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CLAREMONT McKENNA COLLEGE

A PHILOSOPHICAL FRAMEWORK FOR CONDITIONAL CASH TRANSFERS

SUBMITTED TO

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FOR

SENIOR THESIS

SPRING 2011

APRIL 25TH 2011

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Acknowledgment:

I must first thank Professor Paul Hurley for being my advisor and academic mentor during my four years at CMC. You have been a guide for me during undergraduate experience, and I feel I have grown tremendously under your patient tutelage. I am in awe of the way you make yourself available to your students, and I feel lucky that I have been able to know you through these years. I know I would not have been able to go to Oxford were it not for you guidance and encouragement, and I owe much of that experience to you.

I would also like to thank Professor Bill Ascher for his insight, guidance, and tremendous commitment, during this thesis writing process. You have shown incredible patience and persistence in allowing me to express myself in this work, while pulling me back on course when I got off too far off track. I feel incredibly lucky that I had the opportunity to work with such a great mind and a great mentor.

I can't forget my tutors at Oxford Cissie Fu, Tamas David-Barrett, and David Merrill. You each took time every week to lead me on an intellectual journey. My time abroad was an experience I will never forget, and I owe a lot of that to the mentors I had.

I would like to thank my parents for their love and support through the years. You have allowed me to grow abroad while always knowing I would be welcome at home. Thank you mom for being a constant stream of love and compassion. Dad, you have provided me advice, guidance, and financial support through these four years, while allowing me to make mistakes and grow into adulthood. I don't know how I can ever repay you.

Phinally I would like to thank Phish for endless hours of companionship during my year abroad and this thesis writing process.

Introduction:

Despite some recent economic progress, there is still widespread poverty and severe inequality in developing countries. According to the World Bank there are over 925 million hungry or undernourished people worldwide. More than 80 percent of people in the world live in countries whose income inequality is rising. Over 2.1 billion people globally live on less than two dollars a day, with over 880 million people facing absolute poverty and living on less than one dollar a day. Three out of four people living on less than $1 a day live in rural areas. These impacts have been magnified by the recent global recession, as rising food prices and a decrease in remittances have pushed between 130 and 155 million people back into poverty. [1]

Particularly in lower income countries, the impoverished are faced with poor and insufficiently funded health care systems, restricted access to adequate nutrition and potable water, low agricultural yields, and poor soil quality. Not only are the services in short supply for the poor, but the predicament of the poor often limits their capacity to avail themselves of these services. Parents may opt for keeping their children out of school, either to employ their labor or to avoid the costs of transportation and school fees. Healthcare may also entail costs that parents are reluctant to bear. Thus, people are often in poor health which decreases their productivity and learning capacity. These issues combined, along with inadequate education systems, poor school attendance, and teacher absenteeism, all retard human capital accumulation.

These issues are exacerbated by inefficient and corrupt governments, poor institutional development, and inadequate or nonexistent physical infrastructure. At the

[1] Alexander, *The Impact of the Economic Crisis on the World's Poorest Countries*, 2

same time, geographic isolation, poor infrastructure, and low aggregate levels of skilled individuals often make impoverished areas unattractive to investors. Low skilled peoples are often subject to poor labor conditions, and are often unprotected from labor market upheavals. These interdependent factors work together to keep millions of people trapped in vicious intergenerational cycles of poverty. Children often inherit the poverty of their parents, and are increasingly marginalized from the global economy.

These conditions not only limit the quality of life for the impoverished, but in fact impede the overall economic progress of developing countries. Having a large segment of the population operating outside of the broader economy because of inadequate skill development or poor access to financial markets results in many of the country's potential resources being unutilized. At the same time, negative social elements associated with poverty, such as crime and slum communities, can intensify these problems and impede the effectiveness of other factors. Recently, governments of developing countries have attempted to address these complex problems by adopting demand side social assistance programs specifically targeting human capital formation. These programs condition cash transfers on certain behaviors of the recipients. Mexico and Brazil were pioneers of these programs.

Brazil's Bolsa Escola program emerged from a long history of local level conditionality programs. Throughout the 1990's many local community's implemented programs which had welfare transfers conditioned on school attendance. By 1998 there were over 60 programs serving 200,000 families in Brazil, with some receiving matching federal money. In 2001 President Fernando Henrique Cardoso, encouraged by electoral politics, issued an executive order uniting many of the local programs into a

comprehensive national framework entitled the *Bolsa Escola* program.[2] The program's design augmented existing municipal cash transfer policies, allowing local communities to supplement and target national wealth transfer, while also establishing a uniform framework for household targeting. [3]

Mexico implemented a federal CCT program in 1997. Progresa, renamed Oportunidades, was modeled on the Brazilian experience. The program provided cash and in kind benefits to households conditional upon children regularly attending school until the age of 18, and regular visits to health centers for the entire family.[4] Originally covering 300,000 households, it expanded to over 2.5 million by the year 2000. Oportunidades aims to improve women's position in society; it gives the cash transfer to the female head of household and pays a 15 percent premium for girls to remain in school.

The program targeted municipalities according to a marginal classification scheme. It then used a socio-demographic study to determine which households would be eligible for transfers. Finally, community feedback was incorporated to verify the initial request should be accepted. By implementing standard mechanisms for determining recipient's eligibility, the program attempted to remove discretionary implementation that had plagued previous assistance programs.

These programs started a global trend of creating programs which have benefits based on recipients adhering to certain behavioral conditions. Conditional Cash Transfer (CCTs) programs have become some of the largest forms of social assistance; Mexico's

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[2] The evolution of the *Bolsa Escola* program will be explored in depth in Chapter IV.
[3] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 5
[4] Britto, 8

program has grown from 300,000 to over 5 million households, while the Bolsa Familia program has expanded to over 11 million families.[5] In practice, CCTs have been a relatively small part of government's budgets; ranging from .08 percent of GDP for Chile up to only 0.50 percent of GDP for Brazil, Ecuador and Mexico.[6]

Over the past decade conditional cash transfer programs have been adopted in over a dozen countries.[7] While the role and design of programs varies in each context, generally these programs transfer cash to poor households provided they meet certain behavioral criteria. Program's conditions create financial incentives for people to invest in developing their children's human capital, while also aiming to reduce poverty through wealth transfers. They generally target education, health, and malnutrition in youth, almost always providing money to parents who send their children to school or have them get regular doctors' visits.

The specific nature of the program is dictated by the goals of the policymakers in the particular country and the scope of the program. Some programs operate with the goal of reducing the gender gap in education, like the Female Secondary School Assistance Program in Bangladesh, or address high drop-out rates as in Indonesia following the Asian financial crisis. Some programs provide block grants to communities administered by local government or tribal officials; others are administered

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[5] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 31

[6] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 5

at the state or federal level, while others, such as Chile's Solidario program, have families setting their own goals in conjunction with social workers. [8]

Indeed, there has been a parallel rise in conditions based social welfare programs in developed countries. Programs such as the New Deal in the United Kingdom, the Minimum d'Insertion in France, and the Temporary Assistance for Needy Families (TANF) in the United States all provide wealth transfers conditional on the recipients exhibiting "desired behavior."[9] In the short run these programs hope to act as a social safety net for the most marginalized segments of the population, while also developing positive norms around beneficial behavior. Their long term goal is that positive social norms will result in individual's undertaking capital forming behavior without needing to be provided capital incentives, freeing up government money for other activities.

Conditionality is often justified because of the broad social goals the programs serve, the long run benefits to the individuals involved, and the fact they make social welfare programs more palatable to taxpayers. Taxpayers are more likely to support programs which use their money for productive enterprises where they could potentially see a long term benefit. Imposing conditions reassures taxpayers that their money is spent well, increasing their support for the program.

Insofar as these programs put conditions on the receipt of this money, they infringe on the personal autonomy of the recipients. Individuals involved in these programs are not able to exercise their full range economic choices, instead being constrained by a paternalistic government that dictates the conditions an investment can be made. If we

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[8] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 5

[9] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*.33

conclude that an individual is the best judge of what consumption choices will maximize their welfare, imposing conditionality could result in sub-optimal welfare levels for recipients. Recognizing that government policies reflect the desires of interested parties, it is certainly possible that elites would construct conditionality to serve ulterior motives.

There is vigorous discussion about whether CCTs exist to fulfill a basic right, or if they are responding to a need.[10] This debate has been particularly rich in Brazil where it was argued that basic human rights include economic rights. The constitutional assertion which social assistance programs are based on does not include any discussion of targeting, stating instead that the transfers are a basic right of citizenship. Despite this assertion, political demands often push for increased restrictions on welfare transfers.[11] Intrinsic in the idea of conditionality is the assumption that the government has the right to restrict economic choices of its dependents, thereby curbing them of some of their economic freedom. If it is the case that welfare transfers are a basic right than this restriction is an illegitimate extension of government.

Recently there has been an increased emphasis on addressing southern underdevelopment, and a renewed debate on how best this can be done. The Millennium Development Goals (MDGs), adopted in the late 1990's, affirmed an international commitment to addressing the most serious elements of extreme poverty in fifteen targeted areas. Recognizing that extreme poverty often prevents people from having the energy and time to develop the necessary skills to improve their welfare, the goals specifically focused on issues--such as nutrition, potable water, and healthcare-- aimed at

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[10] Britto, *Recent Trends in the Development Agenda of Latin America: An Analysis of Conditional Cash Transfers* 18

[11] Britto, *Recent Trends in the Development Agenda of Latin America: An Analysis of Conditional Cash Transfers* 17

addressing the most egregious elements of extreme poverty. At the same time the goals emphasize areas, such as equitable education, which are paramount for creating the human capital necessary for economic advancement. Public private partnerships, nongovernmental organization, international agencies, and national governments are all working together to build policies and programs capable of addressing these complex and interrelated issues.

While progress on the MDGs has been inconsistent if not slow, their very existence seems to imply a partial international consensus on the presence of certain basic rights, liberties, and entitlements. Agreements such as the Universal Declaration of Human Rights and the preamble to the MDGs enumerate certain rights posed as inalienable. We universally accept that slavery is a moral wrong, that torture is inhumane, and that dying of starvation is inherently bad. This thesis will operate under the assumption that certain entitlements, rights and liberties ought to be recognized and are the kind that we ought to use in setting policies. This leaves plenty of discussion of what obligations are, how far they extend to the underprivileged, and the interaction between the rights of the privileged and the underprivileged. Given that many development programs attempt to address these rights, understanding their nature has significant implications for how we construct policies and implement conditionality. This thesis will draw on the work of several prominent philosophical branches in order to examine the values which can underpin redistribution and conditionality.

Conditionality itself has a rich and complicated history in the development context. International organizations such as the International Monetary Fund and the World Bank impose conditions on developing countries for accepting assistance. While

complex and contextually specific, these conditionality's often were attached with the goal of changing the country's behavior in order to improve its competitiveness in the global market. The effectiveness of these programs is certainly mixed. Often poorly constructed mandates, improper implementation, or ulterior motives would disrupt the policies effectiveness, sometimes causing more harm than good. In order to fully understand if it is desirable to alter individual behavior by using conditions to create incentives for socially beneficial outcomes, it is important that one closely examines how poorly targeted mandates can de-rail a program's effectiveness.

Conditional cash transfers have the potential to help alleviate current poverty while also encouraging long run improvements in welfare through human capital development. At the same time they raise a number of important theoretical and practical questions which must be closely examined before constructing a policy. CCTs are like parents offering to pay children for good grades: they essentially consist of a wealth transfer from the privileged to the underprivileged provided they perform well. In one respect one could understand social transfer programs as the rich fulfilling their obligations to the underprivileged by transferring a just portion of their wealth. It could also be argued that because the rich are giving up some of their endowment, they have the right to expect a return from the recipients in the form of certain socially desirable behaviors. In this case the rich are not necessarily fulfilling an unbridled obligation for distributive justice, but instead providing a benefit for which they can make demands.

Conditions could be justified by the desire to produce positive socially beneficial outcomes--such as increasing youth school attendance and decreasing crime--while avoiding negative outcomes—such as eternal dependency on transfer income. The

counter to this point is that people are the best judges of determining what would bring them the most welfare, and it is paternalistic of the state to impose restrictions on people's freedom of action. However, it is possible that a short term restriction on freedom of action may actually result in greater amount of choices in the long run. One of the distinct advantages of many CCTs is they tend to expand access and opportunities which participants have by increasing their wellbeing and marketable skills. It is quite possible there is an intrinsic good to participating in socialized market interactions, and participants in properly constructed social welfare programs will, in the long run, receive the substantial benefits from engaging in these interactions.

Recently there has been increased focus on explanations of development which move away from macro level indicators such as GDP, focusing instead on the complex interrelated factors which determine individual welfare. One such approach championed by Amartya Sen focuses on development as a function of an increase in an individual's wellbeing, measured by range and degree of potential actions an individual could achieve.[12] This approach allows one to argue that in situations where there is a tradeoff between having more people above the poverty line and a lower GDP the former could certainly be seen as the preferable option, especially in when the trade-off is significant. A well-being metric is better able to capture the interconnected political, social, educational, health, and infrastructural elements which play a role in improving people's welfare. One of the potential advantages of CCT programs is that they have the ability to simultaneously improve a number of these interrelated elements.

[12] Sen, *Development as Freedom,* 74

Just like IMF and World Bank's conditionality's in the 1980s, CCTs aim to change the effective norms of the recipient's behavior in order to affect long run desirable outcomes. The long term goal of CCT programs is to have the behavior which is attached to the cash incentive become something which is socially valued, liberating the state from providing cash inducements. When social norms are properly targeted and appropriate behavior effectively communicated this can be a desirable outcome. At the same time prevailing social norms can undermine the program's effectiveness. Successfully implementing a CCT program will require careful analysis of norm transference in the particular society in order to maximize positive behaviors while minimizing negative impacts of prevailing norms.

Aside from the theoretical issues raised above, conditional cash transfer programs raise a plethora of practical considerations for policymakers. They have to define an area where a program could be helpful, and determine what goals need to achieved for it to be successful. Once goals have been established, they need to design a program capable of meeting these goals while minimizing negative impacts. They will need to ensure sufficient funding and bureaucratic capacity to properly implement the program, monitoring its progress to ensure it is achieving its objective.

This process takes place against several background considerations. There is a worry that public transfers could crowd out private wealth transfers, though generally the size of these wealth transfers is not sufficient to promote long run equality. [13] There is often a worry that social safety nets will reduce work effort and result in dependency from their recipients. CCT programs need to keep this consideration in mind and

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[13] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*.33

construct policies with provisions ensuring the recipients remain engaged in the labor market. Although CCTs generally aim to address demand side issues, many endeavor to strengthen the supply side as well.[14][15] While there is no one size fits all model for CCTs, there are certainly lessons that policymakers can learn from to increase the likelihood of their program's success.

This thesis examines the philosophical issues and practical implications of CCT programs. The normative position of this thesis is that there are certain values which we want to enhance, and that these values are often interconnected in terms of their associated outcomes. It will argue that conditionality can be a useful tool for securing outcomes as well as affecting norms that encourage human dignity. The goal of social policy should be to develop policies which can result in securing shared valued outcomes. It will argue that the effectiveness of conditionality requires an understanding of the relevant norms, entitlements, and their interconnectedness. To do this it will develop a framework which policy analysts can use to evaluate the implications of a CCT program. Only with that richer understanding can conditionality be used productively as part of a country specific development strategy.

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[14] Rawlings and Rubio, *Evaluating the Impact of Conditional Cash Transfer Programs: Lessons from Latin America*

[15] Rawlings and Rubio point out these features are particularly evident in Nicaragua and Mexico. These programs set aside money to address additional demand on public services, often using an amount proportional to increased demand to hire additional social sector workers or contract with private services.

Chapter I: The Nuts and Bolts of CCTs

Introduction: Program History and Design

Conditional cash transfer programs are social assistance programs that provide cash transfers to poor households provided they make certain investments in human capital, normally the recipient's children. They generally target education, health, and malnutrition in youth, often providing money to parents who send their children to school or have them get regular doctors' visits—typically both. Health and nutrition conditions require regular checkups and "growth monitoring" for children, mandatory attendance at prenatal care for mothers, and mother's attendance at health related talks. Their education provision usually requires regular school attendance, between 80 percent and 85 percent of school days, while often requiring some demonstrated level of increased performance.[16]

In many developing countries, social safety net programs are a crucial part of a well-designed development strategy. They aim to manage social risk, increase equity, reduce poverty, and provide social protection. Because of the potential long-term benefits of positive behavior changes associated with conditionality, CCT programs could be a vital part of a country's development strategy. CCT programs seek to achieve the dual goals of accomplishing a minimum consumption level for poor households, while also aiming to encourage better investments in the future. By providing a minimum consumption floor, CCT programs are able to provide social protection for families,

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[16] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*., 31

enabling households to better manage risk. They can provide an important avenue for governments to foster more inclusive growth, particularly after adopting macro policy shifts which would have negative impacts on the underprivileged. [17]

Since 1997 when nationwide CCT programs were adopted by Brazil and Mexico, conditional cash transfer programs have increasingly become a staple of developing countries social assistance program. As of 2009, nationwide programs targeting health and education have been adopted in Brazil (Bolsa Familia), Mexico (Oportunidades), Ecuador (Bono de Desarrollo), Colombia (Familias en Accion) and Jamaica (Program of the Advancement Through Health and Education). In addition to these national programs, niche programs targeting a narrow geographic or demographic area have been adopted in Chile and Turkey, while Honduras, Kenya and Nicaragua have recently implemented small scale pilot programs. Brazil (Bolsa Escola) and Indonesia (Jaring Pengamanan Sosial) have adopted national programs specifically targeting education, while Bangladesh (Female Secondary School Assistance Program), Cambodia (Japan Fund for Poverty Reduction and Education Sector Support Project), and Yeman (Basic Education Development) have adopted regionally targeted programs.[18]

The size, scope, target population, and verification mechanism of the above programs varies significantly from location to location. Implemented programs range in size from 11 million families in Brazil to 215,000 families in Chile, though small pilot programs exist which provide benefits to only a few thousand recipients. In large scale programs coverage ranges from over 40 percent of the population in Ecuador and 20

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[17] Grosch, et al. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets*.

