



CHAPTER II

LITERATURE REVIEW

2.1 Introduction

The aim of this chapter is to show how graduated sovereignty affects the entitlements of its citizens particularly in terms of food security and second it looks at the challenges faced by developing countries with clearly insufficient social protection mechanisms. The concept of social protection and social transformation are also discussed.

2.2. Neoliberalism and the State

Neoliberalism, has taken more than its fair share of criticism since the project has started nearly thirty years ago to what Chomsky (Chomsky, 1999) declared as “the defining economic paradigm of our lives..by which a relative handful of private interest is permitted to control as much as possible of social life”. The uniqueness of neoliberalism can be seen in its strategic and organizational reformulation (Eds: Brenner & Nikolas, 2002) responding to three recent developments: the interdependence and globalisation of economies, the crisis between a neoliberal economy, the welfare state in the West and the developmental state in the East as well as the new social movements that responded to the two changes.

Broadly defined, neoliberalism is a set of theoretical principles and a collection of socio-political practices aimed at transferring control of the economy and its markets from the public to the private sector which will ultimately result to an efficient government and an economic prosperous nation (Smith, 1766). Colás remarked that (Colás, 2005) this process of global interdependence makes international competition over resources and capital a dominant and inescapable feature of the modern world. He goes on to add that greater integration into the market is presented as a panacea against poverty, inequality and economic backwardness and

as a result it emerges as a thoroughly political project which not only privileges the private, economic power of markets over the public, political authority of states, but does so, paradoxically, through the state-led, multilateral re-regulation of markets in favor of dominant classes.

Concretely, neoliberalism can be seen as policy assumptions that favor corporations aimed at restoring class power (Harvey, 2006) and thus represent a form of government rationality and state. This brings up questions of how the state conducts its relationship with its citizens and the quality of entitlements.

Historically, arguments about state power go back to a limited concept of sovereignty with the following features: it is centralized and focused on military aspect to ensure stability and safeguard the territorial integrity of the nation-state (Giddens, 1987). Since its inception the nation-state has guaranteed internal and external security, underpinned the laws and policies, funded national welfare systems, provided the structures for popular representation and instituted public accountability. With the twin forces of globalization and neoliberalism there have been changes – the greater economic and social interdependence has affected national decision-making in two fundamental ways. Firstly there is a transfer of decisions to supra-national institutions and with the increase in the demand for participation, and second it also requires many decisions to be transferred to the local levels of government thereby implying that public policies are undertaken at different and complex levels (Sulbrandt, 2000). This state transformation can be partially explained by power shifts in numerous states with interests in national accumulation to those with interests in the new global means of accumulation (Gill, 2003).

The features of a neoliberal state is to ensure that fiscal and monetary policies are adopted to guarantee macro-economic stability, adopt the necessary infrastructure necessary to reach the goal of such stability and provide for social order. This brings us to the question how can government “govern” within the context of national and supra-national institutional guidelines its population and in turn how should the people see and govern themselves?

This concept was raised by Foucault (Governmentality, 2004) explaining the way that governments try to produce the citizen best suited to fulfill government policies through organized practices (mentalities, techniques) through which these subjects were governed. A mentality of rule is a systematic way of thinking about government in which the power to exercise is “rationalized” (Lemke, 2001). Neoliberalism represents this method of rationalising that obeys the internal rule of maximum economy (Foucault, 1997). Fukuyama (Rose, 1999) and Lemke (2001) frame the concept of neoliberalism against the lenses of individual freedom. As the concept implies a reduction of state welfare services and social protection mechanisms this means that individuals have the responsibility to be free, enterprising and autonomous; the individual “refashions” him/herself as an entrepreneur. The state can therefore govern its citizens through this freedom meaning that as individuals, they are obliged to be free to decide based on choice. In order for individuals to decide, there is need for a certain form of knowledge that will allow the auto-regulation or auto-correction behavior in individuals. Furthermore this means that the individual needs to have knowledge related to various forms of personal investment and insurance in a range of welfare fields – necessary to safeguard against risk but also as preconditions in the competitive society (Peters, 2001). However, this obscures the reality that in any given society there are deep and severe inequalities and therefore there are contradictions within this neoliberal space. As a government rationality, it focuses and fosters those who are deemed “productive” to the society and aims of a neoliberal state. It makes no mention of the poor and vulnerable. We can then broadly say that the neoliberal state tends to leave out those who are marginalized in favor of those who are economically productive.

