The violation of human rights as a determinant of poverty*

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This paper focuses on the relationship between poverty and human rights, with particular emphasis on situations where issues of ethnicity and discrimination are present. In many societies, poverty is seen as the result of human rights violations through racism and many forms of discrimination (e.g., personal, social, economic). In the end, it is the presence of these dimensions that determines the ways in which societies see poverty in its many facets, leads to the selection of development instruments to alleviate poverty, and establishes the policy package governments put in place.

Hitherto, the relationship between poverty and human rights has not been clearly understood. Little empirical research is available on the matter. As a result, seemingly sharply contrasted perspectives continue to exist. The prevailing view in economic development is that poverty alleviation programmes are so diverse and encompassing that it will be via poverty alleviation programmes that human rights will be fulfilled. However, in the human rights community, the prevailing view is that violations of human rights are a major cause of poverty and, as a corollary, to deny people their rights is, by definition, a way to keep them poor. In fact, both approaches hold substantive truth and value added.

In particular, economic development experience shows that human rights are not just obligations to be complied with. Furthermore, human rights are an intrinsic dimension of development and, therefore, it is essential to link the fulfillment of human rights with the processes of wealth creation, poverty alleviation and development effectiveness. Nonetheless, it is important to note that very little has been published on these aspects, except for the pieces in Amartya Sen's *Development as Freedom* (Sen 1999) and in the report of the Commission on Human Security (2003).

However, it is also true, even from a strictly economic perspective, that those whose human rights are violated, or have no possibilities to realise them (i.e., whose human rights are denied even if not deliberately violated), are severely handicapped in the whole process of capital accumulation. Absence of respect for human rights means social exclusion, loss of individual and social identity, and marginalisation. This, in turn, means little or no access to productive assets. Lack of capital both constitutes poverty and entrenches it. Available capital, conversely, is a crucial means of getting out of poverty.

For these purposes, it is important that capital should be understood in a broad sense, as one dimension of capability. Thus, while taking full account of the many ways in which the term "poverty" may be defined – particularly as income poverty – human poverty must be

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understood as an inability to accumulate capital (assets like infrastructure, money, knowledge, natural resources, culture) in the economy. Such emphasis may prove useful in moving forward current debates on the relation between racism and discrimination and poverty.

Thus, if societies are to eliminate poverty and fulfill the full range of human rights, new thinking and new approaches are needed. However, to suggest new approaches is always to meet a high degree of resistance, for at least two reasons. First, because the issues of poverty and human rights can be addressed from many different angles and little consensus exists on an optimal path out of poverty. Decision makers are often faced with very hard choices as they have to narrow down the scope of their programmes and policies – for the sake of effectiveness – and, thus, the trajectory eventually chosen will be shaped by major trade-offs, including the balance of political costs and benefits. Second, because, in the final analysis, new development results will require new approaches to poverty. This is unwelcome, given the innumerable poverty alleviation approaches in the social and economic programmes of various countries that have been implemented or experimented without necessarily encountering a great deal of success. For example, contrasting the more top-down approaches with the more bottom-up: from huge infrastructure projects to small projects driven by local communities; from purely growth-oriented programmes to conceptions of growth based on equity, participation and empowerment; from exclusion to social inclusion; from growth to development, from development to sustainable development, and from sustainable development to empowered development; and from issues of poverty at the local and national levels, to addressing the global dimensions of poverty.

Nonetheless, a major commitment to *scaling-up and deepening development* will be required if the number of poor people in the world is to be significantly reduced – and, equally importantly, *sustainably* reduced. The latter concern is not simply rhetorical: many poverty alleviation programmes are not necessarily sustainable over both space and time. The dual requirement of scaling-up and deepening demands a new understanding of its necessary and sufficient conditions and close linkage with the challenges of racism, ethnicity, discrimination, and human rights. This is not a trivial task.

In recent decades, much focus has been placed on poor people and their ability to accumulate capital – physical (e.g., infrastructure), financial (e.g., credit), and human (e.g., education). Much less attention has been paid to how the poor accumulate other forms of capital, in particular natural, institutional, and cultural capital. The focus here is on institutional capital, which includes a number of components (e.g., organisational arrangements, the role of different actors, incentive structures and instruments, participation, empowerment, governance), and the objective is to emphasize the importance of the normative and rule-making aspects of development. The key claim is indeed that *rule-making* must become an intervening and endogenous variable in the design and implementation of poverty alleviation programmes rather than a residual to the manipulation of other forms of capital.

This new emphasis pushes the frontier of the debate on poverty one step further and forces policy makers to identify the principal factor or component to act as an "integrator" between the traditional income approach to poverty and an approach anchored into rule-making. The appropriate integrator is, precisely, the notion of *capital*, *capital accumulation* being the central factor in wealth creation, within a framework of economic growth, social equity, and sustainable development:

- economic growth is a process of capital accumulation and depends on how much and how fast an economy accumulates capital in its several forms;
- development is the distributional dimension of the benefits accruing from the process of capital accumulation;
- sustainable development is a matter of attaining a balance across all forms of capital contributing to the development process (physical, financial, human, natural, institutional, and cultural).