[18] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*., 34

percent in Brazil and Mexico, to less than one percent in Cambodia. Conditional cash transfer programs do not necessarily have to have a large impact on a country's overall budget. The largest CCT programs exist in Brazil, Ecuador and Mexico, and these only cost about 0.50 percent of the country's GDP, while the program in Chile accounts for only about 0.08 percent of GDP.[19]

Despite the wide variation in implementation, there are certain steps that policymakers must go through in order to ensure the program is successful. Policymakers must determine how much to spend on the CCT program and where this money is coming from. Once budgetary decisions have been made officials need to target a particular population and issue which needs to be addressed. Properly identified, a CCT program can be designed and implemented to address the problem. The first step in this process is targeting a population of recipients who can benefit from this program. Next, they need to design benefit levels capable of achieving the program's objectives and develop mechanisms where these benefits can be transferred to the intended recipients. Finally, programs need to incorporate mechanisms for moving recipients out of the program, and evaluating how successful it has been at achieving its goals. This section will briefly examine some of the key elements of CCTs, exploring the options available to policymakers and the implications they have on the individual welfare of recipients.

Program Targeting:

Almost all CCT programs attempt to target their benefits to the poor with the hope that it will achieve the greatest impact within a given budget or at least cost. In theory,

[19] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 34

when resources are effectively distributed to a marginalized target group, they maximize the potential returns from the transfer. This result is particularly true with CCT programs, as improvements in human capital associated with conditionality can cause greater returns for wealth transfers. Effective targeting depends on minimizing leaks, costs associated with program implementation, while maximizing efficiency of the targeting by minimizing inclusion and exclusion errors.

The effectiveness of targeting depends heavily on the information available to program administrators. In many countries implementing CCT programs has been a major catalyst for gathering demographic information, developing poverty maps, and creating household targeting systems.[20] Because targeting is such a crucial element for the effectiveness of the CCT program, it is important that countries use the most effective strategy and construct the best infrastructure for their given situation. There are three strategies which have been used for identifying eligible households for transfers: means tests, proxy means test, and community assessments. Often, these methods are combined with geographic, gender based, or self targeting systems to further refine the category of recipient. Each of these different methods has distinct advantages and disadvantages which must be weighed depending on the CCTs context and goal.

Means Tests:

Of the above methods, means tests are generally considered the "gold standard" of targeting. They seek to collect as much information as possible on the household's income or wealth, verifying it with exterior sources like tax authorities or welfare agencies. When these verifications are not available, records of bills, pay stubs or taxes

[20] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*., 70

can be used as a substitute. In many cases social workers also go to a house to qualitatively determine a households living condition and make a judgment on eligibility. This potentially exposes applicants to the personal bias of the social worker, encouraging corruption on the part of social worker and deception from the recipient. This system is best implemented in areas where there is sufficient documentation of verifiable income, where administrative capacity is high, and where large enough potential benefits justify the administrative costs. This method, along with geographic targeting, has been used to great success in Brazil as part of the Bolsa Escola, Bolsa Familia, Bolsa Alimentacao, and PETI programs.[21]

Proxy Means Tests:

Employed in 29 out of 42 active CCT programs, proxy means tests are by far the most popular method of household targeting.[22] While the particulars vary depending on the programs, the structure of proxy means test is generally consistent. First used extensively in Chile, proxy means tests use statistical methods to generate a score for applicant households generally using data from household surveys. Categories can include, but are not limited to: "location and quality of the households dwelling, its ownership of durable goods, its demographic structure, and the education and possible occupations of its adult members."[23] Systemic variation comes from differences in the quality of information and the methods and rigor of statistical analysis. Oftentimes, certain elements of the survey are verified by social workers making visits to applicant's

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[21] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 68

[22] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 68

[23] Grosh et al. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets*, 100

homes. In situations where such external verification is not possible, creative solutions have been employed to ensure accuracy. Once a household's score is calculated it is compared against a predetermined cutoff in order to determine program eligibility. Many countries, such as Jamaica, Kenya, Mexico, and Pakistan, establish proxy means tests when first implementing their CCT programs, subsequently updating them as experience and better institutions improve their capacity.[24]

The advantage of proxy means testing is that it requires less information than traditional means testing, and is able to incorporate numerous different objective elements into the analysis. At the same time it has its drawbacks. Its administrative costs are high, requiring a relatively large technologically knowledgeable staff capable of managing large amounts of data. By using a statistical formula to determine eligibility this strategy risks significant errors of exclusion or inclusion by emphasizing certain variables for determining a household's welfare. In practice, proxy means testing is usually led by a central agency, but much of everyday work is staffed to local municipalities. This could have beneficial or negative implications depending on the communication between and capacities of federal and municipal agencies. It is best applied in countries that high administrative capacities for programs aimed at addressing chronic poverty in economically stable situations. In theory, proxy means testing has the advantage of being an objective standard against which all potential beneficiaries are able to be objectively judged. [25]

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[24] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 70

[25] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 70

Community Targeting:

Community-based targeting is the third prominent method of household identification. It is used along with geographic targeting in Bangladesh, Pakistan, Indonesia, Ecuador, Kenya and Nigeria.[26] This method uses a group of community leaders, such as community elders, school officials, or parent teacher associations, to determine eligibility for a program. This method relies entirely on local information and individual circumstances, possibly providing more accurate and less costly information. At the same time it can run into problems of local biases--certain less favored community members may be deemed ineligible for benefits--risking community disunity. As opposed to the previous methods of identifying targets using objective national standards of need, community targeting enables local leaders to take community circumstances into account when judging welfare eligibility. Applicants are considered in terms of their social value and social need in addition to their individual wellbeing. An argument which is often advanced by community leaders against centrally targeted distribution is that targeting goes against community solidarity and the spirit of self help.[27] At the same time, providing too much discretion without adequate conditions or oversight could lead to abuses. Because of these considerations, community targeting is particularly useful in situations where there is low administrative capacity, high community cohesion, and the target population is relatively small. [28]

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[26] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*.68-69

[27] Pritchett, *A Lecture on the Political Economy of Targeted Safety Nets,* 26

[28] *Grosh et al. For Protection and Promotion: The Design and Implementation of Effective Safety Nets,* 100

Categorical Targeting and Errors:

In addition to the above household identification mechanisms, governments often employ categorical mechanisms for refining the target population. Geographic targeting, the most popular of these methods, restricts potential candidates to a particular geographic area. This is useful for both improving a regions general welfare and aggregated human capital stock. Its simplicity is one of the reasons that geographic targeting is so popular: it is used in almost two-thirds of all CCT programs. Similarly, demographic targeting restricts potential beneficiaries who have certain age or gender based qualifications. These restrictions may aim to right certain historical imbalances or achieve scale gains by targeting a particularly productive segment of the population. Empirically, gender targeting is the most common form of demographic targeting, with programs in India, Bangladesh, Yemen, Pakistan, Indonesia, and Cambodia using it as a criterion.[29] All of these targeting mechanisms provide valuable information to the country's government. Many constitute a significant part of the country's "institutional infrastructure," and are useful for other social programs and government decisions. [30]

While the above methods of targeting aim to limit the population of recipients, often targeting errors, and errors of exclusion and inclusion, constrain the potential benefits. Errors of inclusion risk providing benefits to recipients who do not qualify for the program, potentially resulting in a regressive policy and a less efficient allocation of resources. Similarly, many programs suffer from an error of exclusion, not allowing

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[29] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 206

[30] Grosh et al. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets* 103

individuals to participate in the program that are eligible for it. Often this happens when the program is not fully funded and has to cap the number of recipients below the target level. It also often results from insufficient information on household surveys, meaning eligible households slip through the cracks. Sometimes social pressure can encourage eligible households not to engage in a program because of stigmas attached to participating. While leakages can cause inefficiency, they can potentially make the program more popular with groups whose support is needed for budget allocations. As a result it might be more beneficial for policymakers to include some members of the middle class who do not explicitly need transfers.

Costs:

In addition to the errors of inclusion and exclusion, implementing targeting mechanisms have associated costs which must be taken into account when analyzing the viability of a particular program. Administrative costs are the costs of gathering information to make a decision on potential applicants. The scope of these costs is hard to determine, particularly because staff and administrative resources are generally shared amongst different departments. Also, while administrative costs may decrease the bottom line for the programs, having better programmatic oversight may result in greater targeting efficiency. Targeting costs average about 4 percent of total program costs,[31] and range from 25-75 percent of total administrative costs. Costs per interview range between US $3 and US $8 per beneficiary. Administrative costs aggregate and tend to be higher

[31] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*., 93

in the start-up phase of the program. They can be minimized by using the same means test infrastructure across different programs.[32]

In addition to administrative costs, private costs are an additional factor which must be considered before a program is implemented. If they are large enough they could discourage an applicant from applying to the program. These costs include having insufficient information about the system, having to pay for bus fares, fees, or bribes in order to apply, and difficulty in obtaining the proper documentation. Additionally, many programs with a workfare provision require recipients to engage in public works in order to receive a benefit. This can cause recipients to use their time working for the state instead of seeking other productive employment.[33]

Social costs can arise when there is negative stigma associated with participating in a particular program. Such a stigma might discourage individuals from applying, hurting the ability of the CCT program to have economies of scale benefits. Unfortunately, stigmatization often goes hand in hand with transparency, as many governments publish lists of recipients in order to encourage transparency and fairness. To combat stigmatization, governments often develop information campaigns about the program's benefits and justifications, while also encouraging the development of positive social norms towards conditional cash transfer programs. One of the advantages of CCT

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[32] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*., 93-94

[33] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*., 95

programs is that conditions help combat the public perception that recipients are living off the public dole.[34]

Unfortunately programs are not formulated in a vacuum; instead politicians with different interests develop the budget and the criterion for receiving benefits. Sources of political support can have an impact on determining eligibility criteria, while public perception of CCT programs can shape how far politicians are willing to go in providing benefits. [35]The relative effect of public perception on politicians also depends on how responsive the political system is to voter's desires. These effects could be positive or negative; in situations where countries value social justice politicians might receive positive support from voters for CCT programs, while a fiscally conservative electorate could put pressure against CCT programs. One of the advantages of CCT programs is that conditionality provides a justification for politicians by allowing them to say the country is receiving a public good from the program.

Program Design and Implementation:

Once policymakers have determined the best method of targeting a population for a program, they must a implement strategy to move participants through the program. The first step in this process is to use their chosen targeting mechanism to move from the general population to the targeted one. This is dictated by the eligibility criteria of the policy choice. They need to ensure that there is administrative capacity to implement the program, that it is transparent and politically feasible, and that its policies coordinate with

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[34] Grosh et al. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets,* 95-97

[35] Graham, *Public Attitudes Matter: A Conceptual Frame for Accounting for Political Economy in Safety Nets and Social Assistance Policies*, 6

previous social programs. This ensures both a public perception of fairness and program efficiency.[36] Once a population has been targeted, self-targeting by eligible people determines the take up rate of the program. In order to minimize errors of exclusion it is important that policymakers ensure that potential applicants have accurate information about the program and are aware of their eligibility. It is also important that there is an open application process which minimizes transaction costs to beneficiaries.

The eligibility rate determines how many of the applicants are eligible to be beneficiaries of the program. This is determined by eligibility established for the program. Depending on the nature of the program the self-targeted applicants may need to have their eligibility verified. In many cases applicants have to provide paper documentation of their eligibility, while in others intake workers may make home visits. Using third parties as an independent verification source has become increasing popular. This can come in the form of community panels determining eligibility, or external agencies collecting and analyzing data on potential recipients.

The long run goal of conditional cash transfer programs is to improve the well-being of recipients by supplementing their income and accumulating human capital. Inherently these programs are designed to be transitory, with beneficiaries eventually exiting the program. It is important that policymakers construct appropriate exit criteria, while also providing easy access for beneficiaries to re-certify if they want to remain in the program.

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[36] Grosch, *For Protection and Promotion: The Design and Implementation of Effective Safety Nets,* 106

Developing Benefit Levels and Conditionalities:

Once a particular population has been targeted and a means of determining eligibility been developed, policymakers need to determine the particular benefit structure and distributional mechanism of the CCT program. The benefit levels for the programs depend on the programs objectives, the model policy makers have implemented, and budgetary, administrative and political constraints the program faces. Benefit levels can have flat or variable formulas, with variation depending on contextual factors such as age or gender of the family's members, as well as the family's geographic location or the time of the year.

Benefit levels for CCT program reflect the dual objectives of supplementing income and encouraging human capital accumulation. Conditional cash programs have the additional complication of needing oversight of compliance with the program conditions. Often these programs need to be designed in such a way as to encourage proper self selection. For example, in workfare programs the benefit level is the wage rate, which is set slightly below the average wage rate for unskilled workers in order to ensure proper self-selection.[37] Only individuals who are unemployed will see workfare as a valuable use of their time. Setting appropriate benefit levels is a constant process as overall budget constraints change and the welfare situation of the poor is in flux. While it is important to make benefits contextually responsive, it is equally important to safeguard recipients from arbitrary changes to their benefits.

Benefit structures for CCT programs are generally quite straightforward, normally differentiating payments by the number of children in the eligible age range. Only two

[37] Grosh et al. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets,* 129-130

programs differentiate recipients by poverty level, while a few do so by the age or gender of the students. Recognizing the cost associated with costs of obtaining health and education services, most condition cash programs give benefits directly proportional to the number of students in the recipient household, though some programs cap this number. Brazil's Bolsa Familia programs caps this at $45, while Mexico caps it at $153.[38] In some programs, such as those in Peru, El Salvador and Panama, flat benefits are paid to recipients. Flat benefits are sometimes used in situations where the budget cannot cover all the poor, or if it is felt that incentives should be used to learn a new behavior, but are not necessary for each subsequent child. [39]

Each of these benefit structure are designed in light of the contextual considerations of the country and environment in which they are created. It is important that benefit levels and conditions are designed with full knowledge of desired outcomes and opportunity costs of a program. This requires a careful understanding of what outcomes a program might have and how one might value them. The following Chapter will explore the value principles which underscore redistributive and conditional programs, with the goal of developing a functional framework that could be used for policymakers seeking to implement CCT programs in their country.

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[38] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 81

[39] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 81

Chapter II: Valuing Redistribution

Introduction: Valuing as a Framework

The first Chapter explored the different types of CCT programs and the various ways of implementing them, but what constitutes a legitimate claim for a conditional program has not been examined. To what degree can individuals make legitimate demands on the state, and to what extent may the state put conditions on these demands, limiting recipient's economic autonomy? How far do these claims extend? Do the poor legitimately demand redistribution only from their own government, or is there a global obligation to support distributive justice? What role does the market play in differentiating between these outcomes, and what is the relationship between the state and the market? Understanding these issues is necessary for effectively implementing and evaluating CCT programs. They are crucial for evaluating the relationship between a citizen and the state, and between participants in a market economy. This section is going to examine the different arguments for redistribution, government intervention in market relations, and their implications on CCT design and implementation.

Philosophical debates about economic redistribution and social justice generally focus on the extent of property rights and the limits of the legitimate demands that individuals can make on their fellow citizens. This thesis is interpreting right in the traditional sense, as fundamental normative rules about what is either allowed to people without interference (negative rights), or rules which dictate what is owed to people (positive rights). Philosophical discussions of redistribution compare the relative weight of protections demanded by negative rights with the obligations resulting from positive

rights. This has broadly been split into two groups, with different schools of thought emphasizing different criteria for determining just distributions. The first are the thinkers who argue that considerations of justice are independent of the outcome. These can be differentiated to those in the Lockean and egalitarian traditions, though there are a number of different variations of arguments within each school. This paper will focus on the neo-Kantian work of Arthur Ripstein, the egalitarian arguments articulated by John Rawls, and the strict libertarian position argued by Robert Nozick. Secondly, many thinkers argue the outcome of a situation is what should be considered for evaluating justice. This thesis will focus on the classic utilitarian position advanced by Bentham and Sidgewick. It will also look at attempts to bridge the gaps between these two positions, specifically focusing on the substantive freedoms approach advanced by Amartya Sen.

This chapter will look at the arguments for and against different variants of economic redistribution advanced by the above philosophers. To do this it will first briefly explain their position on rights, redistribution, and social justice. It will then test these arguments with the issues raised by CCT programs. Should there be wealth transfers at all? If so, does the fact they are conditional have implications on the nature of the transfer? Is conditionality a consideration imposed for the sake of the taxpayers whose wealth is redistributed, or is it employed for the long run benefit of transfer recipients? Do the different elements of conditional cash programs illustrated in Chapter One alter the implications of the wealth transfer, and does the source of the funds, domestic or international, change the nature of these concerns? By analyzing the different aspects of conditionality we will hopefully be able to gain a better understanding of the

benefits and implications of CCT programs, and develop a more robust justification for their implementation.

The Lockean Foundation of Political Rights:

Because conditional cash transfer programs redistribute wealth subject to certain conditions, they raise fundamental questions about the extent and limitation of property rights. The argument John Locke advanced in his *Second Treatise of Government* is fundamental to understanding the foundations of the debate on justice and redistribution. The Lockean argument uses the state's position as a guarantor of rights to justify state action in order to enable its citizen to engage in fair market interactions. John Locke argues that the state emerges out of a social contract with the explicit purpose of guaranteeing property rights. By restricting the liberties of the majority to steal an individual's property the state ensures his right to use his property as he sees fit. This is a private right, as the rights to one's property remain exclusively his own. This restriction is a necessary precondition for safe market interaction; absent it one could not be assured that he would not be attacked and have his property stolen.

Property has a distinct civil condition. It is exclusive in the sense that a citizen is entitled to exclude others from using it and is justified in seeking the states help to protect this property.[40] Public lawgiving, which makes conferring private property rights binding on others, requires a united will to enforce. Because the state is, more or less, assumed to generally reflect the democratic will of the citizens, restrictions on individual autonomy with the goal of effectively securing fair private interactions are legitimate.

[40] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 277

Locke's interpretation of property rights comes with an important caveat. A man, by mixing his labor with an object, has the right to exclude it from the common property provided that "there is enough, and as good, left in common for others."[41] This statement implies there are initial preconditions of distribution which must be met before property rights can legitimately be enforced and exchange can take place. Redistribution is legitimate in the instance where a transfer results in a distribution which violates the proviso. Similarly, Locke would be in favor of attaching conditionalities to these redistributions, provided they are designed in such a way that they will increase the recipient's ability to acquire a minimum amount of property.

Locke's proviso has become the subject of much interpretation and debate, as individuals in the Lockean tradition use the state's role as a guarantor of private rights and its mandate to secure legitimate preconditions for private exchange to justify different levels of state intervention. Depending on one's interpretation of the proviso, the scope and level of the intervention can vary greatly. The guarantee of property rights is essential for the functioning of any state, and underscores the conditions under which legitimate transfers can take place.