We see this interplay and application of the concept by the state in the context of Asian countries. When we go back to the conceptual framework outlined in the first chapter, we note that global changes have changed cultures and values affecting government, civil society, markets and the environment in developing countries. Globalization *changes* values and the state is no exception. I make reference to the work of Ong (Ong, 2006) who uses the term graduated sovereignty to refer to “the effects of a flexible management of sovereignty, as governments adjust political space

to the dictates of global capital, giving corporations an indirect power over the political conditions of citizens in zones that are differently articulated to global production and financial circuits". In short, the state moves from being administrators to regulators of "diverse spaces and populations that link with global markets" (Ong, 2006). This type of flexible sovereignty produces what is called as a "variegated citizenship" which allows for political accommodation and conditions to a privileged few to meet the challenges of globalization that is not granted to the rest of the population (Ong, 2006). The model then of graduated sovereignty means the existence of areas where the state is strong and its protection is significant vis-à-vis other areas where such protection is almost structurally irrelevant because they need to be flexible to the market. This points out that the state is not a "hapless victim" against the forces of globalisation, but rather it is also a player in the panorama of globalization (Ong, 2006). Ong clearly shows this looking at country cases in Malaysia and Indonesia where after the 1997 Asian Financial Crisis the responses of the two countries reflected the relative strength of their respective economies but likewise showed which parts of the state were losing to or resisting control by global regulatory agencies.

The impact of these diverse spaces have resulted to what Harvey (2006) calls the uneven geographical development. All societies generate surpluses (defined by Harvey as "use values greater than those required for immediate consumption) for survival. Within the context of capitalism, the dependence to generate surpluses were negated rather to the ability to appropriate them, treat them as their own private property and then launch them into circulation in search of further surpluses. For capitalism to be a dominant economic and social system meant a privileged few emerged as an influential class controlling the surpluses. This is seen in the history of capitalist neoliberalism wherein to expand their geographic reach, capitalism was extended to territories, sectors and domains in order to obtain surpluses (or favorable national condition for the production of surpluses).

This has resulted to what Harvey calls “accumulation through dispossession” as a necessary condition to ensure the survival of neoliberalism. Land, the use of values that can be commodified, money commodities, labor skills, cultural artifacts, social networks are all targeted as appropriative activities. Yet all these are geographically differentiated and located; their appropriation depends on strategies to gain access to and command over them. One example of this strategy is the land crisis in Cambodia wherein due to inadequate tenurial laws, the state, influential individuals and in some cases the military are in collusion to evict people of their homes and land. Another example is the growth triangles that Ong mentions about - a subtle “economic geometry” which considers factors such as location, the accessibility of cheap labor, the possibility of exploitation of complementary resources can enhance the competitive advantage of the region in the global economy.

2.3. Food Security

I can argue the link between flexible sovereignty and the case of Sen’s work on food security in terms of entitlements (1981). Food security as defined under the World Food Summit of 1996 means “when all people at all times have access to sufficient, safe, nutritious food to maintain a healthy and active life”¹ (World Health Organization). Its three pillars of food availability, access and use show the complex and interlinking issues related to food security which primarily translates to health but reaches out to areas of environment, economic development and trade (Diaz-Bonilla and Thomas, 2001).

Sen discusses the issue of food security in terms of the entitlement approach (Nayak, 2000). This approach is based on three conceptual categories: (a) the Endowment set; (b) the Entitlement set; and (c) the Entitlement Mapping. The endowment set is defined as a combination of legally owned resources by a person that conforms to established norms which can be tangible assets, knowledge, skills,

¹ The concept is defined as including both physical and economic access to food that meets the people’s dietary needs as well as food preferences [15]. The issue of food security as a *complex sustainable development issue* is built on three pillars [15]: (a) *Food availability*: sufficient quantities of food available on a consistent basis; (b) *Food access*: having sufficient resources to obtain appropriate food for a nutritious diet and (c) *Food use*: appropriate use based on knowledge of basic nutrition and care as well as adequate water and sanitation

social networks. The entitlement set is regarded as those sets of all possible combination of goods and services that a person can legally obtain through using the resources of his endowment set. The modality to obtain the entitlement can be either in the form of production, exchange or transfer. The entitlement mapping is the relationship between endowment and entitlement – the rate at which the resources of the endowment set can be converted into the entitlement set. What these mechanics mean is that famine is not caused by the shortage of food which is to say the lack of *availability* of food but to the *failure of entitlement*. In the absence of non-entitlement transfers (such as charity) food insecurity can result.

