Introduction

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This volume honors Keith Griffin's more than 40 years of fundamental contributions to the discipline of economics. It is fitting, therefore, that each of the chapters in the volume reflects the influence of Griffin's own pathbreaking work, the hallmarks of which are a deep commitment to advancing the well-being of the world's poor majority, and an unflinching willingness to question conventional wisdom as to how this ought to be done.

Four overarching themes recur in both Keith Griffin's work and this volume. The first is the need not only to eradicate poverty but also to redress inequalities in the distribution of income and wealth within and among nations. The second is the impact of growth on inequality, and conversely of inequality on growth. The third is the political economy of policy-making – recognizing that policies are the result of contests amongst competing individuals, groups and classes, rather than an outcome of dispassionate optimization by technocrats insulated from political processes. The final theme is heterogeneity and its implications for development strategies.

INEQUALITY AND POVERTY

Long before it became fashionable to do so, Keith Griffin took poverty reduction to be the central objective of development. In the mid-1960s this normative stance was itself a radical departure from the prevailing view that economic growth was the overriding goal. But Griffin went further, insisting that poverty cannot be divorced from inequality. Hence the terms 'poverty' and 'inequality' are often paired in his writings, as in the title of the book *International Inequality and National Poverty* (1978) and in the title of the book he co-edited with Azizur Rahman Khan, *Poverty and Landlessness in Rural Asia* (1977), landlessness being a key dimension of asset inequality.

One advantage of this formulation is that in addition to underscoring a basic reason for persistent poverty – inequality in the distribution of income and wealth – it draws our attention to the other end of the spectrum, the rich. In so

doing, it suggests that the problem is not just the poor, who need to be rescued somehow from poverty, but that the rich may be part of the problem, too.

Amongst economists who pay serious attention to distribution, the usual focus is the distribution of income. Griffin has devoted equal attention to the distribution of assets, or wealth. Thus in the introduction to *Poverty and Landlessness*, Griffin and Khan write: 'The only way to alter substantially the distribution of income is by altering the distribution of wealth in agrarian countries. This implies above all the need for land reform.' The reconfiguration and redistribution of rights to assets is an intellectual terrain where many economists fear to tread. Griffin has been among the intrepid exceptions.

INEQUALITY AND GROWTH

A second theme in Griffin's writings and this volume is the impact of growth processes and economic policies on inequality. The inequalities that have concerned Griffin include – again, far ahead of his time – not only vertical disparities of class but also horizontal disparities across regions, ethnic groups, and other social divides. In his landmark essay, 'Financing development plans in Pakistan' (1965), Griffin dissected the ways in which that country's development strategy systematically exacerbated the economic gap between its two wings, East Pakistan (now Bangladesh) and West Pakistan. In recent years, more economists have begun to recognize the importance of horizontal inequalities, among other reasons because they can be precursors of violent conflict and civil war – a link that the course of events in Pakistan illustrated a few years later.

In his work on the 'green revolution' in Asian agriculture – the introduction of highly fertilizer-responsive varieties of rice and wheat – Griffin focused on the impacts of technological change on inequality. He concluded, in contrast to conventional thinking then and now, that agricultural growth does not inevitably translate into improved well-being of the poor. Although agricultural growth may be necessary to reduce hunger, it is not sufficient. 'The reason,' Griffin wrote in *The Political Economy of Agrarian Change* (1974), 'lies not so much in inadequate technology, as in inappropriate institutions and policy. The explanation for the latter, in turn, lies not in the ignorance of those who govern but in the powerlessness of most of those who are governed.'

In this respect, Griffin's critique recalls Karl Marx's famous comments on the working man and the machine: 'It took both time and experience,' Marx wrote, 'before the workpeople learnt to distinguish between machinery and its employment by capital, and to direct their attacks not against the material instruments of production, but against the mode in which they are used.'¹ In the same vein, Griffin directed his attack not against the new agricultural technology *per se*, but against the agrarian structures in which the technology was introduced.

Turning the growth–equity linkage around, Griffin also has pointed to the ways in which inequality constrains economic growth. In an era when many economists assumed an axiomatic ‘great trade-off’ between growth and equity, this was a radical proposition. Today it has entered the mainstream of development economics.