Strict Libertarianism: Robert Nozick

The libertarian interpretation of Locke's proviso argues for a very narrow scope of legitimate state action. Robert Nozick offers one of the more demanding versions of libertarianism. His strict reading of Locke argued that the state is only "an organization created by private persons for distinctive private purposes," and thus it should only

[41] Locke, *Two Treatise of Government,* Ch V, Paragraph, 27

intervene to guarantee conditions for market interactions.[42] Individuals maintain an absolute right of self ownership. Rights consist of side constraints, prohibitions against the violation of other people's right of self ownership, and are lexically prior to other considerations.

Nozick argues that using state power to redistribute wealth violates the prohibition against aggression, by making one person better off at the expense of another. His view prohibits violations of side constraints in pursuit of broader goals, and sees redistributive taxation being akin to slavery. The state should only intervene in situations where a constraint on the general population's liberty is justified in order to protect individual rights, or in extreme situation of "catastrophic moral horrors."[43] The above conditions result in a minimalist state, with the state guaranteeing the baseline conditions which allow legitimate transactions to take place, policing transactions in order to ensure this requirement is met, but maximizing its citizen's liberties. Redistribution is only justified in order to finance the policing activities of the minimal state in order for it to finance general protective services. Citizens may band together privately to address issues such as inequality or education. In these situations, conditionality would be legitimate, as the wealth could buy the poor's commitment to improve their children's human capital for the improvement of their long-term prosperity, but these are private transactions and are not considerations of the state.[44]

Nozick's view makes entitlement principles the beginning and end of distributive justice, provided that the configuration of holding comes from a legitimate transfer of

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[42] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 271
[43] Sen, *Development as Freedom,* 61
[44] Scanlon, *Nozick on Rights, Liberty, and Property,* 5

legitimately acquired holdings.--justice should be assessed by the justice of the procedure which facilitated it.[45] The view is historical and argues against patterned distributions.[46] He argues that if ones procedural rights restrict the legitimate right of others there is a principle of rectification. In such situations the violator will be obligated to provide rectification equal to the amount which was lost.

Built into the high priority Nozick places on property rights is an acknowledgement that there are certain preconditions which must be met for holdings to be just. He upholds the proviso stating "any adequate theory of justice in action will contain a proviso similar to the weaker ones we have attributed to Locke." Nozick argues that if a legitimate transfer will make a third party worse than they would have been in the state of nature, then the transfer becomes illegitimate. The legitimate exercise of rights is conditional on the proviso being secured, though Nozick believes this conditionality is minimal and unlikely in market capitalism.

While Nozick's position in regard to conditionality would appear to be relatively simple, his embrace of a limited proviso clouds the picture. In one respect Nozick is happy to say that there are linkages among improving health and education and broad economic growth, but that it is not the business of the state to engage in trying to secure those conditionalities because the only way to do it is to violate an individual's property rights. He will not necessarily deny that empirically conditionality's are beneficial, or even that they are morally attractive--people are better off if they have expanded capabilities—but it is no business of the state to do these things. Because property rights

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[46] Paul, *Nozick, Anarchism and Procedural Rights,* 338

are fundamental, there is no political right for redistribution. The state does not possess any special rights; it is bound by the requisites of negative rights of fellow citizens.[47]

While Nozick's argument focuses on the priority of negative rights, by accepting Locke's proviso as a pre-condition for legitimizing transfers he allows that some considerations of distribution are necessary for transfers. If the baseline appropriation which is mandated by the proviso is breached then he loses his property rights. Because the proviso sets conditions on the legitimate exercise of property rights it is possible that this could generate a certain kind of effective conditionality in broader politics.

Developing a program which ensures that no legitimate transaction would undermine the conditions of the proviso could actually increase economic efficiency while legitimizing all transactions. It is possible that redistribution could be justified if it satisfies the pre-conditions of the minimal state. If the state has to provide general protective services against the poor from disrupting legitimate transactions, and the wealth necessary to provide those services is greater than conditioned redistributions which would prevent them, then redistribution could be justified as it would minimize wealth transfers.

One way to parse out Nozick's position on conditionality is to examine his discussion of Rawls' principle of distributive justice. Rawls argues against historical distribution of natural talents and abilities because they are morally arbitrary and thus would not be accepted by individuals in the original position. Nozick argues that the

[47] Nozick, *Anarchy, State, and Utopia,* 133

original position is designed for negative reflective evaluation about differences in natural holdings.[48] His counter argument takes the following form:

1. People are entitled to their natural assets
2. If people entitled to X, they are entitled to any Y that flow from X
3. Peoples holding flow from their natural assets
4. People entitled to their holdings
5. If people entitled to something they ought to have it [49]

His first premise argues that if people have an asset, and the asset does not violate another's Lockean right to that asset, they are entitled to that asset. In responding to Rawls' argument Nozick makes the point that there is no discussion of how individuals have chosen to develop their natural talents, pointing out that Rawls implicit assumption is that initial endowments and external factors dictate everything noteworthy about an individual's character. Nozick rejects this notion, arguing instead for a theory which venerates an individual's autonomy and which does not rely on external factors dictating individual decision making. [50]

Nozick brings several lessons to the broad discussion of conditionality. He articulates a strict libertarian framework through which redistribution is viewed with the strictest scrutiny. Despite the extreme position his argument takes, his adherence to the proviso demonstrates that there are almost always necessary conditions of distribution which need to be met before market forces can operate. Policymakers have to ensure that material conditions do not preclude individual autonomy.

He also raises the question of whether historically illegitimate transactions can undermine the legitimacy of current holdings. He argues that, because of the principle of

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[48] Nozick, *Anarchy, State, and Utopia,* 215
[49] Nozick, *Anarchy, State, and Utopia,* 224
[50] Nozick, *Anarchy, State, and Utopia,* 214

rectitude, when holdings have been determined by illegitimate transactions, individuals are entitled to receive transfers equal to their lost wealth. Thus, programs which seek to address historically marginalized groups may legitimize transfers of wealth. This argument is broadly made by Pogge, who argues the history of international economy has been one of exploitation by colonizers. Inequality in developing countries is the result of this history of exploitation, requiring redress from developed countries to developing ones.[51] Even if we look simply at a domestic context, historic inequality resulting from extreme marginalization, like the Native Americans in the United States, could require wealth transfers. It is important to note that the principle of rectitude would not allow conditions on these transfers, as they are fulfilling an obligation which arose from illegitimate takings.

Political Foundation: Ripstein

In *Force and Freedom* Arthur Ripstein presents a neo-Kantian argument for redistribution based on just preconditions. Kant argues that taxation and redistribution are justified in terms of securing the private rights of its citizens, what Kant terms the rightful condition. Though Kant grants the state's requirement to work for its citizens might restrict the scope of its mandate, it can also generate a "duty to support the poor."[52] This duty comes from the state's need for "united legislative will."[53] In a reasonably democratic society, the state speaks and acts for all, and thus all must be represented. In order for it to derive this power justly its citizens must have the right relation to one another and this relation cannot undermine their united will.

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[51] Pogge, *Freedom from Poverty as a Human Right: Who owes What to the Very Poor?,* Introduction
[52] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 271
[53] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 272

It is impossible for impoverished people to meet the rightful conditions for just interaction. In Kant's view, poverty is analogous to slavery in the sense that the slave is dependent upon his master and therefore unable to share a united will with him. Similarly, extreme poverty is a situation where one citizen is dependent on the benevolence of another, or they are excluded from the system entirely. The view argues that an optional act of beneficence leaves the recipient dependent and does not recognize their entitlement to function independently as a free agent. Instead, it treats it as an option of other agents whether to provide them the resources that makes them more independent or not. Being in extreme poverty and excluded from the normal system of exchange is the extreme form of dependence, because agents are faced with the choice of taking whatever terms are given to them or face extinction.

For Kant, either situation is unacceptable. The goal of the state is to secure individual freedom which allows him to pursue his own purpose as he sees fit. Relations of dependence prevent this from happening. Because extreme poverty precludes a united will, it is justified for the state to take action to secure the necessary pre-conditions for a united will. Taxation is justified because private dependence is institutional, "it is the consequence of the creation of enforceable property rights," while the well-off have can be taxed because they "owe their existence"[54] to the state and the property rights it guarantees. Ripstein argues that what is often classified as charity properly understood is a fundamental entitlement of those who are recipients. If redistributions do not take place the conditions of individual freedom cannot be met. The level of redistribution should be enough to allow the individual to fulfill his most necessary natural needs: a level of social

[54] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 282

provision which enables them to have the opportunity to engage equally in a united will. This claim follows from the right to not be dependent on others; citizens are entitled to a certain basic level of material resources which they can justly demand from their fellow citizens.

Kant's approach to redistribution reflects his general argument that a person is responsible for his own life.[55] He argues that a person is entitled to determine what purposes they should have, but this is subject to "the requirement that others have the same entitlements." To fulfill this obligation it is necessary to provide the background conditions which enable them to exercise this right: it is necessary to secure the individual's private right to exercise their own choices without public restraints which would violate their private freedom. In order to facilitate this, he argues for a doctrine of formal equality of opportunity, though the discussion of this is primarily focused on state offices and hereditary rules.[56] Despite this, Kant's argument that republicanism is the foundation of a state's legitimacy is crucial for Ripstein's interpretation of the welfare state. For the state to have legitimacy it needs to come from a united legislative will. To achieve this, the citizens must have material preconditions which enable him to engage on reasonably equitable terms. Further, the state needs to maintain its own material conditions, allowing it to provide protection both internally for its citizens, and against external threats.[57] To do this, it needs a viable economy and robust population. Education and healthcare are inputs which can provide long term stability, enabling the state to maintain its legitimacy while fulfilling its vital functions.

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[55] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 286
[56] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 292
[57] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 293

Education is a necessary pre-condition for the rightful conditions. It enables citizens to be part of the united will, while also providing them the means to stand up for their rights against both private persons and the state.[58] Education also provides some protection against poverty and the dependency it creates. Publicly funded education is justified because of the crucial role it plays in securing these necessary individual rights. The state has an interest in seeing its citizens educated for the public good, and consequently can legitimately compel children to go to school with its citizens paying for the privilege.

The above analysis has important implications for the outcomes associated with conditional cash transfer systems. Ripstein's interpretation of Kant would support programs which redistributed wealth with the explicit goal of achieving the material preconditions necessary for a just state. Education and healthcare are two programs which are of primary importance because having a healthy and educated populace enables the state to maintain its material conditions over time, while also enabling citizens to engage equitably with their fellows. Education is also crucial for fulfilling the rightful conditions associated with the original contract, as an educated population can more legitimately enact laws over themselves.[59] Ripstein's argument supports targeted redistribution aimed at improving the health and education of a state's citizens. His argument also lends support for associating conditionality with these wealth transfers. If the goal of the state is to secure the individual freedom of its citizens it can legitimately impose conditionality on wealth transfers as long as their long term outcomes will increase human capital levels and help to establish the rightful condition. The argument

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[58] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 292
[59] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 293

recognizes the state's interest in having healthy and educated citizens, as these are pre-conditions for its own legitimacy.

Not only was Kant concerned with governments legitimately representing the will of its citizens, he was also focused on citizens being able to participate in governance. The role that community members can play in both designing and administering CCTs can significantly increase its impact locally while also encouraging civic engagement by bureaucrats, technocrats, and recipients. Local administration enables the community to serve both as a local support mechanism and governance structure, while simultaneously increasing the program's efficiency and legitimacy.

Kant's argument highlights some of the additional benefits of CCT programs. From a government's perspective programs targeting health care and education are necessary for achieving its own legitimacy; conditionality is justified by the need to ensure that rightful conditions are met for its citizens. Taxes supporting the redistributive program are justly levied on the well-off members of society because they owe their wealth to the existence of the exclusive property rights accorded to them by the states. The position demonstrates the importance of explicitly defining what benefit levels are necessary for achieving a level of basic necessary needs. It also shows the additional benefits associated with civic participation.

The Egalitarian Tradition: Rawls and Distributive Justice

In *Theory of Justice* Rawls argues that rules governing transfers are not sufficient for maintaining a just distribution. Over time transactions will result in the accumulation of wealth and political power which undermine the background conditions required for

free and fair agreements.[60] His argument for a social process view of justice focuses on "the basic structure and regulation required to maintain background justice over time for all persons equally."[61] Once the background structure is established pure procedural justice can function, providing "everyone following publicly recognized rules of cooperation, and honoring the claims these rules specify."[62] Rawls believes that individuals are free, within the background conditions of justice, to advance their own ends how they see fit.[63] The following is an account of how the principles of justice establish the background conditions for pure procedural justice, and how conditionality can be used to achieve the background conditions.

The first principle protects an individual's rights and liberties, establishes the institutional preconditions for justice, and is considered lexically prior to the second principle: the second principle is applied within the background institutions which satisfy the first principle.[64] The first principle states that "each person is to have an equal right to the most extensive scheme of equal basic liberties compatible with a similar scheme of liberties for others."[65] Liberty is understood in reference to the agents who are free, the restrictions from which they are free, and what they are free or not free to do.[66] The idea of the first principle is that it secures the formal equality of basic liberties: including

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[60] Rawls, *A Theory of Justice,* 42
[61] Rawls, *A Theory of Justice, 52*
[62] Rawls, *A Theory of Justice,37*
[63] Rawls, *A Theory of Justice,52*
[64] Rawls, *A Theory of Justice, 46*
[65] Rawls, *A Theory of Justice*, 52
[66] Rawls, *A Theory of Justice,* 202

liberty of thought and conscience, political liberties, rights and liberties covered by the rule of law, and liberty of integrity.[67]

The liberties defined in the first principle establish the constitutional foundations of government. Rawls argues the priority of basic rights and liberties presumes the background economic and social conditions are such that would allow the basic institutions to be reasonably democratic. These barriers must not come from a lack of economic means, education, or skills. Additionally, when redistribution is done, it is in accordance with the difference principle, which incorporates the idea of reciprocity and mutual advantage.[68] It will be argued that the outcomes associated with conditionality establish the preconditions for the exercise of basic rights, as well as facilitating the formal equality of opportunity established by the second principle if justice. The rules of the background institutions are designed in order to achieve fair social cooperation over time, and are necessary to preserve background justice.[69]

The second principle of justice establishes the conditions under which social and economic inequalities are legitimate.[70] The first part of the second principle guarantees equality of opportunity, while the second part of the second principle addresses income distribution. This principle applies at the legislative stage, effecting the institutions of distributive justice in particular contextual social and economic situations. He argues that economic inequalities are to be arranged so that "they are to be of the greatest benefit to the least-advantaged members of society," in accordance with the difference principle, and that "offices and conditions must be open to everyone under conditions of fair

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[67] Rawls, *A Theory of Justice, 45*
[68] Rawls, *A Theory of Justice,* 52
[69] Rawls, *A Theory of Justice,* 52
[70] Rawls, *A Theory of Justice*, 48

equality of opportunity." Fair equality of opportunity means that, given a distribution of native endowments, talents, and abilities, all individuals have a fair chance to achieve public offices and social positions regardless of social class or origin. To secure this opportunity may require transfers of wealth for things such as housing or healthcare, as well as providing natural endowments and socially productive skills. These redistributions are necessary preconditions for establishing justice as fairness.

Redistribution should be done in accordance with the difference principle. This encourages mutually productive social interaction. Rawls stipulates that an individual in the original position would choose to arrange inequalities in this way. Because of the difference principle, we should act in accordance with the benefit of the least best off person; society should be arranged such that unjust distribution of wealth is redistributed. Therefore, the second part of the second principle guarantees that the first will have fundamental worth by ensuring a secure supply of wealth and income as well as a fair chance to participate.

The guarantee provided by the second principle is crucial for understanding Rawls' position on redistribution and conditionality. Rawls recognizes the inherent advantage of liberty advanced by equal citizenship is subject to "their capacity to advance their ends within the framework the system defines."[71] Equal opportunity essentially acts as a conditionality upon exercising a liberty over property. Unjust economic inequality needs to be overcome and fair equality of opportunity need to be achieved.

We can now turn to an analysis of the Rawlsian position on conditional cash transfers. Given the structure of the first and second principles, it is clear that Rawls is

[71] Rawls, *Justice as Fairness, A Restatement,* 204

supportive of redistributive programs. They are necessary to address inequalities of liberty, opportunity, income, and wealth which are not beneficial to all.[72] He is particularly explicit in his support of transfers which support education: "the difference principle would allocate resources in education, say, so as to improve the long term expectations of the least favored."[73] Conditionality can be used as a tool to achieve the economic and social preconditions for establishing just institutions as well as providing the means for achieving fair equality of opportunity. The government's role in redistribution is unmistakable, as the principle of common interest dictates the relative ranking of institutions based on how well they pursue the conditions necessary for equality. [74]

In an effectively administered program there will be many potential recipients who do not meet the material preconditions to qualify for the transfer. The individual in Rawls' original position would choose a redistributive program that would ensure they receive a fair share of the pie. At the same time it could be argued that if the criterion of restrictions on fundamental rights and liberties is such that they maximize rights and liberties for others, a short term restriction on the freedom of action could be justified because it establishes the preconditions for the exercise of procedural justice. The outcomes which conditionality is tied to, particularly education and health, are necessary for establishing the institutional foundations required for the first principle as well allowing basic equality of opportunity.

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[72] Rawls, *Justice as Fairness, A Restatement,* 62
[73] Rawls, *Justice as Fairness, A Restatement,* 101
[74] Rawls, *Justice as Fairness, A Restatement,* 97

While Rawls will support general conditionality, it is likely that different forms of conditionality will receive more support than others. His focus on reducing absolute inequality would lend itself toward a means test or proxy means test method of determining eligibility as these enable objective interpersonal comparisons of different members of society, though he would certainly appreciate the contextual input provided by community engagement. Government would legitimately be involved in this process, and taxes are properly levied with the explicit goal of redistribution. Given the strength of his two principles it is unlikely that Rawls would take the interests of the taxpayers into account when determining whether wealth transfers were legitimate. Conditionalities establish the background conditions for developing institutions in accordance with the first principle of justice, as well as providing the means for achieving fair equality of opportunity.

Rawls' position raises the question of whether conditionalities are justified or not, and whose interest administrators should be seeking to maximize when administering a program. If economic rights are inviolable, as was argued by some factions in Brazil, than imposing conditionality's and restricting the potential behavior of recipients would actually undermine the very rights the redistribution is seeking to grant. There is a worry that people in the original position would not choose a method of redistribution where they could potentially be left out. In order to address these concerns, policymakers have to carefully think through both the goals of CCT programs and the implications of imposing conditionality so as to ensure background conditions are met.

