitudes and attributes from the groups to which they belong. Depending on the context, the dominant group may possess attributes that “promote pro-poor commitment (e.g., the ingroup is highly charitable, pro-social, etc.) or discourage pro-poor commitment (e.g., the ingroup is vigilant and powerful enough to defend its economic and social advantages)” (p. 51). Members also inherit views of the outgroup, which “also can promote either pro-poor commitment (e.g., the outgroup’s lower capability warrants supporting them—“*noblesse oblige*”) or discourage pro-poor commitment (e.g., less hardworking outgroups do not deserve coddling)” (p. 51). Although the review is clear and thorough, the reader is left unsure about how to process all this information. It would have been helpful to include an additional section distilling this chapter’s most important insights into a limited number of if/then propositions that could be exemplified in the empirical chapters that follow.

Ascher then attempts to demonstrate how social psychology influences real-world policy through five empirical chapters, each highlighting a different type of pro-poor intervention—conditional cash transfers in Brazil and Mexico; targeted spending on the poor in Argentina and Brazil; pro-poor subsidies in India, Colombia, and Thailand; affirmative action in India, Brazil, Malaysia, and Sri Lanka; and policies targeting underdeveloped regions in northern Thailand. The breadth of these case studies is impressive. The cases are nuanced, rich in detail and together cover a large cross-section of the developing world and pro-poor social policy. However, there is regrettably little integration or crosspollination between these cases. The book would have benefited from the inclusion of an additional chapter or at least a section summing up and comparing the main findings and connecting them to the social psychology research presented in the literature review chapter.

The final two chapters attempt to tie everything together and provide recommendations for policymakers. However, the combination of a nuanced and highly context-specific theory and an empirical section covering five types of programs across eight countries in three regions makes it very difficult, if not impossible, to draw overarching conclusions. The penultimate chapter

provides a list of potential sources of resistance to pro-poor policies that may still arise despite the prevalence of pro-poor attitudes, as well as advice on how to counteract said resistance. The book ends with a series of recommendations for promoting altruistic attitudes, reducing skepticism toward pro-poor policies, and defusing potential societal conflict. Again, it would have been useful if these lessons included examples from the cases.

In sum, *The Psychology of Poverty Alleviation* is an ambitious and insightful piece of research that makes valuable contributions to the study of the political economy of poverty alleviation. In incorporating insights from social psychology, Ascher provides a fresh perspective that could serve as the starting point for a new research agenda.

### **Response to Fabián A. Borges's Review of *The Psychology of Poverty Alleviation: Challenges in Developing Countries***

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— William Ascher

I am gratified that Borges's review deems the book important, and notes its major contribution of outlining the social psychology insights required for analysts and policymakers to fashion viable poverty-alleviation programs. I am happy to know that he finds it commendable in synthesizing why conflict-sensitive poverty-alleviation efforts are important but difficult to enact, but can also have hopeful prospects if the psychological insights can be employed. It would have been useful if Borges's review had mentioned not only the book's treatment of how these and other theoretical insights (e.g., the policy sciences framework) are necessary to create and enact the programs, but also the book's analysis of the difficulties of maintaining the viability of the programs, especially in

terms of leakage, stigma, polarization, and increasing conflict.

It is unclear whether the review is criticizing the research design (eight countries and five types of programs) for not drawing overarching conclusions, or whether—as I would assert given my epistemological policy sciences commitment to respecting contextuality—the review is recognizing that “overarching conclusions” would go beyond the appropriate insights that I believe go as far as they should without over-generalizing. As the review correctly states: “Local knowledge is key as what works in one context may backfire in another.”

Yet in expressing regret that the book has “little integration or crosspollination between [sic] these cases” and its other calls for more summing up, Borges poses the challenge to find more in common among the five types of programs and across the psychological mechanisms. I believe this reflects a positivist bias in implying that greater generalization is possible. He notes that the complexity “makes it very difficult, if not impossible, to draw overarching conclusions.” That is exactly right. Thus, the book's conclusion carefully avoids any support for the temptation to endorse “one size fits all” designs with respect to any of the types of poverty-alleviation programs. Borges's own book correctly recognizes that assessing the political viability of different designs of conditional cash transfers needs to account for the different attributions of deservingness across Latin American countries. The purpose of the conclusion of my book is to summarize essential aspects drawn from attribution theory, other contributions of social psychology, and the policy sciences framework that analysts and policymakers ought to employ. It is not to find generalizable program designs, which would be both a futile effort and would undermine the practical effectiveness of such programs given the disparate contexts in which they were meant to be employed.