Griffin extended this logic to critique foreign aid. In contrast to mainstream assumptions, he argued that aid (that is, inflows of external capital at below-market interest rates) does not necessarily promote more rapid growth. Instead it can depress domestic savings and reduce the efficiency of investment – particularly in countries with very unequal distributions of wealth and power.² Thirty years ago, this claim created a storm of controversy. Yet it now is accepted, albeit somewhat grudgingly, such as in 1998 publication of the World Bank itself, *Assessing Aid: What Works, What Doesn’t, and Why*. The Bank study found that in countries with what the Bank calls ‘poor policy,’ a 1 percent increase in aid (as a fraction of national income) leads to a 0.3 percent decrease in the rate of growth. In reporting this remarkable conclusion, the authors of the Bank study should have exclaimed, ‘Griffin was right!’ Instead the findings are reported in an appendix, and the authors make no mention of Griffin’s pioneering analysis.

THE POLITICAL ECONOMY OF ECONOMIC POLICY

A third theme is the importance of understanding the political economy of economic policy. Where do ‘poor policies’, however these may be defined, come from? Griffin consistently has rejected the notion that policy shortcomings are simply the result of mistakes. Instead he traces them to the distribution of wealth and power. ‘Governments may claim to rule in the “national interest”,’ he wrote in *The Political Economy of Agrarian Change*, ‘but in reality they act on behalf of their supporters.’

If so, we must ask what can be done to avoid an accumulation of advantages and disadvantages whereby the rich capitalize on their power and grow richer still, while the poor grow relatively (and perhaps absolutely) poorer. Griffin and the contributors to this volume uphold the view that there are alternatives, and that humankind is not trapped in an inexorable process of polarization from which there is no escape short of apocalyptic change. In this respect, their work echoes the maxim of the late Raymond Williams: ‘To be truly radical is to make hope possible rather than despair convincing.’

Since the late 1980s Griffin’s work on the transition from central planning to more market-guided economic systems in China and other low-income countries, such as Vietnam and Mongolia, has advanced alternatives to orthodox prescriptions for rapid privatization of state-owned enterprises and indiscriminate

price liberalization.³ Instead he has emphasized the importance of maintaining aggregate demand, sustaining high levels of investment, and preventing great inequalities in the distribution of income and wealth from emerging and becoming entrenched.

The phenomenon of globalization gives rise to new opportunities as well as new threats to the well-being of the poor. Globalization does not simply entail the integration of markets, much as neoliberals may seek to reduce it to this element. It also involves the globalization of governance, including informal governance by civil society as well as the formal rules and regulations of governments. The globalization process today opens possibilities for redefining and reconfiguring rights: rights to food, rights to clean water, rights to environmental quality, rights to natural resources, rights to participate in the political process. All rights, including property rights, are socially constructed. Hence they change over time – if and when people organize to change them. Keith Griffin has played a leading role in showing how economists can contribute to this broader social process.

HETEROGENEITY

A final theme is the importance of heterogeneity. Rather than succumbing to the economist's penchant for elegance through simplification, Griffin has sought to unpack broad categories, like 'the poor', and look at the circumstances of real people in specific times and places. The heterogeneity of the poor implies for example that few policy instruments will have unambiguous impacts on poverty or inequality.

This is a consistent theme in Griffin's work. In *The Transition to Egalitarian Development* (1981), co-authored with Jeffrey James – a book that starts from the bold premise of a government that is committed to the rapid eradication of mass poverty – Griffin analyzes the market disequilibria likely to result from a large-scale redistribution of purchasing power. Foremost among these is excess demand for food, as income shifts to poorer households for whom food constitutes a larger share of family expenditure, resulting in upward pressure on food prices. Griffin emphasizes that 'the poor are highly heterogeneous in terms of their geographical location and, most important, their occupation structure', and that this implies that 'a rapid increase in the price of wage goods is likely to affect the poor in many different ways in their capacity both as producers and as consumers' (p.20). In this book, a veritable how-to manual for progressive economic policy-making in developing countries, Griffin and James recommend a range of policies to manage both demand and supply.