Utilitarian Liberalism:

In contrast with the thinkers who argue justice should be considered ex ante outcomes, proponents of outcome based approaches evaluate justice based on the situation post redistribution. Utilitarian consequentialist thinkers like Benthem and Sidgewick argue the most just outcomes are those which result in the greatest aggregate utility. Some modern interpreters use modified versions of utilitarianism to develop benchmarked outcomes as a barometer for policy success, while policymakers often appeal to utilitarian arguments when justifying a particular policy.

Classic utilitarianism was developed by Jeremy Benthem in the early 19th century. Benthem famously argued for a common sense morality where the outcome which would result in the greatest aggregate happiness should dictate: "By the principle of utility I mean that principle which approves or disapproves of every action whatsoever, according to the tendency which it appears to augment or diminish the happiness of the party whose interest is in question."[75] For Benthem, happiness is determined by the balance of pleasure and pain, and polices should be chosen based on their expected outcome. [76] In a social sense utilitarian calculations determine the consequences of an action, look at the welfare outcome of the action, and sum these in order to get an aggregate ranking. Society is just when its major institutions are arranged to achieve the greatest net satisfaction.[77]

The problems associated with a utilitarian approach are well documented. A purely utilitarian calculation is willing to sacrifice the good for the sake of the many,

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[75] Bentham, *Of the Principle of Utility*, Chapter I, Paragraph , II
[76] Burns, *Happiness and Utility: Jeremy Bentham's Equation,* 48
[77] Rawls, *Justice as Fairness, A Restatement,* 22, Sen, *Development as Freedom,* 57

justifying actions, such as the public execution of an innocent man in order to scare the rest of the population into not committing crimes. Utilitarianism ignores important non-utility considerations like freedoms, rights, which are only valued in terms of the relative utility they produce.[78] In general, utilitarianism does not taken into account distributional differences within a society, except in how they affect aggregate utility, though recent attempts at modernizing utility have focused on the different marginal utility transfer recipient receives compared to the decrease in utility from the taxpayer.[79] Though promising, it is difficult to determine what the marginal utility for each individual is, and it does not take into account the non-utility considerations. Despite these drawbacks, the utilitarian approach does make some significant contributions to the discussion of the metrics of development. It demonstrates the importance of taking account of the results of a social program, and the need to look at people's well-being in different social arrangements.[80]

A utilitarian interpretation of conditionality is fairly simple while also being profoundly important. Because consequentialist justifications are often made by policymakers, answering a utilitarian calculation is an important gauge for how effective a position is. The pure utilitarian redistribution would be justified if it created a greater level of aggregate happiness. Redistributive programs are extremely likely to result in an increase in aggregate utility because it is highly likely the poor will have higher marginal utility from receiving the wealth transfer than the rich will have from losing it. Whether attaching conditionality's to programs is justified or not depends on weighing the long

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[78] Sen, *Development as Freedom,* 62
[79] Squire and van der Tak, *Economic Analysis of Projects*, 63
[80] Sen, *Development as Freedom,* 60

term advantages of conditionality with the short term impacts on both taxpayers and recipients. On the one hand conditionality's limit the choices that recipients have; on the other hand taxpayers may be more in favor of redistributive programs with such restrictions because they feel their money is being put to good social use. The relative preferences of recipients and taxpayers in a particular country affect the calculation of the legitimacy of conditionalities.

Amartya Sen: Capabilities and Freedom

Sen's account aims to incorporate many of the arguments previously examined into an overarching framework, arguing that just development should be considered in terms of the actual freedoms it can achieve. Sen seeks to redefine the debate between liberty and outcomes in terms are both be accessible and comparable. His account argues that development should be considered in terms of the actual freedoms it can achieve. He argues that freedom has an intrinsic and instrumental value. It is intrinsic because it can be understood as an end in and of itself; any action that increases the freedom of an individual agent is a good action and progressive for development. Sen makes this argument with the claim that "political liberty and civil freedom are directly important on their own, and do not have to be justified indirectly in terms of their effect on the economy."[81] Freedom also has the value of increasing a person's ability to achieve other important outcomes, its *instrumental* value. By increasing an agent's freedom, one increases the realm of possible actions or "capabilities" that the agent has.

Sen divides his freedoms in to five categories. *political freedoms,* consisting of civil and political rights which enable individuals to participate in and criticize

[81] Sen, *Development as Freedom,* 16

government; *economic freedoms*, referring to an agent's ability to engage in and participate in economic markets using resources available, and referring to distributional positions; *social opportunities,* opportunities provided by society for things that enable a person to live a full life, for instance education and healthcare; *transparency guarantee,* the assurance that agreements made under the system or by society will be honored; and *protective security,* the trust that societies members will not be reduced to abject poverty and misery.[82] Each of the freedoms defined in these categories is necessary for a complete understanding of development. They work to mutually augment the effectiveness of each other.

Sen's capabilities approach argues that development consists of maximizing the substantive freedoms members of a society have reason to value. He argues these relations can be measured by functioning and capabilities. Functionings are "the various things a person may value doing or being," while capabilities are "alternative combinations of functioning that are feasible for her to achieve.[83]" The distinction between these two is very important. While functions refer to a person's actual achievements, capabilities refer to the functioning combinations which a person can choose.[84] This implies there is an intrinsic value in having the freedom to choose the course of one's actions rather than having value lie solely in the most preferred element in a choice set. It also is a more realistic definition because it takes into account the circumstances a choice was made in. The nature of an action taken by a rich person

[82] Sen, *Development as Freedom,* 39
[83] Sen, *Development as Freedom,* 75
[84] Sen, *Development as Freedom,* 75

necessarily refers to the alternative choices he could have made. Functioning's and capabilities provide the basis for a holistic conception of evaluation.

Sen's work is particularly important for an analysis of a conditional redistribution system. By framing questions of development in terms of functioning's and capabilities he allows effective comparisons of the various ways that redistributive programs and conditionalities can affect the different elements of individual and social well-being. For Sen conditionalities are often a justifiable element of a wealth transfer program, as they provide a way to balance short term interests of economic freedom, with long term values of social inclusion, political freedom, market inclusion, and long run economic freedom. This framework will be particularly valuable when analyzing the different elements of conditionality and redistributive frameworks.

Chapter III: Public Attitudes and Programmatic goals

"Philosophy recovers itself when it ceases to be a device for dealing with the problems of philosophers and becomes a method, cultivated by philosophers, for dealing with the problems of men."--John Dewey

Introduction:

The discipline of philosophy is often criticized for dealing with abstract questions that do not seem to have any relevance for everyday lives. While this criticism might be true in some cases, it is not universal. In asking fundamental questions about any position, philosophy allows us to explore the forces and underlying justifications that drive a position, stripping it of its contextual trappings. When used in policy analysis it allows us to identify the theoretical framework around which a particular position is constructed. By analyzing policies this way we can gain a better understanding of the nature of government programs, and the decision-making process which guides them.

This Chapter explores how social values are developed and transferred, and how they can affect policymakers in order to achieve valuable outcomes. It then examines potential designs of redistributive programs, exploring how their particularities can result in valued outcomes. This thesis argues that since so many people have such a skewed income position in developing countries, conditional cash transfers, if done efficiently, effectively, and fairly, are a good thing. It adopts the normative position that the goal of redistributive programs is to improve human dignity by striving for the shaping and

sharing of valued outcomes. In order to do this it analyzes the potential outcomes from redistributive programs, evaluating their implications for value systems.

Norms, Social Values, and Political Decision Making:

Political decision-making takes place within the context of a particular social value structure governed by social norms. A program's ability to encourage a broad sharing of valued outcomes is partially determined by the barriers erected by social norms. Certain shared values enable us to communicate and understand each other effectively. Norms facilitate interaction while also constraining undesirable behavior, meaning they can play both a proactive and protective role. Positive social norms can increase individual wellbeing. For example, encouraging mothers to take their children for regular checkups increases the likelihood that attending health clinics becomes a generally practiced behavior. At the same time norms can have pernicious effects. Negative stereotypes can cause different elements of society to be marginalized, while improper expectations for future opportunities can cause people to make poor short term investments.

Just as norms can facilitate social behavior they can also limit human autonomy and well-being by restricting the way one thinks or by making a preference socially unacceptable. Norms can create a division between the judgments and desires which are displayed in public and those which are privately held.[85] Often norms are disliked by individuals but are adhered to because of general social pressure. In certain cases, reactions against prevailing conditions results in segmentation of ideology within the

[85] Sunstein, *Free Market and Social Justice,* 38

individual. Norms are often extremely specific to one's social role, and are frequently internalized rapidly by that particular actor. Social roles and expectations can act also as a constraint on one's behavior. One of the goals of conditionalities is the hope that they can result in the adoption of positive social behaviors. Thus, it is important that the manner in which these conditions are imposed encourages this adoption rather than causing resentment.

Norms can be identified in specific norm communities: social groups that share similar values and beliefs. Occasionally, these communities develop their own independent norms against the prevailing opinion. These communities also partially act as a constraint on behavior, as the benefits they provide and punishments they exact makes exiting them a costly proposition. Government initiated action can also result in long-term norm shifts. They can do this by exploiting certain entrenched attitudes and opinions in order to cause behavioral changes, or by adopting programs which strongly convey a social value. They can also use financial resources and conditions to change the perceived value of certain members of society. Norm cascades are successful when prevailing opinion reaches a tipping point, where the adherence to the old norm is met with disapproval while the new norm is met with approval.

Norms, norm shifts, and norm communication are extremely important considerations for policy makers, especially when structuring social transfer programs. From a purely political standpoint, norms affect the voting decisions of the populace by defining the values by which they evaluate policies. If politicians wish to remain in power they need to pay careful attention to the values of their populace or face defeat at the next election. At the same time, social acceptance of a program is extremely

important for its development. If people perceive the value of a particular policy they will work to achieve its goals, but if they do not believe in them popular opinion can quell progressive advancement. Policymakers need to develop programs within the confines of prevailing political conditions, while at the same time engendering positive change. Understanding the public's attitude facilitates the policymaker's ability to frame, assess, design, and implement particular social assistance policies.[86]

The above sections show that norms and values are transferred in ways that can result in desired outcomes. Redistributive programs communicate societal respect for broad values, with the possible result of changing the associated social norm. For example, by implementing a program that guarantees a basic minimum income, the government signals the society's values of affection towards the less fortunate. Specific program design can shape the values of the recipients. Education is a good example of how this works. The school can be a means through which the value of education is transferred: children who go to school are explicitly taught to value an education and the increased prospects that come with it. In the long run this process can increase the perceived value of education and healthcare. Conditionality may be one way of augmenting the norms associated with these values; it is important that policymakers explore programmatic designs which incorporate effective norm entrepreneurs and that can communicate broad social values. Incorporating community input in program design and targeting could be one way of creating a shared norm framework.

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[86] Graham, *Public Attitudes Matter: A Conceptual Frame for Accounting for Political Economy in Safety Nets and Social Assistance Policies*, 2

Public Attitudes and Policy Formation:

Prevailing norms affect social perceptions and have practical implications for policy creation. They influence which designs and which outcomes can be practically implemented, and inform policymakers on how to best structure a program. Much recent scholarship has focused on the interaction between the public's attitude and its nation's redistributive. Work by Shapiro and Spade found that for over a forty-year period, changes in the public's attitude generally preceded policy changes. (CITE) Other work has compared differences in attitudes towards redistribution and policy outcomes in Europe and America. Government expenditure as a percentage of GDP for the US was 29.9, with only 10.6 percent of these funds going to social transfers, and 0.4 going to subsidies. Conversely, continental Europe had an average expenditure of 44.9 percent of GDP, with 17.6 percent of these revenues going to transfer programs and 1.5 percent going to subsidies. In terms of purely redistributive programs, social transfers and subsidies, the United States spends approximately half of what continental Europe does.[87]

Americans' and Europeans' beliefs about social mobility and the causes of poverty accord with the difference in social expenditure. 71 percent of Americans believe that the poor have good chance of escaping poverty while only 40 percent of Europeans share this conviction. 61 percent of Americans believe individuals are poor because they are lazy.[88] In conjunction with this statistic, a higher percentage of Americans believe that an individual's economic position is determined by effort, while Europeans assert that luck - the position or skills one is born with-plays a much larger role. The perception

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[87] Alesina and Glaser, 89, Graham, *Crafting Sustainable Social Contracts in Latin America: Political Economy, Public Attitudes, and Social Policy,* 8
[88] World Value Survey, 2007

of greater American social mobility is not backed up by the evidence, as the United States' has only exhibited marginally more mobility from middle to upper middle class, and substantially less from the lower to middle class. Despite this evidence, the prevailing belief that American society is mobile often results in less support for redistribution because those below the average income line believe they will be above it someday.

The above results illustrate the powerful influence that public perceptions can have on policy making. Numerous explanations have been given explaining this relationship. Alesina and Glaser argue that institutional structure and racial differences are the cause of different levels of redistribution. Piketty posits that past mobility influences political attitudes towards future mobility, work that is supported by Corneo and Gruner.[89] Their analysis showed that "social rivalry effects" and "public values" effects shape opinions regarding distribution, the former being perceptions of how they view themselves relative to their neighbors, and the latter being perceptions about how fair opportunities are distributed in society.[90] Peter Lindert showed that the size of the gap between the middle and the poor affects social spending, as the middle class feels less affinity with the lower class. These studies demonstrate the public's opinion about social mobility, redistribution, and social justice, has important implications for redistributive policies in particular countries. Safety net programs are often a balancing act between entrenched attitudes of the citizenry and the reform desires of politicians and international actors. It is crucial that policymakers frame programs in such a way as to

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[89] Graham, *Crafting Sustainable Social Contracts in Latin America: Political Economy, Public Attitudes, and Social Policy,* 8

[90] Graham, *Public Attitudes Matter: A Conceptual Frame for Accounting for Political Economy in Safety Nets and Social Assistance Policies.* 8

use existing values to achieve positive outcomes, while encouraging the adoption of positive norms.

One result which follows from the analysis above is that avenues which communicate social values to policymakers are crucial for encouraging the transfer of positive social values. Elections can play a critical role in this process as they are an important avenue for expressing social attitudes and influencing the development of policy. Democratic processes are one important mechanism for ensuring that governments are accountable to their constituencies. In terms of demand-driven development programs like CCTs, a responsive local political climate is particularly important for program success. When citizens perceive an electoral environment is fair and representative they are more likely to participate in the implementation of the projects that the political system implements, even if they are initiated at a different level of government. Non-competitive environments also impact elite behavior in a negative way, leading to increased opportunities for corruption among the party.

The effects of elections are particularly pronounced in decentralized situations where citizens feel a direct relationship with their politicians. Research done on the implementation of PRONASOL in Mexico demonstrated that a demand-based approach was particularly effective in a democratic political environment. Research done by Hicksey found that more beneficial outcomes came from implementing demand based programs in contested political environments.[91] Similar results were found when examining redistributive programs in Brazil. These examples demonstrate the critical

[91] Hiskey, *Demand-Based Development and Local Electoral Environments in Mexico, 42*

role that local municipalities play in successfully implementing demand-based programs. This discussion is particularly important for CCT programs. Incorporating the local government can engender a feeling of responsibility for a policy, increasing the likelihood that values will be transferred and the desired outcome achieved.

Evaluating Outcomes of Conditional Cash Transfer Programs:

The normative position of this thesis is that there are certain values we want to enhance, and that these values are often interconnected in terms of their associated outcomes. The goal of social policy should be to develop policies that can result in securing shared valued outcomes. Conditionality can be a useful tool for securing outcomes as well as affecting norms that encourage human dignity. It is particularly effective when used to promote outcomes whose interrelated elements establish the necessary preconditions for the enhancement of other outcomes. For example, one requirement for political freedom is the ability to understand and engage in the political process. Thus, promoting education can establish the preconditions for political engagement.

At the same time it is important for policymakers to recognize that the prevailing social environment has a direct effect on a program's ability to achieve its desired outcome: prevailing social norms can inhibit or undermine the effectiveness of redistributive programs, while positive affection can increase the likelihood of its success. Policymakers need to design conditionalities so they can draw on certain positive norms, or erode certain norms that present obstacles.

In order to examine the implications of conditionality and redistributive policies it is necessary to look at the particular outcomes that could result from these programs.

While a number of frameworks could be used to differentiate these outcomes, this thesis will draw from the work of Harold Lasswell. In *Jurisprudence for a Free Society* Laswell enumerates an 8-value framework which allows one to evaluate how particular the outcomes of a transfer program affects human dignity.

These are:

1. *Well-being*: the right to life, liberty, rest and leisure, and general social security
2. *Skill*: the right to work and to have free choice of employment as well as protection from unemployment
3. *Wealth*: recognizing the right to own property, live in a standard living adequate for well-being, and access to enough nutrition
4. *Enlightenment:* people have the freedom of opinion and expression, and the right to seek and impart information and ideas
5. *Respect*: that people are born free and equal in dignity and right
6. *Power:* the right to take part in government and be recognized as a person before the law
7. *Affection:* the right to marry and to establish a family
8. *Rectitude:* freedom of thought, conscience, and religion. Duties to the community and restraints on having these freedoms destroyed by others.[92]

Lasswelll argues that by shaping and sharing the above values society can improve human dignity. Shaping and sharing of valued outcomes means that all citizens ought to participate in determining what outcomes society should be generating, that valued outcomes ought to be expanded, and that these outcomes ought to be shared broadly, implying a wide participation. As Lasswell and McDougal point out:

> "…sharing values carries two sets of meaning, one 'distributive' and the other formative. 'Distributive' values reference the participation in the control of value outcome, described according to the degree of equality or inequality. 'Sharing' carries two sets of meaning, one 'distributive,' the other 'formative.' The

[92] Lasswell and Mcdougal, *Jurisprudence for a free society: Studies in law, science and policy.* 720

> distributive reference is to participation in the control of value outcomes, described according to the degree of equality or inequality. The formative meaning suggest that the amount of a given value available for sharing may be augmented. In general we are in favor of higher levels of valued outcomes, because we are 'concerned about the size of the cake as well as the proportional size of the slices.'"[93]

This normative position argues that, ceteris paribus, an expanding economy is an appropriate element for a welfare program in its pursuit of human dignity. Achieving valuable outcomes informs us that a policy was righteous and done justly: it was in accordance with values that are substantial, meaningful, and representative. If the goal of cash transfer systems is to promote human dignity one must examine the potential outcomes which might result from a conditional cash transfer system, and explore how we might value them in light of the questions raised by conditionality.