It is from this perspective that poverty – as a process and as an outcome state – appears as an intrinsic inability to accumulate capital.

Perhaps the only item missing from this list is human rights. The proposal here is that

A waste-recycling cooperative, Brasilia, Brazil, 2003. Luca Bonacini / REA

human rights principles should be regarded as, precisely, another form of capital. Human rights are a form of capital endowment that the poor need to accumulate, within the context of all the forms of capital listed above, in order to escape poverty. This perspective offers a common framework to assess how violations of human rights – which limit directly the ability of the poor people to accumulate "human rights capital" as well as indirectly limiting their access to other forms of capital – become a major determinant of entrenched poverty. Conversely, in order to remove people from poverty, societies need to focus on the forms of capital poor people have the highest comparative advantages in accumulating.

Let us now deepen this notion of human rights as capital. One must start by acknowledging that the role of human rights in economic development remains controversial. In part, this is due to a major misunderstanding of their meaning in economics, which has led them not to have an established and consolidated role in welfare economics. In the public domain, current controversies are shaped by misunderstandings between lawyers, or human rights advocates, and a few economists who have concerned themselves with the issue.

Even in traditional welfare economics there is a room for the mainstreaming of human rights. Any process to achieve any social optimum state in a given society (collective welfare) is permeated by issues of human rights. Conditions, assumptions, and processes are often linked to a normative framework defining what constitutes the "right" (or an "acceptable") decision or outcome. Thus, a number of policy prescriptions in welfare economics rest on the application of human rights principles to various forms of human interaction as enunciated in the Universal Declaration of Human Rights, the Covenant on Civil and Political Rights and the Covenant on Economic, Social and Cultural Rights.

This is why human rights are more than just laws, rules, and regulations to be enforced and complied with. In many ways, human rights must be understood as an integral part of any "initial endowment" that producers, consumers, and other agents in the economy, may draw upon to allocate, use, manage, and control all other forms of capital (tangible and intangible). The rights and responsibilities entailed by human rights principles may be formal or informal, explicit or tacit, private or public. Human rights, thus understood, are an integral component of institutional and cultural capital and contribute crucially to efficient allocation of human and all other forms of capital. The human rights endowment represents a powerful determinant of how economic entities behave under conditions of material scarcity. In some ways, the state of human rights capital may be a powerful explanation of why resources are allocated or wasted in the economy. Thus, their mainstreaming must become an important component of the debates on economic efficiency, comparative advantage, and development effectiveness. Human rights are a significant modifier of the enabling environment needed for economic growth and development.

Exclusion from a form of capital, including human rights, proves essential in explaining different forms of underdevelopment and poverty. For example, past projects relating to buildings, irrigation canals, and other kinds of artificial physical infrastructure, typically have not attained high levels of development effectiveness and equity, and in particular have provided marginal benefits to the poor, because they were uncoupled from issues of human capital and rights.

The notion of human rights as capital, and as part of each person's notional "initial capital endowment" implies a number of things in regard to equity, social justice, and poverty alleviation. For example, think of a world in which human rights as capital (formal or informal) do not exist. In their absence, what kind of welfare outcomes would one see? What effect, conversely, would their inclusion have? There are no trivial answers to these counterfactual questions. The answers depend in fact very much on the relationship *initial rights endowments have to other forms of capital*. There is plenty of evidence that levels of private sector investment strongly depend on whether effective justice systems are available and working effectively, on the implementation of international human rights conventions (e.g., on the rights of workers and of children) and many other institutional factors. Thus, one would expect wage levels and labour market inclusion (e.g., of children) to vary depending on whether human rights are effectively realised or not.

Furthermore, acknowledgement of human rights as an initial capital endowment will greatly affect and influence options and private choices, particularly those of people who lack a rich endowment of other forms of capital (such as the poor). For poor people, the recognition of an initial human rights capital endowment is essential with respect to how much labour is offered or sold, and to how much man-made capital will be embodied in their economic behaviour. For people who are very rich in all forms of capital, on the other hand, human rights as another form of capital may not be important. This is why human rights capital is so important in addressing the challenges of poverty and inclusion.

In addition, human rights as capital are important in relation to the ways in which governments and societies define anti-poverty policies. Human rights capital is an essential component of any serious empowerment strategy. Empowerment is also a societal distribution of rights and responsibilities and thus affects how all forms of capital are allocated and used in the economy. This is why human rights must be seen as another dimension of the effectiveness of growth and development rather than as a residual factor in economic and financial decisions.

In conclusion, human rights must be regarded as a human endowment, and thus as a form of capital. They are, to that extent, as important as all the other forms of capital that participate in the development process and in the process of poverty alleviation. To disregard the importance of human rights is tantamount to keeping people in poverty.

Note

*The views expressed here are those of the author, who bears sole responsibility for all errors and omissions, and should not be attributed to the World Bank or any of its affiliates. Some of the original material presented here was originally put together in a paper prepared for a discussion at the United Nations.

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