As this example suggests, heterogeneity has important implications for policy design. In particular it underscores the need for explicit attention to externalities,

both positive and negative, a need that again cuts against the grain of the wish for elegance and simplicity. Unlike pure theorists, policy-makers cannot assume away the problems posed by market failures. ‘Quite often,’ Griffin and Enos wrote in their book *Planning Development* (1970, p. 237), ‘the external economies and diseconomies generated by an investment project are more significant than the measured benefits and costs.’

Closely linked to heterogeneity is diversity. In contrast to optimization models that prescribe and predict a single ‘first-best’ solution – whether in the choice of technology, the design of institutions or economic theories – development economics brings out the value of diversity. Just as crop diversity, as opposed to varietal monoculture, is needed for successful adaptations to changing environmental conditions in the farmers’ fields, so too, more generally, diverse technologies and institutions are crucial for long-run economic resilience. Keith Griffin and the contributors to this volume similarly demonstrate in their work the value of intellectual diversity: the fruitfulness of cross-pollination among different theoretical perspectives, and the importance of evolving new ideas under the pressure of changing realities on the ground. Such intellectual diversity, we believe, is crucial to sustain economic analysis as a creative and useful endeavor.

OBSERVING AND PARTICIPATING IN HISTORY

Perhaps uniquely among volumes of this type, our book begins with an essay by Professor Griffin himself, ‘A witness of two revolutions’. Professor Griffin originally delivered this chapter as the Distinguished Humanist Achievement Lecturer at the Center for Ideas and Society at the University of California, Riverside in January 2003. Professor Griffin also presented it as the opening paper for our 2004 Festschrift conference. This chapter is an autobiographical introduction to Professor Griffin’s work and career, presented with his characteristic eloquence and flair. The first revolution that he considers is the termination of the European imperial system after the Second World War. This led to the corresponding rise of development economics as a tool for advancing effective policy paths for decolonization and beyond. The second revolution is the collapse of Communism in the Soviet Union and Eastern Europe after 1989, and the accompanying transition from centrally planned economies to a more market-oriented economic system. This second political revolution gave rise to the new subfield of economics, the economics of transition. Griffin discusses his involvement in both of these revolutions, in terms of both his academic research and his highly active role as a policy advisor for governments in all parts of the globe.

PERSPECTIVES ON CHINESE DEVELOPMENT

As one major part of his involvement in the second revolution – the movement away from central planning and toward market-guided economies – Professor Griffin has been a highly active researcher on the Chinese economy since the earliest stages of its post-Mao reforms. The three chapters in this section are all by authors who, at various points, have collaborated with Professor Griffin in this work.

In ‘The fall in Chinese poverty: issues of measurement, incidence and cause’, Carl Riskin discusses problems involved in the measurement of poverty in China. He argues that while it is clear that there has been a decline in rural poverty in China during its period of transition, for various reasons the magnitude of this decline remains a matter of debate. Riskin further argues that though there has been an increase in urban poverty in China in recent years, the reliability of the measures of urban poverty in China is even more problematic than that for rural poverty. Riskin also points out that: (1) estimates of deprivation based on income or expenditure may not give us as dependable a picture of deprivation as that yielded by real indicators such as malnutrition, and illiteracy; and (2) some of the real indicators (for example consumption of calories per day) suggest a much higher level of deprivation in rural areas of China than the official income poverty measure. In general, Riskin’s chapter makes clear that many issues need to be resolved before we can have a reliable understanding of the poverty trends in China over the past 20 years and into the future.

In ‘The rural–urban divide and the evolution of political economy in China’, John Knight, Li Shi and Lina Song also focus on the issue of rising inequality in China. They show that the single greatest source of inequality in China during the the post-Mao reform period is the gap between urban and rural living standards. This gap is a long-standing feature of Chinese society, both during and prior to the Communist era. But the authors show that this gap has been widening since the reform period began in the early 1980s. The authors examine a range of factors behind this gap, including, perhaps most important, the greater political power of the minority of urban workers relative to the majority of rural peasants. This relatively greater power affects a range of government policies, including food subsidies for urban workers, and the superior provision of health and education among urban dwellers. The authors conclude that the Chinese government is more concerned with promoting growth, and alleviating poverty through growth alone, than addressing the sharply rising inequality that has accompanied the growth trajectory since the early 1980s.