Considering valued outcomes is important for policymakers because different programmatic designs will result in different outcomes. If this normative position is embraced by government officials entrusted with deciding whether CCT programs should be adopted in a specific context, and how they should be designed, then policymakers need to determine what potential outcomes there are, and determine which ones are valuable.

- For each of the potential outcomes that cash transfers might provide, are these outcomes relevant in that context, and are they outcomes desired by the officials?
    - The complete list of potential outcomes is:
        - Improve the well-being of the poor
        - Increase unrestricted consumption choices
        - Make the poor more effective citizens

[93] Lasswell and McDougal, *Jurisprudence for a free society: Studies in law, science and policy.* 740

        - Increase the poor's participation in the market
        - Allow access to basic minimum economic benefits
        - Decrease material inequality
        - Fulfilling society's obligations to share material welfare to all of its people
        - Take wealth from one group and give it to another
        - Disengagement by upper class elements from the social process

- For each of the potential outcomes that *conditional* cash transfers might provide, are these outcomes relevant in that context, and are they desired by the officials?
    - The complete list of potential outcomes and their associated welfare value is:
        - **Well-being**
            - Improve the well-being of the poor
            - Increase consumption choices subject to restriction
            - Decrease material inequality
            - Create disincentives for child labor
            - Create incentives for school
            - Promote childhood health and nutrition
            - Increase the aggregate happiness of a society
        - **Rectitude**
            - Provide incentives for socially desirable behavior
            - Allow the interests of taxpayers to dictate consumption choices
            - Fulfilling society's obligations to share material welfare to all of its people
            - Protecting the children's well-being against selfish parents
        - **Power**
            - Making the poor more effective citizens
            - Encourage democratic participation
            - Encourage participation in government
            - Improving the health of mothers and infants
        - **Skill**:
            - Promote the development of job skills
            - Increase the poor's participation in the market
            - Improve labor mobility
            - Create incentives for school attendance
        - **Respect**
            - Target certain demographic groups
            - Fulfilling society's obligations to share material welfare to all of its people

        - Take wealth from one group and give it to another
    - **Affection:**
        - Encourage participation in government
        - Improve care of children
        - Encourage community involvement
        - Improve social institutions
    - **Enlightenment**:
        - Create incentives for school attendance
        - Provide the pre-conditions democratic participation in government
        - Improve early childhood nutrition and education

The above lists show the potential outcomes that can result from both cash transfer and conditional cash transfer systems. For any policymaker considering implementing one of these programs it is important to evaluate how much they value each of these outcomes, as well as how effective the program will be. One of the advantages of imposing conditionality is that it can result in valued outcomes that are preconditions for achieving other valued outcomes.

The capacity to implement these positions is subject to the contextual factors in a country: its political stability, bureaucratic and institutional framework, and its technical capacity, as well as the current social and economic situation. Because of the long reaching implications of CCT policies it is important to emphasize programs which use existing positive norms in order to increase the likelihood outcomes will be adopted, or design policies in such a way that norm and value shifts can positively alter the social value framework.

Outcomes of redistributive program are not a zero-sum game. Limited budgets inherently restrict different programmatic designs and force a tradeoff between different valued outcomes. Similarly, some outcomes might result in an increase in one value at the expense of another. For example, maximizing wealth in a country might come at the

cost of affection: citizens spend more time at work earning income rather than being at home with their families. While the specific values in a particular situation are always contextual, philosophical positions and historical examples are useful guides for examining values. Philosophy allows us to explore the values and underlying justifications that drive a position. They enable us to question when the state is legitimately exercising its authority in securing rights and liberties in accordance with democratic processes. When used in policy analysis it allows us to identify the theoretical framework around which a particular position is constructed. By analyzing policies this way we can gain a better understanding of the nature of programs and the tradeoffs associated with them, while also allowing us explore how we might value the relative trade-off.

To illustrate how a policymaker might value programmatic outcomes this thesis will now analyze the key structures and designs of CCT programs, examining the value questions they raise. These elements will be evaluated using arguments advanced in Chapter Two as well as historical debates. Evaluating programs this way allows policy makers to understand the degree to which a CCT program will accord with the values already prevalent in a society, enabling them to either design programs which will have more legitimacy or be constructed with the goal transforming the prevailing norms so they align with valued outcomes. This thesis specifically focuses on the following questions:

- should there be redistribution?
- how tightly should transfers be targeted?
- should they be conditional in general?
- should we use conditionality to support health outcomes?
- should we use conditionality to support education outcomes?

- who should decide the criteria for redistribution: community vs. government?

Many of the outcomes come directly or indirectly from certain elements of CCTs, with different structural elements resulting in an increase or decrease of a particular outcome. It will explore these elements of CCT systems, and examine the values of their outcomes.

Redistribution:

Whether there should be redistribution, to whom, and how much is at the heart social policy creation. Redistribution asks what right all citizens have to the wealth produced within a nation, and to what degree are rights reserved to individuals. It also raises the question of how responsible the state is for providing social protection to its citizens, particularly if this debt constitutes an obligation that needs to be fulfilled. If the goal of normative policymaking is to improve human dignity the state will have to seek to improve individual and social welfare subject to social value considerations. The normative justification and ability to implement these positions is necessarily depends on the contextual factors in a county. This section is going to deal with three fundamental elements of redistribution: should there be redistribution, should there be cash transfers, and should there be conditional cash transfers? Each of these typologies raise questions about different value structures, and have different advantages.

It is important to have a deep understanding of the justifications for the policy as well as the flexibility to improve its mechanisms in order to get better long term results. In Chapter Two we explored numerous ways of framing and justifying redistributive frameworks. Rawls saw a guarantee of a basic minimum income as precondition for the exercise of liberty. It is the primary job of the state to minimize inequalities and to allocate resources so as to improve the lives of the worse-off. Similarly, Ripstein and Sen

argued that basic minimum welfare was required for citizens to effectively participate in a society. For Ripstein, basic minimum income was a necessary precondition for possessing a united will. Sen provides a method of measuring the different value outcomes that result from implementing a redistributive program in terms of the different vectors of freedom it opens up for its recipients. He points out that a basic level of income is necessary for exercising economic, social, and political freedoms. In general efficient redistributive policies improve the well-being and wealth of the least off, while also potentially increasing affection and skills by making individuals less dependent on employer decisions and improving labor mobility.

Considerations of the above positions need to be balanced with worries that redistributive policies create. Redistribution decreases wealth for a substantial segment of the population without compensation. It alters the basic property rights of the country, making them contingent on a certain provisions of social welfare and patterned distributions. Nozick argues these takings illegitimately impinge on an individual's freedom. If the taxpayers are having their money used for social welfare policies they should have some stake in the program; they would want to see that the program leads to long run social or economic gains. In outcome terms, it could actually decrease aggregate economic output by putting money in less efficient parts of the economy, and could provide disincentives to work for both the well-off and impoverished. Redistributive policies could create a situation where one social group is dependent on another social group. If implemented poorly these programs could create disaffection between different social groups, increasing the likelihood that there will be shirking and inefficiencies.

One of the implicit goals of redistributive programs is to improve democratic participation. Conversely, Rawls holds there is an intrinsic value to self-government that stems not from a desire for power, but comes from having "an equal voice along with others in settling how basic social conditions are to be arranged." The effect of these values enhances the self-esteem of the citizen, and "raises his awareness of his own worth developed in the smaller association of his community and is confirmed in the constitution of the whole society" [94] Voting and holding political opinions is an activity that informs his conception of the broader society, encouraging the development of his intellectual capacities.

Targeting:

Targeting wealth transfers to certain populations is, at the same time, the most logical and difficult element of a redistributive program. It incorporates a targeted population and a targeting mechanism. The implicit logic behind targeting is that we get more bang for our buck for targeted transfers: individuals who are in most need of a transfer are the ones who should actually receive it. This is often grounded in the idea that a certain minimum level of welfare is a necessary precondition for individuals to be fully-fledged members of society. This notion is an explicit part of Rawls', Ripstein's, and Sen's arguments. For Sen, targeting is a particularly important issue. The extent of targeting has to proceed directly from an analysis of the person's capability deprivation determined by examining their current functioning's. Targeting needs to take these holistic elements into consideration. Even Nozick notes that redistribution is necessary if

[94] Rawls, *Justice as Fairness: A Restatement,* 234

the result of the social system would make the poorest worse off than they would have been in the state of nature. In some respects Nozick actually takes it a step further, arguing that targeted redistribution could be used to right past instances where unjust deals were made. By explicitly defining a particular population and reason for redistributive justice targeting gets to the heart of social welfare programs.

Targeting raises a host of issues regarding value outcomes. Because it differentiates people into the deserving and the undeserving it inherently raises questions about social segmentation and differentiation. Why should one group get a transfer over another, and can this differentiation be justified in accordance with the prevailing or desired social values? Groups could be targeted because they have been historically or geographically marginalized, like Black South Africans in the BEE program, because they are likely to be more efficient with the resources provided. This often is the justification for giving wealth transfers to women, particularly in Bangladesh and India For policymakers these questions are particularly salient, as targeting can easily cause discord among their constituency, decreasing affection as well as efficiency. Individuals who are not a part of a program may feel less inclined to support it. As a result it might be more beneficial for policymakers to include some members of the middle class who do not explicitly need transfers. These leakages could engender support for the programs at the expense of decreasing its results.

There is significant evidence that self targeting increases efficiency. Because individuals take into account their holistic status rather than simply income characteristics, programs which employ this method get outcomes which take more holistic concerns into consideration. In *Development as Freedom,* Sen details several of

the associated problems with targeting. Information distortion occurs with programs that attempt to determine eligibility. There is a risk of including the non-needy and excluding some of the needy. As enumerated above, leakages could also have some potential benefits by increasing the total number of people who are invested in a program. In many contexts the notion that money is going to people who need it is a primary reason that taxpayers redistributive programs. Poor targeting could erode the social value of affection, decrease the efficacy of cash transfer programs, and possibly hurt the overall redistribution agenda.

In addition to the above problems, poor targeting can result in incentive distortion, the prospect of losing the benefit of a transfer could encourage people to change their economic behavior in order to keep their benefits. Explicitly targeting certain groups could result in transfer disutility and stigma: a system which identifies an individual as poor risks marginalizing a recipient. This can either lead to a loss of self respect or a decreased likelihood they will participate in the program. Administrative costs consist of the money used in targeting and the potential social costs of asymmetrical power of the bureaucracy, increasing the costs of corruption. Often the recipients of programs are from marginalized political groups. As such there is a risk that political will could turn against transfer programs, cutting them loose from the social safety net.[95] It is important that programs create a feeling of shared values across the political spectrum. For programs to have social legitimacy they need to effectively minimize the negative costs associated with targeting while carefully analyzing its contextual implications.

[95] Sen, *Development as Freedom,* 137

While determining desired values is a necessary precursor for any redistributive program, choosing an appropriate targeting mechanism is essential for efficiently achieving effective results while minimizing distortions. Different targeting methods have different implications for the value structure of a welfare program. As discussed in Chapter One, the primary methods of targeting are means testing, proxy means testing, geographic targeting, and community targeting. If there is a social consensus on the material pre-conditions necessary for social participation, mechanisms such as the means test and the proxy means test could be recognized as the best ways of choosing redistributive programs. Policymakers can incorporate shared value systems into determining eligibility criteria; these methods are often seen as the most objective, and are often desired if impartiality is a value of the populace.

Geographic targeting can increase affection as well as labor mobility in situations where asymmetrical growth or historic marginalization has hurt development and inclusion. This form of targeting is particularly salient in countries with stark rural-urban divides, where often the rural population has little or no say in governance, and very little chance of participating in the development of the society.[96] By increasing the well-being of individuals on the geographic periphery of a society it can create a broader range of labor and social mobility. The linkages associated with geographic targeting are particularly striking. As entire regions of the country can be incorporated into the social value structure, economies of scale for aggregating political, social, and economic may be significantly increased. Sen makes the case for education as a public good: "Given the shared communal benefits of basic education, which may transcend the gains of the

[96] Grosch, et al. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets*. ,102

person being educated, basic education may have a public-good component as well."[97] This public good element is augmented by geographic targeting. Moving transfers to a previously marginalized region may increase the overall economic situation, encouraging employers to bring businesses to the area, and helping to develop local political institutions.

Community targeting is in many ways the most philosophically interesting element of cash transfer programs. While one of the goals of CCTs is to engender a feeling of belonging to the broader national community, local targeting can engender the creation of communal values by also capitalizing on local knowledge bases to improve outcomes. Communities can be incorporated in developing benefit levels, targeting transferees, and evaluating programs. The effectiveness of community targeting depends on a host of contextual factors, such as the local political structure, the culture's beliefs regarding social security, the size, scope, and capacities of the municipality etc. Effectively employing community transfers in the right context can take advantages of these different factors in order to make the program more effective. This can increase the community's mutual respect in conjunction with improving wealth, rectitude and affection, increasing the likelihood the program will be successful.

Conditionality:

Conditional cash transfer programs redistribute of wealth to impoverished members of society subject to the fulfillment of certain behavioral conditions. In general these conditions are designed to improve the long-term well-being of recipients by encouraging human capital development in their children. Transfers are often contingent

[97] Sen, *Development as Freedom,* 129

on children enrolling and attending school, as well as being inoculated and having regular checkups at health clinics. The cash transfer component seeks to alleviate the most immediate and pressing concerns of poverty, while the conditions imposed seek to alter the structural foundations of systemic poverty.[98] These goods are deemed to be socially valuable. Conditions are necessary because policymakers see that there is an underinvestment in education and health by the poor. Because they do not value these inputs as highly as they should the poor need an incentive attached to encourage the consumption of a "merit good."[99]

Conditioning rights on certain behaviors is an intrinsic element of any society. Laws put down a host of conditions on certain behaviors. The right to drive in conditioned on driving on the right side of the road, a restriction we all agree is legitimate. While there is nothing inherently problematic about conditionality, there are situations where unjustifiable conditions can be placed on individuals or groups that have the effect of undermining autonomy and compromising human dignity.The goal of this section is to explore what it is that makes a conditionality justified, and when policymakers are justified in using it as part of a redistributive program.

The implications of imposing conditions on wealth transfers depend on the social values which underscore redistributive systems and how conditions are implemented. For example, in Brazil it was argued that achieving a basic minimum income was an intrinsic right of all citizens. Conditions were imposed as a function of achieving that condition, not as a means to coercively produce socially desirable behavior. In practical

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[98] Britto, *Recent Trends in the Development Agenda of Latin America: An Analysis of Conditional Cash Transfers,* 20

[99] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*., 51

terms this meant that often administrators would not strictly enforce the terms of conditionality. In fact non-compliance was regularly seen as a signal of a family needing additional assistance, often resulting in social workers intervening directly to help the family.[100] This understanding accords with the argument which Rawls advances in *A Theory of Justice*. He argues that having at least the minimum amount of primary goods is a precondition for having fair equality of opportunity. These preconditions include numerous linkages of background conditions--adequate housing, minimum level of incomes, sufficient well-being etc.--of which education and adequate healthcare are but only two elements of a larger puzzle. Thus imposing conditionality's with the goal of achieving the preconditions for fair equality of opportunity is a legitimate goal of redistributive programs.

Conditionality is a conduit both for expressing and shaping normative values as well as a mechanism for achieving socially desirable outcomes. By making wealth transfers conditional on a certain behavior CCTs express social value for that behavior. For example, one of the explicit social values underscoring Brazil's *Bolsa Escola* program was that having children in school was intrinsically a good thing. By attaching conditions to wealth transfers contingent on school attendance program designers signaled that education was positive outcome and sought to change social norms associated so that it would be valued by recipients intrinsically. At the same time students are taught the value of an education implicitly, learning its value through their enlightenment.

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[100] Lindbert et al.,*The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, 55

Conditionality: Enforcement and Paternalism

Conditions are often justified because there is a persistent underinvestment in certain goods. This could result from the poor having a shorter time frame when making investment decisions, or misinformation and misguided beliefs about the benefits of investing in human capital causing suboptimal investment decisions. These beliefs are often self-reinforcing: when an agent acts on the belief they receive the outcome they expected, justifying their original position. For example, parents could believe that human capital only accumulates to those who have a high level of natural talent, or that increasing access to education will not help improve their station in society. These beliefs are often held by parents who themselves have little or no education. When the expected outcome occurs as a result of the decision the belief is often reinforced. Misguided perception can come from a lack of information or difficulty in understanding the information which is available. [101]

Empirical studies have shown that misguided beliefs about expected returns to education persist in societies, and that these misconceptions effect personal investment decisions. This has been measured by comparing the expected returns for schooling, reported in survey's of students and parents, and comparing them with the actual data. Attanasio and Kauffmann's study found that for 15-25 year old expected returns were smaller than actual returns for education, particularly for children's who's fathers did not have education, sometimes to the degree of one third of the actual value of the return.[102]

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[101] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 53

[102] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 53

These studies empirically demonstrate that citizen's perceptions about returns to investments are ill-informed, possibly providing a justification for the state to impose conditions as well as providing information in order to change how these investments are viewed.

The manner in which conditions are enforced necessarily changes the value associated with a program's outcome. On the one hand conditions can be imposed, like in the initial Brazilian case, as a method for ensuring social progress while positively protecting the rights of the poor. This uses conditionality as a tool to encourage social cohesion while also attempting to meet the preconditions of just interaction, but does not necessarily see redistribution as a contingent right. Instead it encourages good behavior and acts as a "reinforcement of basic right."[103] Operationally non-compliance is a "red flag" which signals to administrators that a family.[104] Similarly, conditions can be used be used to protect the future rights of children of impoverished parents; expressing the value that intergenerational equality is undeserved, and that children of the poor deserve as best a chance as possible to be alleviated from systemic poverty. Such a model encourages social cohesion by emphasizing affection and respect for the poor by providing access to and encouraging use of progressive services. It also minimizes social exclusion as it does not implicitly exclude recipients from the redistributive framework, though lax enforcement could decrease the program's potential aggregate outcomes.