Take for example the case of a fisherman who loses his boat (Nayak, 2000) – since there is a loss of endowment, he cannot catch fish. If that same fisherman does have his boat, he may face the problem of catching fish in the adequate amount to be exchanged for the minimum amount of food that he needs. In another case, the fisherman neither loses his boat, nor has inadequate fish, but the problem of getting minimum food is due to the relative fall in the price of fish. In this last case the person fails to aid in the absence of endowment and not being a producer or exchanger.

There are two ways of looking at this – the role of the state and global market. McCulloch et al (Mc Culloch, Winters, & Cirera, 2001) provided for a balanced perspective in their book “Trade Liberalization and Poverty: A Handbook. The book talks about three pathways that directly affect poverty which are: (a) price transmission; (b) enterprises; and (c) taxes and spending. I shall expand on the price transmission here since this is related to the issue of entitlement.

Trade liberalization changes the prices of liberalized goods depending on the demand or supply of the world markets. These price changes are then translated into actual prices faced by poor households. Direct impact depends on whether the household is net consumer or producer. Increased prices hurt the consumer whereas producers stand to gain from it. Yet, it is important to note that that gains of liberalization depends on the creation or the destruction of markets: meaning when goods start or cease to be traded. Thus it can be said that the fisherman because he is not a producer or exchanger suffers from food insecurity because of the global market

for the price of fish has hurt him locally. This is not to negate the broader, structural issues that liberalization brings into the agricultural sector of developing countries, the contradictions in the design and implementation of the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO) rules, the structural issues of an agro-industry built on profit maximization, the role of power exercised by huge transnationals and the states that support their interests and the inherent nature of capitalism which emphasizes on both expansion and encroachment (Sundaram, 2008).

It can also be seen from the point of view of the role of the neoliberal state and how it treats its poor. Food consumption comprises a large share of the total expenditure and this is even larger when looking at those who live near or below the poverty line. Studies have shown that high prices of goods affect the chronically poor and generally marginalized and vulnerable members of society in poor countries with regards to their limited purchasing power ability (Bonilla & Thomas, 2001). These consumers who are not protected by any safety nets or social protection mechanisms have to deal with shocks of which they have had no time to cope with and can lead to negative coping strategies such as the selling off of productive assets and pulling children out of school or limiting the number of meals per day for the family (Bonilla & Thomas, 2001).

I can broadly say that the **issue of entitlement and rights** towards its citizens rests within the **responsibility and the failure** of the state. Specifically, the issue of food insecurity is the failure of the state. Flexible sovereignty here focuses on the priorities of the state as it adjusts to the dictates of global capital. This adjustment entails an acquiescence of the state to the demands best suited to their own interest and priorities.

2.4 Transformative Social Protection

The concept of social protection is to protect those deemed most vulnerable from deprivation. The failure of globalization has not meant development for all – in particular the poor – social protection as policy instruments are proposed to help the vulnerable out of their given condition. If the failure of the state to protect its citizens

from the ravages of both external and internal globalization, then social protection is meant to “lift” them out of poverty.

There is no generally agreed definition of social protection but for purposes of this review, social protection is referred to as:

‘the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society (Norton, Conway, Foster 2001).’

The literature reviewed refers heavily to either the Institute of Development Studies or the Overseas Development Institute – academic institutions that have done major research on social protection. Social protection is an approach that deals with absolute deprivation and vulnerabilities of the poorest as well as dealing with the need of the non-poor for security in the face of shocks and life cycle events (Norton, Conway, & Foster, 2001). The nature of the approach can be either formal (by government or other state institutions), informal (by communities or civil society) or even a combination of both (Norton, Conway & Foster, 2001).

The term came into origin because traditional names for social programs in developed countries did not fit the situation in developing countries with multi-dimensional deprivation (Ogborn, 2009). Programs related to social security such as those in developed countries had little or no coverage in developing countries and could not be implemented in the foreseeable future; in developing countries, social security programs are closely linked to jobs in the formal workforce which accounts for a small proportion of the population and many of the strategies required to protect the poor in developing countries are not usually considered to be part of social security (Ogborn, 2009)

The growth of interest in social protection however was largely as a reaction to the various forms of economic or financial crisis over the 1990s that are associated as processes of neoliberalism and globalization, particularly the growing integration of markets and systems which have two faces – they are seen as opportunities for all and yet, they are seen as increasing insecurity on a global scale (Norway et al, 2001).