In ‘Socialist fetters? Land tenure and economic growth in post-Mao rural China’, Mark Brenner reviews the evidence concerning the changing distribution of land in rural China since the early 1980s. Brenner’s findings are striking

– that in contrast with virtually all other social indicators during the period of post-Mao reform, physical landholdings have become more equal in this period. Brenner attributes this result to China's two-tiered land tenure system, whereby rural households have long-term use rights on their land, while local governments retain ownership of the land. Local governments have used their power of ownership over the land to periodically adjust landholdings on behalf of more egalitarian outcomes. Brenner also makes clear that other forces are acting to counter the egalitarian results of this land tenure system. Thus the value of land is becoming increasingly unequal, reflecting the increasing importance of market forces in establishing land values. In addition, local governments are promoting township and village enterprises, which are focused almost entirely on the coastal region, thereby leading to worsening inter-regional inequality. Given these counter-forces, it is especially significant to recognize the positive role that the land tenure system continues to play in promoting equality in China.

AGRICULTURE AND RURAL POVERTY

The majority of the poor people in developing countries have, over time, lived in rural settings and earned their livelihood through agriculture. It is therefore not surprising that Keith Griffin has focused intensively on issues surrounding agriculture and rural poverty in his research and policy advising. The three chapters in this section reflect these same concerns.

In 'A future for small farms? Biodiversity and sustainable agriculture', James Boyce argues that small farms play a vital role in sustaining the genetic diversity of crops that is essential for long-run food security. In centers of agricultural biodiversity – such as Mesoamerica in the case of maize (corn) and the Andean region in the case of potatoes – small farmers are the 'keystone species' in agricultural ecosystems that underpin human survival. In addition to the policy-induced biases against small farmers to which Keith Griffin has drawn attention – in particular, the ubiquitous subsidies to large farms and capital-intensive technologies – Boyce identifies a further shortcoming of both market signals and present government policies: the failure to value and reward this environmental service. As Boyce explains, although the *ex situ* seed collections in agricultural research institutions are quite valuable, they not an adequate substitute for *in situ* conservation by small farms. He prescribes a range of policies to strengthen both the livelihood security of small farmers and their incentive to continue providing this crucial environmental service: the removal of current policy biases against small farms; the development of markets for 'traditional' varieties of crops and livestock; the provision of local public goods in areas where farmers cultivate diversity; direct payments for

on-farm conservation; and support for part-time farming as a component of households' diversified livelihood strategies.

In 'The impact of policy reforms on rural poverty in Brazil', Steven Helfand and Edward Levine seek to explain a very favorable development over the 1990s: a 16 percent decline in the rate of rural poverty in Brazil. Helfand and Levine consider a wide range of factors that may have contributed to the decline in rural poverty, including out-migration from rural areas; the increasing significance of non-agricultural income sources, including government transfer payments; and macroeconomic changes, including the taming of the hyperinflation that had plagued Brazil between 1988 and 1994. Helfand and Levine present a carefully specified data set to examine these alternative possibilities, which enables them to examine, among other things, heterogeneity in the experiences of different states in Brazil. According to their findings, the single most important factor in reducing rural poverty was the 29 percent increase in per capita income throughout Brazil between 1991 and 2000. This rapid rise in average income compensated for the fact that inequality rose in the rural areas of the country by 7 percent over the 1990s. But Helfand and Levine also conclude that there is no single explanation for the rapid rise in income itself. This suggests that policy measures for reducing poverty will need to pay careful attention to the particular conditions that prevail in different countries and regions afflicted with high rates of poverty.