Conditions can also be used as a paternalistic mechanism to coerce behaviors which serve broad social ends. This could result in a coercive framework could merely

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[103] Britto, *Recent Trends in the Development Agenda of Latin America: An Analysis of Conditional Cash Transfers,* 15

[104] Lindbert et al.,*The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, , 55

reflect a broad paternalistic perception: the implicit assumption of conditionality is that if it were not for the cash transfer incentive the poor would not choose to invest in human capital formation. Society has determined what the best values that should be upheld are, and the proper method in which they should be encouraged. Thus we can legitimately impose conditions on your consumption because it will result in positive outcomes which will improve your well-being. This to say such a position is a negative thing. Sen demonstrates the linkages and tradeoffs of different elements of freedom are sometimes necessary in order to improve the long term capabilities of the poor. Enforcing education conditionalities in the Bolsa Escola program in Brazil has resulted in over 92 percent of the poorest quintile being enrolled in school. Conditionalities have also created disincentives for child labor, teen pregnancy, and truancy: absences are recorded and segmented into justifiable and unjustifiable categories, with too many unjustifiable absences resulting in restrictions on their cash transfer.[105]

Incorporative conditionalities can legitimize programs, especially if conditions are developed which brought the poor into a discussion of "co-responsibilities." In Brazil conditionalities associated with the Bolsa Familia program have a 97 percent approval from a nationally representative survey, and 98 percent approval from cash transfer recipients. One of the reasons recipients favor the conditions so strongly is they feel they have been involved in the process of shaping the valued outcomes which the program seeks to achieve. Local municipalities designing programs along with federal support was initially a key element in Brazilian CCT success. This model built municipal capacity and

[105] Lindbert et al.,*The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, , 63

created local level stakeholders who felt they had an interest in the program's success.[106] Despite these positive benefits, it is important to remember that the most impoverished are often the least represented. Thus, local political leaders need to make a specific effort to incorporate them when structuring the program's design, goal, and outcomes.[107]

Conditionalities could also be designed and enforced in a way which alienates the poor. This could result from legislating a framework which imposes ideals without seeking input or encouraging local value sharing; resulting in decreased affection, feeling socially marginalized, and decreasing the likelihood that individuals will self target and participate in the program. By requiring that recipients perform socially desirable behaviors CCTs reinforce the idea of a "deserving poor:" the poor deserved to get this money because they have *done well* by sending their children to school and taking them to health clinics regularly. This concept can split the poor into the category of the deserving and the undeserving. This could engender resentment from recipients, resulting in social isolation, loss of affection, and decreased efficiency of desired outcomes.

Administration, Centralization, and Politics:

Imposing conditionalities requires extensive oversight of the recipient's compliance and eligibility. As these programs have relatively complex mechanisms of targeting and delivery transfers, they require high administrative capability while incurring greater costs than normal transfer programs.[108] While over time economies of scale can decrease these costs, they can initially as a barrier of entry in low income

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[106] Graham, *Crafting Sustainable Social Contracts in Latin America: Political Economy, Public Attitudes, and Social Policy,* 28

[107] Lindbert et al.,*The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, , 56

[108] Graham, *Public Attitudes Matter: A Conceptual Frame for Accounting for Political Economy in Safety Nets and Social Assistance Policies.*18

countries, while. The contextual administrative capacities as well as the targeting mechanism employed alter the costs of the program. Where ministerial capacities are reasonably well established, one effective minimization strategy is to incorporate CCTs into existing in-line activities for ministries and agencies. This strategy was employed in both Brazil and Mexico. The success of this method depends on effectively developing the proper mechanisms for targeting populations and monitoring compliance with conditionalities. Institutional capacity is an important consideration when designing a program's structure. Central administration communicates a broad normative value for a particular outcome to the entire society. This is particularly important if the program is addressing the lack of a basic right.

One of the disadvantages is that, while eventually benefiting from economies of scale, its initial start up cost is high. Particularly in developing countries there are often disconnects between different parts of the government, resulting in inefficiencies and wasted resources. Theses inefficiencies can result in resentment by local officials and workers to the national agenda, decreasing programmatic outcomes. In determining a blanket set of policies centralized systems can also limit the program's flexibility to deal with the particularities of a local issue. Decentralization can, in some contexts, address some of these issues. It can increase community affection by incorporating recipients and local officials into setting a constructive agenda, creating local investment in the program's outcomes.

The existing institutional framework as well as the prevailing political and social value systems informs policymakers about the advantages and disadvantages of different administrative structures. Social policy can be delivered in a public manner which aims

to convey signals of normative social value for desired outcomes. In the best case scenario norms can be transferred both by example and by encouraging good behaviors. In Brazil, the Bolsa Escola program communicated, among other things, the value that a well educated and informed citizenry was social good. At the same time, entrenched social and political attitudes which are not in accordance with the desired outcome can make reforming social policy by "stealth" a more successful strategy. This method often involves implementing decentralized pilot programs at the local level within a particular ministry or agency. These policies aim to increase capacities for the least well off, while also building a wealth of experience and evidence which can be used to implement larger scale reform efforts when the political climate is right. While not initially communicating broad support for certain outcomes, they can communicate social values at the grassroots levels, while laying the foundation for broader normative programs.[109]

Imposing and enforcing conditionalities on cash transfer changes the administrative pre-requisites for operability, and alters the relationship between recipients and bureaucrats. By empowering local officials to determine eligibility and benefit status it can create incentives for leakages and corruption. The risk of corruption is particularly high in situations where there is not a lot of administrative oversight, and where broad social values are not shared by the program's implementers. Empowering officials in this way can cause resentment on the part of the recipients, making their benefits contingent on greasing bureaucratic wheels. Resentment can decrease the likelihood that positive behaviors will be transferred. In some situations it can cause a rift between the community and programmatic outcomes. Iin others communities might put social

[109] Graham, *Crafting Sustainable Social Contracts in Latin America: Political Economy, Public Attitudes, and Social Policy.* 31

pressure on monitors to report high levels of compliance. This is often either because of the community's desire to have more people in the program, or fear of the negative consequences of losing benefits.[110] One of the advantages of CCTs is that they generally employ modern operations which decrease the likelihood of corruption. Beneficiary selection and registration, implementing payment and monitoring, and increased administrative oversight often decrease corruption. Additionally, CCT programs are often implemented as part of a broader reform of social services, regularly leading to the elimination of poorly targeted and inefficient programs.[111]

In some respects CCTs aim to provide a return to taxpayers, as the behavior they reinforce both reflect social values and can result in valued outcomes. Health and education are seen as public goods which serve their interest. Increased numbers of educated people in a particular geographic area can have a positive impact on overall economic growth. Facilitating a feeling of co-responsibility and incorporating taxpayer desires in CCT designs has the advantage of increasing political and social support for the program. Elites are more likely to favor redistribution to the *deserving poor*.[112] This model can be advantages in political contexts which are hostile to redistribution, as recipients have to demonstrate they deserve certain attitudes.[113] Engendering a broad feeling of co-responsibility and designing a program so that it maximizes public

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[110] Britto*, Recent Trends in the Development Agenda of Latin America: An Analysis of Conditional Cash Transfers,* 19

[111] Briere and Rawling, *Examining Conditional Cash Transfer Programs: A Role for Increased Social Inclusion?,* 11

[112] My emphasis added, though this concept is discussed in numerous works, including Graham and Lindert et al. and Fizbein and Schady et al. 16

[113] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*. 16

outcomes makes CCT programs more politically stable and likely to survive a regime change.

Education and Health:

The salient feature of most CCTs is conditioning transfers on recipient's participation in programs which seek to increase their or their children's human capital. Usually conditionalities require enrollment and attendance in school for a certain number of days, as well as regular checkups at health clinics. They are necessary because these public goods are underutilized by individuals in a society; children are often absent or truant from school, and immunization rates and use of health clinics is low. Encouraging these behaviors is particularly important as their outcomes promote an individual's welfare in many different ways. These conditions seek to address the root causes of systemic poverty, encouraging the adoption of positive behaviors which will give the impoverished the tools to improve their welfare and live a better life.

Those two outcomes are often mutually reinforcing: improving health often has positive impacts on education, and vice versa. Work by Jalan and Ravallion showed that improving piped water only had a positive health in households with educated mothers, while Miguel and Kremer show how health investments can improve education.[114] Recognizing that investments in child well-being are interlinked in important ways, CCTs seek to encourage human capital accumulation at children's earliest stages by taking advantages of synergies between improvements in cognitive skills, behavior outcomes,

[114] Fizbein Schady et al. *Conditional Cash Transfers: Reducing Present and Future Poverty*, 54

and child health.[115] Having a healthy and enlightened citizenry is often considered a public good which society has an interest in promoting. The fact CCTs encourage the development of public good's is one of the reasons they have gained political popularity in developing countries and have been able to survive regime changes.

Both health and education are interconnected with and often a precondition of numerous other desired outcomes. The goal of these programs is to encourage positive norms associated with these behaviors so in the long run human capital accumulates to the poor without the need of wealth transfers to encourage positive behavior. Additionally, programmatic structures which commit transfers to marginalized segments of population often promote other associated benefits. For example, many programs give transfers to the female head of households. This is often done because research has indicated that women are more likely to spend the money on goods which improve the well-being of the family. As of 2009, of the 31 CCTs which were in existence worldwide, 17 provided transfers to the female head of the household. An associated benefit of this design is that it empowers the social and economic status of women, and works to change social norms which have historically caused their marginalization. Because they often transfer benefits directly to a recipient's bank account, an ancillary outcome of these programs is that they increase the poor's incorporation in credit markets and the banking system.[116] Promoter's of CCT program often argue that because of the interrelated elements associated with health and education related outcomes, as well as the benefits

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[115] Fizbein Schady et al. *Conditional Cash Transfers: Reducing Present and Future Poverty*, 55
[116] Fizbein Schady et al. *Conditional Cash Transfers: Reducing Present and Future Poverty*, 213

which come from using wealth transfers to incorporate marginalized groups, conditioning transfers is a justifiable practice for effective social policies.

Conditionality: Health

In many respects being healthy and free from debilitating disease and malnourishment is the fundamental precondition for the realization of other welfare values. The UN declaration of human rights recognizes that "everyone has the right to a standard of living adequate for the health and well-being of himself and of his family..."[117] In Maslow's hierarchy of needs having secure health is a primary element of personal safety, and a necessary precursor for social and civic engagement. Poor health plagues the impoverished in developing countries, causing malnutrition, anemia and under-development in children. Poor health lowers the number of days the impoverished work and their children attend school. It also increases mortality rates, fertility rates, hurting early cognitive development and increasing the likelihood that an individual will remain trapped in poverty. In aggregate, poor health increases the risk of epidemics caused by communicable diseases, while decreasing economic output and causing the poor to live a lower quality of life. Being healthy is a precondition for living a good life and being an equitable member of society. Consequently, conditionalities associated with health related outcomes are often established to create the just preconditions for social interaction and individual well-being.

Health's primacy is recognized by a number of the philosophers we have examined. Rawls argues that, even in the thin theory of justice, it is a fundamental primary good and would be a legitimate use of a redistributed wealth. Kant maintains

[117] UN Declaration of Human Rights

health is a primary component of the most necessary needs which are required to establish the background conditions for social interaction. Citizens need to have a basic level of health care in order to stand in the right relations to one another.[118] Sen regards inadequate health as a capability handicap.[119] He points out health has both intrinsic and instrumental value: it is desired in itself and is a precondition for engaging in numerous social and market relations.

Nozick's argument that mandatory taxation which reaches beyond the needs of the minimum state as well as his position that redistribution is an unjust burden on part of society would generally place him against conditional health programs. However, his position might change if the health outcome which the conditionality sought to address was a result of negative externalities from legitimate transfers, and thus would not exist in the state of nature. This could possibly be the case in situations where pollution resulting from legitimate transfers was the cause of health problems.

Conditionalities associated with healthcare seek to address these underlying concerns by using preventative care to improve children's long term health prospects as well as helping their cognitive development. The goal is to improve the immediate and long term well-being for the poor while instilling a positive behavioral norm for regularly attending health clinics. Conditionalities generally take the form of regular checkups, childhood growth and development monitoring, and compliance with immunization coverage. Progress in improved nutritional status is measured by increases in childhood height and weight, while progress in cognitive development can be measured in

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[118] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 273
[119] Sen, *Development as Freedom,* 134

improvements in language development, gross and fine motor skills, personal behavioral skills, and incidence of behavior problems.

Recent studies by Macours, Schady, and Vakis have demonstrated that the *Atencion in Crisis* program in Nicaragua resulted in improved development in language and behavioral skills. These benefits are particularly robust when children are enrolled in the program before they enter school. Their results also demonstrated spillover effects, as improvement in these outcomes were found in children who were not the target of the program.[120] These results are important because they demonstrate both the powerful cognitive outcomes which can result from improvement in childhood nutrition, but also show the power of changing normative values of a particular behavior. Work by Strauss and Thomas has also found that improving healthcare increase the long term wage prospects for adult Brazilian's. Body mass index, nutrient intakes, and height were found to be powerful predictors of wages in the urban market. While this data focuses on adults, it demonstrates the crucial point that health related outcomes are directly linked to future earning potential. These studies show how conditionalities associated with health can practically improve the immediate well-being and development of its recipients, as well as improving their long term earning potential.

[120] Fizbein Schady et al., *Conditional Cash Transfers: Reducing Present and Future Poverty*, 154-155

Education:

While being healthy and reasonably well fed are vital components for living a minimal existence, being educated is often an essential component for full social inclusion. The 26th article of the UN declaration of human rights affirms the "right to a free and compulsory education with the goal of strengthening human rights and fundamental freedom."[121] This right is particularly affirmed at the primary education level. Unfortunately global enrollment rates don't reflect this right.As of 2009, over 15 countries had over 25 percent of their children out of primary education, while statistics on secondary enrollment were significantly worse.[122]

Low enrollment rates and poor attendance often results from the parent's belief that education is not a worthwhile investment, and that their children's efforts are best used in contributing to the household's income. Ferreira has formalized a model which explains individual welfare in terms of consumption during two periods of life: childhood as well as adulthood. Children can contribute to household's resources during their childhood by spending some of their time working, but this time is spent at the expense of studying or being in school. Their contribution can come in the form of working on the family's farm, helping out with household duties, or being employed in wage labor. Current consumption from childhood labor often comes at the expense of adulthood consumption, as expected future consumption diminishes with decreased skill levels.[123]

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[121] UN Declaration of Human Rights, Article, 26
[122] World Bank Data, http://data.worldbank.org/
[123] Fiszbein, Schady et al, *Conditional Cash Transfers: Reducing Present and Future Poverty*., 51

Placing conditional incentives on education aims to change the investment choice made by parents regarding their children's allocation of time.

The interrelated values which education provides is recognized and explicated by a number of the thinkers which have been examined. Rawls found education and enlightenment as a good which transcends economic efficiency and social welfare considerations. Education is a necessary requirement for an individual to enjoy the culture of his society, take part in its affairs, and secure the sense of his own worth. In Sen's terminology this is education's intrinsic value. Its instrumental value is broad and far reaching: it allows people to feel a part of the member of society, improving social values of rectitude and respect, while providing them with the critical thinking skills necessary for improving one's economic status.

Ripstein, as well as Rawls and Sen, focuses the way improving education increases the skill set of an individual, improving their long term economic prospects, while also increasing their ability to engage with other elements of society. In terms of increasing political freedom, the state has an interest in publicly funding education because it establishes the legitimate preconditions for public lawgiving and private interaction based on the rightful conditions. An educated population is partially protected against poverty, and publicly funded universal education is an investment against future dependence. Civic education also lays the preconditions for establishing the rightful condition allowing one to stand by their rights against private persons and the state.[124] It is also justified because only an educated population can legitimately give laws to itself

[124] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 292,293

in accordance with the original contract. [125] This is not to say that education will necessarily result in reflective voters, but it is a precondition for having reflective voters.

Education facilitates the expansion of political freedoms, and could be construed as a prerequisite for the state to legitimately legislate laws. Imposing conditionality on education is often justified because of the numerous interrelated instrumental benefits which accrue from human capital development as well as the intrinsic benefits which come from being educated. Additionally, incorporating marginalized social groups into the programs benefit structure, like attaching cash transfers to female children's attendance on school. Chapter V will take an in-depth look at conditionality and education policy in Brazil.

[125] Ripstein, *Force and Freedom: Kant's Legal and Political Philosophy,* 294

Chapter IV: The Spectrum of Conditionality

Introduction:

Chapter One explored the structural foundations of CCTs, examining the different potential programmatic designs and delivery mechanisms. Chapters two and three explicated different systems of valuation, explored how values are transmitted in society, and examined how different structural designs of CCTs can affect desired outcomes. This Chapter draws on the above discussions to define a framework that can be used by policymakers seeking to establish a CCT program. Using the philosophical positions previously explicated, it will examine what background conditions justify a CCTs, and which conditionalities are appropriate depending on the . This section seeks to establish a continuum of conditionality, from the position which is least open to conditions, the argument advanced by Nozick, to the one which is most open to conditions, the utilitarian position. It will locate where on this continuum each of the philosophers stands, and examine the relative strengths and tradeoffs of the particular position. The framework in this section will provide guidance for policymakers adhering to one or more philosophical positions by specifying the conditions which would justify CCTs and the program designs which best succeed in upholding its values.

Robert Nozick: The Primacy of Liberty

The libertarian position advanced by Robert Nozick frames one side of the continuum. His argument establishes individual liberty as paramount, a consideration which cannot be subsumed for a greater social good.[126] He argues there are natural rights to property and freedom of action which precede and cause the development of the state

[126] Nozick, *Anarchy, State, and Utopia,* 33

through the invisible hand process. Restrictions on action come in the form of side constraints, prohibitions on one's actions violating the rights of others in the pursuit of his goal.[127] Individual liberty is protected to the extent that no new rights emerge at the group level which are beyond the preexisting individual ones. Since liberty is all but absolute, his position precludes paternalistic restrictions on liberty legislated by the state; allowing that a person may "choose or permit another to do to himself anything, unless he has already made some obligation to a third party."[128] This ultimate protection of liberty allows an individual to make choices which are detrimental to their health or wellbeing if they so choose.

For Nozick, a distribution is just if it arose from another just distribution by legitimate means, in accordance with the principle of acquisition. The only time an individual can lay claim on another is if a person's transactions causes harm to a third party such that it would violate the minimum conditions established by the proviso. The state's function is to provide general protection for transactions, and enforce the principle of rectification when illegitimate transactions occur.

Asserting the priority of liberty and the principle of justice in acquisition leaves very little room for redistribution and conditionality. If one adheres to his libertarian roots, the only time when redistributions are justified is when they are necessary to permit a baseline distribution of wealth required to satisfy the minimum conditions of the proviso. Nozick argues the principle of acquisition shadows transfer, and in cases where transfers violate the terms of the proviso or when they are necessary to compensate for historical redress, then conditions based redistribution would be justified. Policymakers

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[127] Nozick, *Anarchy, State, and Utopia,* 29
[128] Nozick, *Anarchy, State, and Utopia,* 58

seeking to maximize individual liberty in accordance with a Nozickian framework of rights need to contextually examine both the historical record of transactions which led to the current distribution and current transactions to ensure they do not result in a net loss of individual liberty.[129] This would require an extensive knowledge what the conditions of poverty are in a particular country, as well as the historical processes which led to the current state. In situations where state centered redistribution must occur, conditions associated with wealth transfers would be justified, provided they increased the speed by which the economic condition of the least well off is improved.