Furthermore, while neoliberalism and globalization through the integration of markets has the potential for opportunities for all, in the long run, this may prove to reinforce inequality rather than be a tool for positive change if it leads to a perception that the basic requirements of social justice are not being met (Norway et al, 2001) by the state. Evidence has suggested that in the poorest households of developing countries, state support rarely trickles down to that level, and instead the poor rely on transfers from a range of non-state sources (kin, community, religious organizations, etc). However, traditional forms of solidarity and collectivism which operate on the basis of reciprocity tend to be eroded in the onslaught of an increasingly monetized environment (Norway et al, 2001).

What literature shows is that the international economic integration has left nation states with less power to regulate conditions for relationships between capital and labor, conditions of access to internal markets and the levels of budgetary support for human development (Norway et al, 2001). Other contemporary reasons that are relevant for justifying social protection is the increasing inequality both within and between countries, the intensification of a liberalized international environment restricting many sources of revenues previously available to governments to fund social expenditures and a global demographic transition implying long-term changes (Norway et al, 2001).

The broader aspect of social protection that incorporates the human security and rights-based approach strands is what is called transformative social protection (TSP) – what I propose as an active resistance to the neoliberal state. Devereux and Wheeler (2004) proposed for two interconnected strands to this response both linked to a long-term and sustainable poverty reduction. The first strand is what is referred to by Norton et al (2001) in terms of risk management that deals explicitly with economic growth arguing that protecting the poor against income and consumption variability will allow them to invest and accumulate a “trampoline” out of poverty. Yet despite the promotion of this in international publications, this link has yet to become a key component in terms of anti-poverty programs in practice nor has it been paid much emphasis by state policies.

Devereux and Wheeler (2004) report that in low income countries, social protection continues to be perceived as “comprising fiscally unsustainable consumption transfers to the economically inactive or unproductive poor, which diverts scarce public resources from productive investment for economic growth, and therefore deserves lower priority as a poverty reduction tool”. Understanding of poverty has yet to move to integrate social dimensions of well-beings that recognize the rights-based approach, yet it is still conceptualized mainly in terms of public responses to livelihood shock – **this is “economic protection” not social protection and hardly socially transformative**. For instance they point out to the inadequacy of the social risk management framework of the World Bank to address a concern for equity and social rights. The framework of transformative social protection confronts the structural inequality of a neoliberal state by engaging in politics as well as for inclusion of the community within this socio-political sphere noting that the people being transformed should have more of a say in determining the transformative agenda.

Gaps in the literature indicate the underdevelopment of governance and rights; largely there is a technocratic character in the literature reviewed which goes through great length on the policy instruments and the forms of deprivation and vulnerabilities (Gentilini, 2005; Greenblott, 2007) and less discussion onto what Devereux and Sabates-Wheeler propose which is the social transformative aspect of social protection.

The agenda of social protection seems to be in the realm of either supra-national institutions underwritten into their donor guidelines as conditions for the state to accept (United Nations, World Bank, Asian Development Bank) or academic institutions. Non-government institutions or NGOs are seen as “delivery mechanisms”; a means to reach the results (the policy goals) as determined by technocrats (Norway et al, 2001); yet clearly they also have a role to demand accountability from providers and the state on national development to come up with effective policy approaches and resource allocation.

Based on the discourse above, existing skepticism abound on the introduction of social protection (or the existing social safety which form part of the social protection package) as based on the literature it does not address the underpinning of poverty dynamics that are reinforced by neoliberalism, in the wake of structural adjustment programs in the 80s and 90s, social safety nets were seen as mere mechanisms to offset the macro policies reducing the poor to passive recipients of handouts, making scarce contribution to broader development strategies (Gentilini, 2005).

Critics also have asked whose reality does transformative social protection deem to protect since as Chambers has noted “poor people’s realities [are] local, complex, diverse dynamic and unpredictable (Chambers, 1997)” This is an important question when one realizes how neoliberalism and the state can reformulate itself to project their reality (Eds: Brenner & Nikolas, 2002) as long as it serves its interests. But beyond the concept of TSP as a tool to “plug” the holes of the neoliberal state, it can be a viable tool of resistance **against** the neoliberal state because it (a) it unites seemingly disparate agenda of various sectors against a common resistance and (b) it places emphasis on the transformation of the marginalized communities to demand for equity and social rights.