Albert Berry's chapter asks 'Has Colombia finally found an agrarian reform that works?' To pursue an answer, Berry surveys the history of agrarian reform measures from the 1930s to the present. He shows that, over time, the conditions which led to significant positive agrarian reforms are rare; and as such, that major redistribution of land was never politically feasible over this period of time. The next-best option was therefore to pursue an equitable development of frontier land, before largeholders could make claims on these properties. However the failure of government policy-makers to implement even this more modest approach to land reform has meant a steady decline of favorable policy options. With a rapidly diminishing frontier, Berry argues that the current approach of negotiating land transfers to aspiring smallholders, with the government subsidizing these land purchases, appears to be the only remaining feasible alternative. Berry holds that its success will depend on how much land will actually be available at affordable prices; whether the state will provide effective credit and agricultural support programs for smallholders; and whether the program will be sustainable over several governments. Meanwhile Berry holds that the failure in Colombia to confront rural poverty through land reform has created a major breeding ground for guerilla groups and the illicit drug industry.

DIMENSIONS OF HUMAN DEVELOPMENT

Economists have always known that the promotion of economic development is not simply a matter of accelerating GDP growth. However, too frequently they have lapsed into assuming that GDP growth is a sufficient proxy for capturing the range of factors that comprise development. The pioneering work of Keith Griffin and others has enabled us to attain a much more finely-grained understanding of the factors that comprise human development – that is, an economic growth path that generates broadly-shared improvements in well-being. The three chapters in Part III offer a range of perspectives that help clarify the project of human development.

In ‘Death and development’, Bob Sutcliffe demonstrates the ways to utilize data relating to mortality for illuminating different aspects of the well-being of societies as well as the well-being of different groups within the same society. The wealth of information gathered and analyzed by Sutcliffe includes, among other things, intertemporal and geographic comparisons of ratios of age-specific mortality; ratios of male and female age-specific death rates in different countries; differences in life expectations of different ethnic groups in the USA, South Africa and Brazil; the age distributions of deaths in different countries; and the age-specific death rates in Africa and the USA due to infectious diseases and causes related to birth and maternity, non-infectious medical conditions, and accidents, suicide and killings. Sutcliffe argues strongly for understanding the causes of death in social, economic and political categories. That is, to know what percentage of deaths and disability in the world now take place due to poverty, to lack of education and knowledge, to inequality and all its causes, to lack of medical facilities or appropriate health policies, to the research and pricing policies of pharmaceutical companies, to the advertising and marketing policies of tobacco companies, to prejudice and denial which prevents adequate education about safe sex, to discrimination and violence based on sex, race or sexuality, or to the multitude of other socially and economically pathological factors which can contribute to premature death. Sutcliffe closes with a striking analogy: that unmasking the social causes of premature deaths can be seen as a counterpart to the political movements which have arisen to confront dictatorship on behalf of those missing through political oppression.

In ‘On comparing functioning bundles and capability sets’, Prasanta Pattanaik focuses on certain conceptual issues that arise in comparing functioning bundles and capability sets when one seeks to apply the innovative formulation of the notion of living standards introduced by Amartya Sen and Martha Nussbaum. Among other things, Pattanaik discusses: (1) practical limitations of the dominance criterion in comparing functioning bundles; (2) analytical problems involved in using ‘local information’ about values when comparing functioning bundles; (3) some alternative approaches to the problem of comparing capability

sets; and (4) the incompatibility of certain highly plausible properties that one would like to impose on standard-of-living comparisons based on functioning bundles, and a similar incompatibility in the case of standard-of-living comparisons based on capability sets.

In 'Environment, poverty and development', Charles Perrings uses an analytical model to explore certain links between poverty and environmental changes. In his model, the output depends on the stock of produced capital and the amount of extracted natural capital, which is simply the stock of natural capital times the rate of extraction. The decision-maker chooses the fraction of the output to be consumed and the rate of extraction of natural capital to maximize his or her utility. Perrings derives two conclusions from his analysis. Firstly, if there is compensatory growth of natural capital stocks, then there exist at least two distinct equilibria. The first of these involves high levels of environmental stocks and yields and resilience to output shocks, while the second involves low levels of environmental stocks and yields and resilience to output shocks. Secondly, Perrings shows that if initially the decision-maker is in a state of 'subjective poverty', then a shock that adversely affects the output may lead the decision-maker to dissave by drawing down the stock of natural capital through an increase in the extraction rate. This in turn may cause the system to converge on a low-level equilibrium.