Adhering to Nozick's strict libertarian framework may result in situations where the rich are getting less of a return for their money by paying for protective services instead of simply redistributing wealth. For example, there could be a scenario where the poor are highly disruptive to other members of the economy to the degree that it is necessary for the state to use its policing services in order to allow transactions, but the poor are not below the minimal baseline conditions. In this case, it may be possible that redistribution to the poor would cost less than paying for policing activities. A strict interpretation would say that this form of redistribution is illegitimate. [130] If liberty is truly a priority, then the state can take actions to limit their disruptions, but it cannot force redistribution from one group to another in order to establish the environment for secure transactions.

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[129] Nozick, *Anarchy, State, and Utopia,* 179

[130] In certain respects Nozick recognizes this issue, and at various points in *Anarchy, State, and Utopia,* particularly in Chapters four and five, he seems to relax parts of his strict libertarian position in order to address similar worries. These arguments, which could potentially alter his normative position, is beyond the scope of this work. Consequently, this thesis uses the explicit libertarian you hposition defined by Nozick.

This is not to say redistribution cannot be a privately contracted arrangement. Nozick would be in favor of voluntary redistributive programs where the wealthy transferred money along with conditions with the implicit understanding that the poor would improve their standing in exchange for the transfers. Similarly, community level transactions where all members mutually agree on redistributive policy could be a legitimate framework for redistribution. These structures are within the domain of private transactions, and are not a consideration for the state. Nozick's argument establishes the primary position liberties have, and sets a strict criterion for situations where redistribution would be legitimate.

Rawls: Justice as Fairness

Like Nozick, Rawls asserts the primary place that rights and liberties have in an analysis of justice. However, unlike Nozick, Rawls argues there are certain fundamental rights, enumerated by the two principles of justice, which set preconditions for the exercise of rights and liberties. It establishes the right to a certain minimum income, as well as fair equality of opportunity and institutional guarantees of fundamental liberties. This process sets the framework for social cooperation, which is the foundation for productive activity.[131] Justice as fairness is determined by an index of primary goods: the things needed over the course of their lives by citizens fulfilling the political conception of persons and operating as cooperative members of society. Primary goods include basic rights and liberties, the freedom of movement and free choice in occupation, power and prerogatives of offices and positions of authority, a level of income and wealth, and the social basis of self respect. Rawls argues that citizens' needs are sufficiently comparable

[131] Rawls, *A Briefer Restatement,* 61

for the index of primary goods to serve as a suitable and fair basis of interpersonal comparison. The principles of justice assess the basic structure in accordance with how it "regulates citizens' shares of primary goods" [132]

Conditionalities are justified when the background institutional structure of pre-procedural justice has not been met or when inequality of opportunity is precluded. The framework he establishes recognizes the lexical priority of the principles of justice, and allows for tradeoffs in order to establish the just preconditions for social cooperation. This caveat is particularly interesting: while Rawls recognizes fundamental rights to wealth and income, he acknowledges that securing these rights is conditional on securing equality of opportunity. Equality of opportunity is comprised of a set of interrelated factors, such as safe housing, basic health and education, which Rawls highlights as a fundamental primary good necessary for a citizen to engage in social cooperation. The value of education and healthcare comes from the need for citizens to participate in the legislative stage. Health care restores citizens so they can be functional members of society, while education gives them the tools to exercise their political freedoms. The value of a minimal income inequality in accordance with the difference principle is contingent on securing equality of opportunity.

His account requires the establishment of the basic structures of the background institutions of justice so that citizens have the ability to train their capabilities and a fair opportunity to make use of them. "It is left to citizens as free and equal persons, secure in their basic rights and liberties and able to take charge of their own life, to avail

[132] Rawls, *A Briefer Restatement,* 59

themselves of the opportunities guaranteed to all on a fair basis."[133] Providing basic capabilities they are able to function as free and equal citizens and have fair equality of opportunity, but that once these pre-conditions have been met it is up to the citizens to act on their liberties and individual preferences as they see fit.[134] While Rawls is similar to Nozick in that he upholds individual liberty and preferences, he recognizes these liberties are preconditioned on basic institutions and equality of opportunity. Conditionalities are a legitimate goal for achieving these ends because they operate as a means of establishing an expectation of primary goods which facilitates equality of opportunity and establishes a just institutional structure. While they may not be sufficient to guarantee full equality of opportunity, their focus on health and education makes them a highly effective tool establishing a crucial element of the just preconditions.

Rawls' position is particularly useful for policymakers who appeal to fundamental rights or the idea of social debt as justifications for redistributive policies. It provides a framework for them to analyze the structures which uphold basic rights, while also justifying conditionalities which address them. In order to create appropriate conditionalities, a contextual understanding of the existing distribution of primary goods is of paramount importance. To determine the legitimacy of CCTs policymakers need to examine the current institutional framework, particularly the level of incorporation of the most disadvantaged in the political and legal system, as well as the extent of health and educational services. Social norms of exclusion of particular demographic groups, for example the marginalization of women, need to be incorporated into benefit structures. Because Rawls is particularly concerned about maximizing social cooperation,

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[133] Rawls, *A Briefer Restatement,* 54
[134] Rawls, *A Briefer Restatement,* 174

incorporating the community the development and implementation of conditions is crucial for achieving successful outcomes. [135]

Ripstein: The Benefits and Constraints of the Rightful Condition

Ripstein occupies an integral place on the conditionality continuum. He provides a justification for social provisions based on the necessity of establishing the rightful conditions for social interaction and forming a united will, while simultaneously using these same principles to create an upper bound on providing conditions-based support. This framework allows him to concurrently justify legitimate rights which are necessary background conditions for the exercise of liberty while restricting the state's interference in individual lives. Ripstein's argument hinges on two elements: the necessity of having a united will for just political authority, and the implications of establishing the rightful conditions for equitable social interaction. His argument allows for tradeoffs when implementing conditionality, provided that background conditions have not been met.

Ripstein argues that a government can only have public authority if it is accountable to the people. Because "people cannot give itself laws which its members could not consent,"[136] legislating laws on oneself requires a united will of the populace. Further, as was discussed in Chapter Two, one can only have effective accountability if one has people who are educated, healthy, and capable of being politically engaged. While Kant upholds the right of individual freedom, he argues this freedom is contingent on securing the rightful background conditions. Establishing the rightful conditions requires health, a basic level of education, and a capacity for political and social

[135] Rawls, *A Briefer Restatement,* 161
[136] Ripstein, *How Relevant is Targeting to the Success of an Antipoverty Program?,* 289

engagement. Imposing conditionalities secures the preconditions for the exercise of freedom.

For Ripstein, achieving certain background conditions are necessary for the exercise of freedom, one of which is the freedom from being entirely subject to the choice of another. Therefore, unlike Nozick who argues individual liberties are absolute to the point where one could sell oneself into slavery if he wanted to, such a decision would violate the background conditions of individual freedom and thus would be void. Interestingly, what entitles one to be a chooser, his status as a free being, also limits the extent to which redistribution can occur. Once the legitimate conditions of independence are secured, the private right to choose how best to live one's life in accordance with ones preferences takes over. Any further conditionality's would be a violation of one's individual freedom. For example, after a provision for basic health care is established, it is discovered that leading a vegetarian lifestyle improves the wellbeing of citizens. Imposing this restriction on individual behavior would be illegitimate, even if it results in a better outcome for the individual, because it would be a violation of individual freedom.

Because freedom is contingent on establishing the right preconditions, Ripstein's argument allows for trade-offs between different provisions which establish the background conditions prior to their realization. Such trade-offs would generally be justified if they could bring an individual closer to fulfilling his most basic necessary needs. However, once the background conditions are established, any trade off with individual liberty would be illegitimate.

Ripstein's argument establishes an upper bound on legitimate conditionalities which can be imposed by the state. So doing, he creates a clear bright-line which

policymakers can use to delineate legitimate conditionality programs. It is clear that conditionality programs are desirable if they can secure the education and health related outcomes which establish the background conditions for freedom. They are particularly useful if they can promote social incorporation and political understanding, both of which are necessary for both the rightful conditions and establishing a united will. Whether such a program is necessary or not depends on the contextual factors in a society. Whether the poor are already fully participating citizens in the social and democratic process makes a difference to the desirability of conditionality programs. Similarly, current institutional capacity for providing basic health services and the scope of education alter the framework of the program's design, and change its target audience. The state also has a duty to guarantee formal equality of opportunity.[137] The extent to which this exists within a society and in what areas it is lacking will dictate the particulars of the program. The degree to which these programs redistribute is restricted by the upper limit. Thus it is particularly important that CCTs have an effectively designed exit system to graduate recipients from the program once the background conditions of freedom have been met.

Amartya Sen: Trade-Offs and Freedom

As was enumerated in Chapter II, Amartya Sen argues that development should be understood in terms of the actual freedoms, separated into five categories, a policy achieved. These freedoms are measured in terms of increased individual capabilities. Because poverty consists in capability deprivation, overcoming poverty requires improvements in the capabilities the poor have. Sen argues for a continuum of enhancement of capabilities or freedoms, whose interconnected nature naturally

[137] Ripstein, *How Relevant is Targeting to the Success of an Antipoverty Program?,* 232

augments one another as they expand. societal terms interpersonal comparisons of capabilities require an "aggregation over heterogeneous components," meaning there is a distinct social element in determining the value of a particular freedom. Additionally, the capability perspective has the advantage over the human capital perspective by allowing one to value the particular means an individual uses to achieve a particular goal, not just a desired end.[138]

In terms of conditionality, Sen would argue that CCTs would be desirable if they can accomplish an increase in the real freedom for a society. Therefore, he is in a unique position to support the enhancement of programs which most effectively expand capabilities, even if they come at the expense of trading off with other capabilities in the short term. Sen is able to make tradeoffs between restrictions on some kinds of freedoms in order to achieve a greater outcome in another kind of freedom which, to varying degrees, Rawls, Nozick, and Ripstein are unable to. He is unburdened by their normative frameworks. In certain important ways Sen is a consequentialist. By looking at the aggregate freedoms of a particular program he is assuming an outcome based approach. At the same time he acknowledges there are certain intrinsic and instrumental advantages to freedom; for example, education increases one's enlightenment, skill set, ability to participate socially, and the potential for political freedoms. Further, he acknowledges that it is not justifiable to sacrifice certain values for other desirable outcomes. For example, one cannot completely sacrifice political freedoms for economic opportunities: what would be the point of being rich if one lost all political freedom? Some of these

[138] Sen, *Development as Freedom,*294

outcomes are intrinsically valuable, such as increased enlightenment, while others, such as increased political potential, are instrumentally valuable.

Evaluating conditionality in a freedom framework necessarily depends on the existing capabilities in a particular society, the intrapersonal valuation of capabilities, and the interpersonal conception of valued outcomes. The advantage Sen gives to policymakers is a framework through which one can effectively evaluate and weigh the different potential outcomes of a particular program. Given the fundamental intrinsic and instrumental value Sen places on health and education, programs which emphasize increasing these capabilities are likely to be supported by this framework. Acknowledging the interconnected elements of many of the basic freedoms, it is quite likely that an increase in one capability, such as education, will eventually result in improving other capabilities, like market participation. Thus, programs need to take into account the short term and long term benefits of their outcomes. Freedom is additionally beneficial because it takes incorporates the decision making process as well as the valued outcomes, implying that participation in value sharing and political decision making has an intrinsic worth. This model also allows one to examine the potential opportunities which an individual might achieve, in addition to the potential outcomes of an action.[139]

Conditionality programs are justified when they address the contextual capability deprivation in a society by using redistribution and conditions to increase freedoms. For these programs to achieve their desired outcomes it is crucial that policymakers are aware of the current level of capability deprivation in society. Thus it is important to whether the poor are fully participating citizens, in a political, economic, and social context.

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[139] Sen, *Development as Freedom,* 291

Knowledge of the extent and reach of education and health care, as well as the social values surrounding these programs, would also be critical information. Fundamentally, it is important to know the relative intrapersonal and normative interpersonal valuation which is placed on particular freedoms, as these will inform both the degree of the trade-off which would result from a program and the effectiveness of a particular policy. One advantage of an interconnected freedoms view is that policymakers can design programs such that they address numerous concerns in one fell swoop. Say for example women have been historically marginalized, and health and education for families is poor. Adopting a program which postulated that expanding women's education is the best way to increase women's and children's health, and that the program would give grants only if family's sent their daughters to school, would address many of these interconnected concerns. Nevertheless, while enabling a contextual valuation of constituent freedoms and relevant tradeoffs because Sen. Regards certain values as fundamental, he does not completely disregard the normative framework adhered to by Rawls and Nozick.

Utilitarianism: Ultimate Conditionality

Because the essence of utilitarianism is that, "the moral worth of an action is to be judged by the effect of promoting happiness—surplus of pleasure over pain"—aggregated across all inhabitants of society,"[140] The theory postulates that only outcomes matter, normative policies should be evaluated by how much they promote welfare in society. Utility can be measured in numerous ways, for example some recent work has tried to attach a utility weighted utility to individuals receiving or providing wealth

[140] Posner, *Utilitarianism, Economics, and Legal Theory,* 104

transfers depending on their socioeconomic status, but in general utilitarian evaluate a policy by aggregating the utility in a society

Simply put conditionality's are justifiable if they increase the aggregate welfare in a society, and are not if they do not. Because it does not adhere to any a priori value structure, the significant elements of a program are solely determined by how much utility is achieved with an outcome. Provided an improvement in the aggregate is increased, utilitarianism allows for any conditionality, resulting in extreme tradeoffs of liberties for welfare. Utilitarianism is thus almost the polar opposite of the view advanced by Nozick, providing no fundamental guarantee of right in the face of redistributive programs. This is not to say that utility is deals solely with economic activities, social interaction and marriages deal in areas where pure monetary transactions rarely exist. [141] Further, as Posner points out, if a particular outcome could be wealth maximizing it could justify numerous restrictive conditions. The implicit disadvantage of working through a utilitarian framework is that one comes across numerous outcomes which seem morally suspect explicitly corrupt. Nevertheless, in allowing a trade off of any rights utilitarianism provides the challenge to the other philosophers to justify that they have the better framework.

While it is unlikely that a policymaker follows a strictly utilitarian line of thinking, consequentialist frameworks are often used to evaluate the outcomes of a social policy. Any conditions and conditionalities would be justified provided the outcome increased aggregate utility. In operating under a conditional framework policymakers need to know the societies utility functions, how it values different elements, and how a

[141] Posner, *Utilitarianism, Economics, and Legal Theory,* 120

policies outcomes might shift the social norms which determine the weight of a valuation. Policymakers also have to determine how they are discounting utility in the future versus utility today; as the restriction on freedom of action for the recipients of wealth transfers could cause relative disutility. In general, because the outcomes of CCTs general target those who will receive the highest marginal utility from the benefit, outcomes will result in a higher aggregate utility, particularly if human capital accumulation increases the long term earning potential for a society. They also need to determine whether they are operating on a traditional aggregate utility framework, or a nuanced marginal utility metric. If one applies a nuanced metric a greater amount of conditional redistribution will be justified, as the marginal utility to the rich will be subsumed by the marginal utility to the poor, and the conditions associated with the wealth transfer will decrease the disutility for the payee.[142] Because classic utilitarianism operates at the far side of the conditionalities continuum it is unlikely a poor model will be used by policymakers. Nevertheless, evaluating a redistributive framework through a utilitarian perspective can be useful because it throws all the cards on the table and allows one to see all the potential tradeoffs which could occur with a particular policy.

[142] Squire and van der Tak, *Economic Analysis of Projects*, 63

Chapter V: Analyzing the Evolution of Social Policy in Brazil:

Philosophical positions are not discussed in a vacuum; their premises are debated by policymakers every day. This discussion is particularly evident when developing conditions based wealth transfers. The development of redistributive policies and CCTs in Brazil is a fascinating example of how shifting policy frameworks and social values informed and shaped a country's social welfare system. The debate in Brazil drew heavily on the idea that, because of previous inequality and marginalization, there was a social debt owed to society's poor. Many segments of society argued there was a right to a basic minimum income, level of education, and access to health services. These ideas are strikingly similar to the position Rawls advances regarding the background conditions necessary for exercising fundamental liberties, though many of the justifications also accord with other philosophical positions. Because of the visible discussion of social values and policy design, Brazil is an ideal case for examining how philosophical viewpoints can both inform policymaking and be used to evaluate a particular program. Explicitly enumerating and critically analyzing this process in Brazil is an instructive exercise for policymakers who are seeking to construct policies in their own country.

Between the 1930's and 1970's the oligarchic and then dictatorial federalist government implemented a social welfare system which was both centralized and focused on issues associated with the country's rapid urbanization. While the model which emerged from this process was relatively large in scope, increasing the institutional scope of education, health, social welfare, and public housing policies, these programs were mainly targeted to the workers who paid into the system. The social

system was highly centralized at the federal executive level.[143] The most visible program was the Brazilian League for Social Assistance (LBA), which was created in the 1940's.[144] The pattern of social protection was a system which was selective in determining beneficiaries, heterogeneous in determining benefits, and fragmented both institutionally and finically.[145] As a result of focusing on issues associated with urbanization, its policies were primarily designed as a social safety net for workers. Despite expressing a high value for social safety nets, as is evidenced by a 62 percent increase in social expenditures during this period, institutional inefficiencies and poor targeting resulted in massive inequalities and social exclusion: the Gini coefficient rose from 0.58 in 1980 to 0.64 in 1989.[146] Minimum incomes and welfare policies for non-workers were either poorly addressed or ignored entirely, and many peoples, particularly in rural areas, slipped through the cracks.

As democratic principles and liberalization began to influence the country's politics in the late 1970's and early 1980's grassroots organization began to transform the social agenda. Middle class and union organizations, particularly the Central Workers Union and General Workers Union, began to express demands for expansion of rights and social policies. These movements expressed "new collective identities" of their "corporate interests."[147] Their impact was augmented by increasing awareness of iniquitous development in the country, and their presence sparked a national debate national values which would define Brazil's new constitution.