GLOBALIZATION AND INEQUALITY

Globalization is a central, overarching fact of contemporary economic life, in both the North and South. Issues surrounding globalization have correspondingly been at the center of Keith Griffin's research and policy advising for more than a decade. The four chapters in Part IV examine a range of questions emanating from the ongoing process of global integration.

In 'Globalization and the transition to egalitarian development', Robert Pollin begins by asserting what he holds to be the single most important fact about the contemporary pattern of global economic integration: that it is being guided by a predominant commitment to neoliberal economic policies throughout the world. Such policies include more openness to trade and foreign direct investment, fewer government regulations of financial markets and institutions and other sectors, and a substantially reduced role for macroeconomic policy management. Pollin then examines what he considers to be three overarching problems that have emerged in this era of neoliberal globalization. The 'Marx problem' refers to the expansion of what Marx termed the 'reserve army of labor', which has resulted from a range of structural changes and policy responses. The 'Keynes problem' is that highly liquid financial markets, such as those that have emerged on a global scale in our current era, are prone to bouts of specula-

tion and instability. Financial instability in turn is frequently transmitted into the real economy, creating severe cyclical volatility in incomes and employment. The ‘Polanyi problem’ concerns the ability of non-market forces to engender norms of social solidarity that can serve as effective counterweights to the competitive imperatives of a free-market economy. Pollin explores the nature of these problems and proposes policy measures for confronting them, outlining within this context some features of a renewed path toward egalitarian development.

In ‘Gender equality, public finance and globalization’, Diane Elson analyzes a series of gender-based initiatives (GBIs) in the realm of public finance that have been advanced in both the global North and South. As Elson explains, the GBIs are measures that, from the perspective of gender equity, seek to improve the distribution, adequacy and impact of public expenditures at national, regional and local levels. They also aim to secure greater transparency in the use of public money, as well as greater accountability to women as citizens. The pioneering efforts toward GBIs were taken by so-called ‘femocrats’ in the government in Australia in the mid-1980s. Elson describes how the Australian example then served as a model for efforts in South Africa and beyond. By 2000, Elson reports that governments throughout the world have come to see gender budget analysis as a potential tool for bringing gender-based concerns into mainstream policy decision-making. But Elson also raises a basic problem confronting this growing movement: that in the era of globalization, governments – especially in the South – have been steadily losing control over their public finance decisions. This is because globalization of trade, investment and finance exert pressure on governments to reduce tax revenues and public expenditures, even as it creates a need for more investment in public goods to counteract inequality and insecurity.

In ‘Class transition in the age of globalization: examples from the rural sectors in India and Kenya’, Anjan Chakrabarti, Stephen Cullenberg and Mwangi wa Githinji develop an insight advanced by Keith Griffin in his 1974 book *The Political Economy of Agrarian Change*: that even in simple rural communities, social and class differences can easily become blurred when landlords and peasants adopt a variety of roles in the economy. The authors synthesize Griffin’s perspective with a post-structuralist Marxian class analytic framework to examine the changing class landscapes of rural India and Kenya in the contemporary period of globalization. In both the Indian and Kenyan cases, the authors reach a surprising conclusion: that the impact of globalization has not been leading to a clarification of class-based social identities as in different periods Marx and Engels, and Griffin, had assumed would occur with time. Instead, Chakrabarti, Cullenberg and Githinji find that the multiplicity of class sets is continuing in the contemporary period, even while income inequality has sharpened in both countries.

In ‘What will become of the welfare state?’ Victor Lippit argues that European-style social democracy – that is, its welfare state practices favoring relative equality and the assurance of access to the basic requirements for a decent living standard – is the most humane form of capitalism that the world has managed to produce. But Lippit also argues that welfare-state capitalism has come under increasing challenge. His focus is on the ways in which globalization and technological change are undermining the welfare-state model, because they increasingly force firms throughout the capitalist world to focus on competitiveness and maximizing shareholder value as opposed to focusing on the welfare of their entire community of stakeholders. Lippit also emphasizes that ageing populations and the revolutionary transformation of medicine promise to raise the costs of existing welfare state systems substantially. Lippit discusses the various reforms that have been undertaken by several European countries to handle these challenges faced by the welfare state. His overall conclusion is that welfare-state policies need to be reformed, so that they can operate with increased flexibility in the contemporary era of globalization. In Lippit’s view, this is the only way that the welfare state can be preserved until such time as desirable and feasible forms of post-capitalist social organization begin to emerge.

STRATEGIES FOR REDUCING POVERTY AND INEQUALITY

Keith Griffin has always followed in practice the 11th Thesis on Feuerbach by Marx: ‘The philosophers have only interpreted the world in various ways. The point, however, is to change it.’ It is therefore appropriate that the concluding part of this volume considers, from various perspectives, the question of how to fight effectively poverty and inequality, given the actual world conditions in which we live today.

In ‘The structure and distribution of personal income and poverty reduction: a case study of Bangladesh during the 1990s’, Azizur Khan and Binayak Sen provide a detailed analysis of the sources of the increase in inequality in the distribution of personal income in Bangladesh between 1991–92 and 2000. They distinguish seven different categories of income. For each category, they derive the ‘pseudo-Gini ratio’ from the ‘pseudo-Lorenz curve’ for that category. The pseudo-Lorenz curve for the r -th category of income is constructed by plotting cumulative shares of the r -th category of income against the cumulative deciles of population based on the ranking of individuals in terms of their overall income (as distinct from their income from the r -th source). If the pseudo-Gini ratio for the r -th category of income is higher (resp. lower) than the true Gini ratio for the economy, the r -th source is called disequalizing (resp. equalizing). Changes in the Gini ratio arise either from changes in the pseudo-Gini ratios

for the different categories of income or from changes in the shares of different categories of income in the total income of the country. Khan and Sen's analysis based on this framework yields much fresh insight into the structure of inequality in Bangladesh and the sources of the change in inequality over the period from 1991–92 to 2000. Khan and Sen also discuss the sources of changes in poverty in Bangladesh over the same period.

In 'Poverty as injustice: refocusing the policy agenda', Rehman Sobhan offers a bold critique of orthodox approaches to poverty reduction and an alternative framework for action. Both his critique and his policy approach are based on his argument that structural injustice remains the source of poverty and exclusion. These structural injustices include insufficient access to productive assets as well as human resources, unequal capacity to participate in markets and undemocratic access to political power. Orthodox approaches to poverty reduction focused on promoting economic growth alone – and here Sobhan includes the so-called Washington Consensus framework and the more recent 'poverty reduction strategy papers' advanced by the World Bank and IMF – do not recognize these structural sources of poverty. They therefore will never be effective as a framework for poverty reduction. Sobhan's own policy proposals, such as the creation of mutual funds for the poor, are not radical when considered by themselves. However, taken as a whole, they offer a means of empowering the poor through collective action.

In 'Economic policies and poverty reduction in Asia and the Pacific: alternatives to neoliberalism', Terry McKinley reviews the lessons that emerge from the studies, supported by the United Nations Development Program, of eight countries, namely Bangladesh, Cambodia, China, Indonesia, Mongolia, Nepal, Sri Lanka and Vietnam. McKinley highlights four important policy recommendations in these studies, which differ significantly from what he calls 'the neoliberal policy matrix that has dominated economic prescriptions for the last two decades'. The policy recommendations are as follows. Firstly, governments should use fiscal policies in a proactive fashion to promote pro-poor investment as well as to generate fast growth. Secondly, a relaxed monetary policy should accompany the expansionary fiscal policy. Thirdly, there should be greater mobilization of domestic resources for public investment. Finally, governments should exercise greater control over financial institutions and short-term external capital flows, and they should use state financial institutions to make credit available for poverty reduction and growth. Overall, McKinley is advancing a coherent approach to economic policy that, in the face of the ascendant neoliberal agenda, builds creatively on the decades of research, writings and policy advising by Keith Griffin.

NOTES

1. Marx (1967), p. 429.
2. See Griffin (1970) and Griffin and Enos (1970a).
3. See for example Griffin (1984, 1995, 1998).

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