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[143] Draibe, *The National Social Policies System in Brazil: Construction and Reform,* 14
[144] Pero and Szerman, *The New Generation of Social Programs in Brazil* 4
[145] Draibe, *The National Social Policies System in Brazil: Construction and Reform,* 14
[146] Pero and Szerman, *The New Generation of Social Programs in Brazil,* 2
[147] Draibe, *The National Social Policies System in Brazil: Construction and Reform*, 76

Confrontations in the early 1980's defined the social issue on the democratic agenda, particularly the debate between an employment based economic development strategy advanced by the conservatives—arguing for stabilization policies which would boost employment and increases in salaries, and the social policy reforms advocated by new political forces. [148,149] The new agenda included calls for:

1. Immediate action to alleviate poverty which would be concentrated on the most poor and indigent parts of the population
2. Improved levels of efficiency and redistribution for social expenditure programs, incorporating significant changes in their financing structure.
3. A reform of the parameters of social protection using a criteria which was more socially just in terms of equality and equity
4. Administrative reform of the institutions responsible for social policies, correcting for distortions and support issues. [150]

These positions framed the evolving discussion of social policy reform. During the mid 1980's Brazil underwent a major transformation, as the centralized authoritarian government transitioned to a decentralized framework, with greater emphasis on municipality incorporation and participation in policymaking. The dynamic shift in social value structures is particularly evident in the debate about the new constitution.

A powerful notion which emerged from this debate was the idea that during the authoritarian regimes' rule society had accrued a "social debt" to its citizens which had been marginalized. The discussion coalesced around what obligations the social debt created, and which policies were necessary to fulfill these demands

Ratified in 1988, the constitution institutionalized a number of the principles enumerated above. It emphasized the need for reducing poverty and creating a just and

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[148] Draibe, *The National Social Policies System in Brazil: Construction and Reform,* 15
[149] I use the term new political forces because the emergent political groups represented a diverse range of interests and upheld a diverse set of values.
[150] Draibe, *The National Social Policies System in Brazil: Construction and Reform,* 78

equitable society.[151] The constitution established a legal foundation for social protection as a guaranteed right of the needy, and created an obligation for the state to provide health and education services as a basic right to all citizens. It weakened contributions as a structural component of the system, and provided for the universalization of access and an expansion of coverage. It also redefined minimum levels of value in terms of social benefits, gave a commitment by the state for elevated levels of social good and services, and guaranteed the irreducibility of benefit values. It decentralized the institutional apparatus and emphasized community participation, both of which allowed greater amounts of social participation and local input. [152] The new constitution generally moved the country from a meritocratic-particularistic model of redistribution towards social democratic redistributive model.[153]

Protecting these elements as a fundamental right created an obligation for society to provide them to the poor, while potentially limiting the restrictions which can be placed on the poor's ability to act as they wished. They are justified as a precondition for living in society and constituted an historical obligation. The constitutional guarantees, particularly the minimum benefit level and guarantee of basic health and well-being, set certain minimum conditions which were seen as rights of citizenship.[154] Even though the provision for basic rights was enshrined in its founding document, it was not necessarily the case that health and education services were actually available to the poor. Thus it became the task of policymakers to develop systems which were capable of addressing the institutional gap. During this period legislative reforms attempted to keep up with the

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[151] Draibe, *The National Social Policies System in Brazil: Construction and Reform,* 79
[152] Draibe, *The National Social Policies System in Brazil: Construction and Reform,* 81
[153] Draibe, *The National Social Policies System in Brazil: Construction and Reform,* 80
[154] Draibe, *The National Social Policies System in Brazil: Construction and Reform,* 79

constitutional ones. For example, the Cruzado Plan, introduce in 1986, increased the minimum wage and social security plans by 15 percent while removing the contributory element in social programs.

In 1991 Senator Eduardo Suplicy introduced a national minimum income program, the *Programa de Garantia de Renda Minima*, which a used negative income tax on workers over the age of 25 who earned twice the minimum wage, the established poverty line. In order to combat a labor disincentive the program indexed benefit levels to 30 percent of the difference between the individual's income and the minim wage. [155] This program was important in that it was the first to be both benefit informal workers and target the poorest families. Its universal reach broke with the "clientalist feature of the Brazilian social policy," [156] while its explicit goal of fighting inequality was a significant break from previous political practice. While the program mainly focused on poverty alleviation, ignoring many of the structural elements of poverty, it was an important signal from the national government about a significant change in the country's social value structure.

Taking up the idea that structural and immediate causes of poverty need to be addressed through social policies, local municipalities began to develop cash transfer programs which would create incentives for improving human capital as well as fulfill the constitutional obligation to address poverty. These programs accompanied a significant decentralization of tax revenue to states and municipalities, increasing by 13 percent and 30 percent respectively in 1993. [157] Programs emerged as a result of two

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[155] Pero and Szerman, *The New Generation of Social Programs in Brazil,* 7
[156] Pero and Szerman, *The New Generation of Social Programs in Brazil,* 7
[157] Draibe, *The National Social Policies System in Brazil: Construction and Reform,* 83

fundamental ideas formed during the constitutional debate. The first was the idea that the poor had a right to a basic minimum income, while the second argued that poverty reduction strategies needed to address structural conditions of poverty, in addition to symptomatic ones. Education in particular was seen as a crucial tool for breaking the intergenerational cycle of poverty, but policymakers recognized the need to provide financial support in order to maintain attendance of the poorest students.[158]

Emerging from these basic principles, the Bolsa Escola Program was started in the Brasila and Campinas municipalities in 1995 by Governor Buarque and Mayor Teixeira respectively.[159] Following their initial success, many municipalities adopted their own BEPs based on the original model. The number of municipalities with BEPs increased from six at the end of 1995 to fifty-eight by 1999. While each program was contextually designed in order to address local concerns, they broadly shared six uniform elements. They established a minimum income threshold for eligibility, either ½ or ¼ of the minimum wage or a threshold between $35 and $60. They required recipients to have school age children, usually between the ages of 7 and 14, though others expanded the age bracket. BEPs generally had a two year residency requirement for eligibility, though there was a range between one and five years. A large number of the programs also targeted transfers to the female head of the household.[160] The programs allowed benefits as long as recipients remained eligible, and established conditions of a minimum

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[158] Lindbert et al., *The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, 10
[159] Lindbert et al., *The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, 11
[160] Pero and Szerman, *The New Generation of Social Programs in Brazil,* 11

attendance record for transfers, though some also incorporated scholastic performance and extra-curricular participation.[161]

The Bolsa Escola Program is particularly interesting in that it received broad support from across the political spectrum. "its unusual combination of left-wing and liberal positions" …"was reflected in the diversity of political actors who supported the program."[162] This support reflected a national consensus among elites that the country's problems were a result of "low levels of schooling and health care and high levels of poverty and inequality."[163] One of the primary reasons CCTs have been so successful is policymakers have been able to design programs which broadly share values with numerous members of society.

Following the initial popularity and success of the program the federal government began to provide co-financing for municipalities in 1998. This was initially done through the Minimum Income Guarantee Program (PRGM) which was implemented in 1998. PRGM provided 50 percent co financing to municipalities who were implementing CCT programs. This was essential in promoting and maintaining municipal CCT programs. [164]

Notwithstanding the success of municipal BEPs, their increasing popularity called for greater national coordination. This was driven by large variations in coverage, ranging from 6.5 percent to 45 percent of the eligible families, and the fact that the poorest municipalities which were in greatest need of the BEP program but had the fewest

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[161] Pero and Szerman, *The New Generation of Social Programs in Brazil,* 12
[162] Pero and Suzman, *The New Generation of Social Programs in Brazil,* 10-11
[163] Pero and Suzman, *The New Generation of Social Programs in Brazil,* 11
[164] Lindbert et al. *The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, 12

resources to pay for them: CCTs in the poorer north accounted between 11.5 and 19.2 percent of the governments revenue, while the wealthier South paid between 0.2 and 3.6 percent of their revenue on BEP.[165] In response to these worries, and capitalizing on a favorable political climate, President Cardoso implemented the National Bolsa Familia Program (NBEP) in 2001. This increased the amount of resources available for transfers up to $680 million, though this represented 0.7 percent of federal social expenditure.[166] The NBEP changed existing BEPs by implementing uniform "designs and parameters,"[167] establishing common eligibility criteria, thresholds, benefits, and conditionalities among all municipalities. It also changed the programs' funding structure, establishing federal municipal partnerships where the federal government "designed, coordinated, and financed" benefits, while municipalities were responsible for implementing the programs. The federal government also directly executed transfers using electronic cards to transfer money to recipients. [168]

Following the success of the NBEEP program the federal government implemented a number of other CCT programs targeting different demand side issues for the poor. These included the Bolsa Alimentacao program in 2001, which aimed to reduce infant mortality and nutritional deficiency by targeting transfers to families with young children conditional on complying with health care visits, growth monitoring, and nutritional education seminars. Additionally, the Auxiliio Gas (2002) and Fome Zero

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[165] Pero and Szerman, *The New Generation of Social Programs in Brazil,* 12
[166] Pero and Szerman, *The New Generation of Social Programs in Brazil,* 13
[167] Pero and Szerman, *The New Generation of Social Programs in Brazil,* 13
[168] Pero and Szerman, *The New Generation of Social Programs in Brazil,* 14

(2003) programs transferred money in order to reduce transportation costs and the risk of extreme poverty for the poor. [169]

In 2003 the government launched the Bolsa Familia program. Over its first four years the program consolidated and integrated federal CCTs under one overarching framework. It aimed to promote efficiency by reducing administrative costs, improving the system for identifying a target population, advancing the synergies between health and education, improving monitoring and evaluation, and promoting vertical integration in order to take advantage of complementarities between national and sub national programs.[170] The program provided transfer values which favored the extreme poor, families with children, and which was simple to administer. It provided simple and variable benefits, with the former going to all poor families, and the later going to families with children, though with benefit levels capped at three.

The average benefit for families ranged between $7-45, which was higher than the average benefit pr-reform. At the same time the program encouraged cooperation between federal programs and municipal CCTs.[171] It did this by vertically integrating BFP jointly with municipal programs, by establishing minimum standards for program operation, and by providing performance based financial incentive along with targeted training, capacity building, and monitoring. These strategies enabled the BFP program to

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[169] Lindbert et al.,*The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, 13
[170] Lindbert et al.,*The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, 14
[171] Lindbert et al.,*The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context*, 24

draw on the benefits of local municipality engagement, while expressing national values for desired outcomes. [172]

Evaluating Brazil's Social Policy:

As the previous section demonstrates, the evolution of social policy in Brazil both directly reflected and sought to share positive social norms and valued outcomes. Brazil's social policy was largely based on a belief in a social debt to the historically marginalized poor, as well as a conviction that all citizens had intrinsic rights to minimal levels of income, basic healthcare, and education. These principles were formally adopted in the constitutional reform of 1988. Throughout the reforms of the 1980's and 1990's they became widely adopted values, something which was reflected in the broad support conditionality programs received from all sides of the political spectrum. The targeted populations as well as the conditionalities associated with the Bolsa Escola Program, as well as subsequent CCTs, explicitly aimed to fulfill society's debt by providing the minimum basic conditions entitled by citizenship. They also aimed to incorporate community values and promote social inclusion in order to integrate the poor into the social and political structure. Its decentralized structure promoted community and local political engagement in its outcomes, as well as enabling the development of contextual solutions for local problems.

Brazil's CCT programs have been successful in part because of widely shared beliefs in its underlying values, as well as the efficiency its vertical integration and local engagement has achieved. Because the social policy debate in Brazil has so explicitly engaged social values and valued outcomes, it is an ideal case for using the continuum

[172] Lindber et al, *The Nuts and bolts of Brazil's Bolsa Familia Program: Implementing Conditional Cash Transfers in a Decentralized Context* 14-15

developed in Chapter to analyze social policy and value structures. This section is going to use the ordered continuum to analyze how different philosophical positions inform us about the debate regarding conditionality, and the outcomes and tradeoffs of particular program designs. Though this analysis is by no means complete, it serves as an example of how a policymaker can use different philosophical frameworks to evaluate redistributive policies and conditionality.

A Nozickean, evaluating the Brazilian experience through a libertarian framework, would likely conclude that, like most redistributive programs, the Brazilian CCT does not constitute legitimate transfers of wealth from the rich to the poor. Even though there was gross inequality, it is difficult to make the case that the impoverished have dropped below the minimum conditions which require redistribution. Broad political support does not justify the program either, because redistribution would constitute illegitimate takings from the wealthy members of society who do not support the program, not to mention it would overstep the bounds of the minimal state.

While broad social redistribution may not be justified, the idea of a social debt may make some redistribution legitimate. In particular, it is possible that indigenous populations would be entitled to rectitude because historically illegitimate transfers robbed them of their natural endowments. Similarly, it is possible that the principle of rectitude could come into play if the authoritarian state used its power to force illegitimate transfers on the underprivileged. If the principle of rectitude is applied, a Nozickean would not argue for a government sponsored CCT program, instead opting for a direct cash transfer equivalent to the welfare loss of their foregone endowment.

Many of the outcomes and underlying values which are prevalent in the Brazilian redistribution program are strikingly similar to arguments made by John Rawls. A Rawlsian would agree with the assertion that a minimum income, a basic level of healthcare, and access to education are necessary for establishing the preconditions for the principles of justice. He would agree with the worry about high levels of inequality, arguing that inequality which does not meet the maxi-min principle should be redistributed. Similarly, the program sought to establish equality of opportunity for the impoverished to participate in social, economic and political institutions, a goal which is in accordance with part one of the second principle of justice.

The evolution of the Bolsa Escola program directly accords with a Rawlsian value structure: its decentralized municipal roots allowed the program to incorporate community members, promoting social inclusion, community building, and social cooperation. The eventual adoption of a national program under the NBEP is in accordance with the broad social value structure which Rawls argues must be adopted on a national basis, and helps to fulfill the difference principle on a national level. Increased oversight and efficiency also helps to establish just institutions which provide equality of opportunity. Conditionalities focused on human capital development are justified because the programs are targeted to marginalized individuals, who have not yet met the background conditions for the first or second principle of justice,

A Ripsteinian neo-Kantian analysis of the Brazilian social policy debate would focus on the historical and current level of political exclusion, as well as the progress towards establishing the rightful conditions of social interaction. In particular, the notion of a social debt owed to the poor because of previous political marginalization directly

accords with Ripstein's position that a united will is necessary for self legislation. Because the poor were excluded from the previous political regime, distributions in order to establish the rightful conditions for a united will is necessary for the government to be legitimate. The idea of fundamental rights of citizens directly accords with the concept of a necessary baseline for establishing the rightful condition. Emphasizing education and health is an effective means of achieving political participation, while also being a legitimate use of state action in order to establish the rightful conditions.

Conditionalities are justified because the rightful condition necessary for autonomy has not yet been established. Decentralization and incorporating local elements in developing and designing programmatic structures and outcomes facilitates local political participation, and is a step towards achieving political legitimacy. The uniform support these programs have from multiple levels of the political and socio-economic spectrum is an important step in establishing a united will among the citizenry. The uniformity established with the NBEP is on the one hand beneficial, because it ensures that a greater number of people will receive transfers capable of establishing the rightful conditions, but on the other hand it limits local cohesion, as some municipal autonomy is rescinded. A true valuation depends on the contextual social and demographic characteristics in a particular community in question.

A freedoms based approach would be in favor of many of the program's goals and outcomes. The program primarily targeted the development of political, social and economic freedoms. In establishing a minimum level of welfare the program endeavored to create the minimum conditions for economic and social inclusion. Its decentralized targeting mechanisms and use of conditionality promoted a feeling of shared interest in

its outcomes. This is reflected in the universal political support the program has received, which decreases the potential for social marginalization. Local participation also enabled the development of appropriate outcomes designed in accordance with contextual valuations of capabilities. The program's method of human capital accumulation addresses capabilities which have both intrinsic and instrumental value. These freedoms are reinforced by its political and social elements. The NBEP, when implemented, provided some guarantee of transparency, equity, and efficiency, which in turn encouraged a feeling of social cohesion and support for the program. Conditionalities would be justified, as the small restriction on economic freedom results in increases in short run social freedom and physical well-being, along with long run increases in economic, social, and political freedoms.

A utilitarian analysis of the Brazilian CCT debate would focus on the society's aggregate levels of welfare at different stages in the program's development. In one respect this simplifies the matter, as particular design features can be analyzed on a consequentialist basis, adjusting for unexpected outcomes. It is likely that the broad feeling of a debt to the poor combined with a higher marginal utility for transfers, and increasing returns which come from conditionality, would justify the implementation of extensive redistributive policies. Additionally, it is likely that the increased aggregate amount of wealth transfer under the NBEP combined with increased efficiency which resulted from adopting uniform standards would lead a utilitarian to support redistribution at the federal level. At the same time, community targeting could enable wealth transfers to go to those individuals who most need, meaning one would get a higher marginal utility for a particular transfer. Thus, the utilitarian position on

centralization depends on the contextual factors which determine what utility outcomes result from different arrangements.

Conclusion:

This thesis sought to develop a framework which policymakers can use to analyze conditional cash transfer programs in accordance with a particular value structure. Adopting the normative position that there are certain values interconnected with outcomes which we want to embrace, it has analyzed whether different philosophical positions would argue that CCTs are justified. This exercise has revealed, depending on the philosophical position embraced, a policymaker may oppose or completely endorse CCTs for a number of reasons. These different positions would also dictate not just whether you are going to have CCTs or not, but also how they are going to be designed and what the nature of the conditionalities will be.

In order to effectively compare the implications of different value systems it developed a continuum which can be used to evaluate the trade-offs of conditionality. This framework was employed in Chapter V to analyze the debate about and evolution of conditional cash transfer programs in Brazil. These exercise showed how different philosophical frameworks could be employed to evaluate conditionality in a particular context. Additionally, this thesis has argued that social norms and shared value structures play a pivotal role in effective use of conditionality requires an understanding of the relevant social norms, entitlements, and their interconnectedness. With this knowledge in hand, it has examined how different CCT design structures can use contextual factors to promote human dignity in accordance with a particular value structure.

While much of this thesis has focused on analyzing philosophical frameworks, it has argued that these positions have direct implications on policy creation. As the case study of Brazil demonstrated, different philosophical positions are constantly used as

justifications in debates over CCTs. In order to fully analyze the implications of a CCT program, it is important to make the philosophical underpinnings more explicit. This will allow everyone to be able to fully understand what the trade-offs are. Only with this fuller understanding can we properly design and implement effective and appropriate CCT programs capable of promoting human dignity.

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