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The forgotten dimension of social reproduction: the World Bank and the poverty reduction strategy paradigm

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ABSTRACT
This article invokes Gramscian theory in an effort to better grasp the reorganization of social reproduction under neoliberal globalization. It argues that recent transformations in the world development order warrant a rethinking of the concept of social reproduction, towards acknowledging the increasingly apparent role of transnational governance institutions in organizing social reproduction processes, particularly in peripheral countries. To substantiate this argument, the article interrogates the Poverty Reduction Strategy Paper development approach, the most visible policy tool of the post-Washington Consensus. In the Poverty Reduction Strategy Paper process, the World Bank has started to link debt relief administered through the Enhanced Heavily Indebted Poor Country (HIPC II) initiative to the delivery of basic social services to the poor, and directly finances human capital investments through conditional cash transfer programs. While conditionals attached to Bank funding continue to promote the privatization of various state functions associated with social reproduction, especially in the areas of health care and education, the Bank, at the same time, funds ‘social inclusion’ programs that directly absorb some of these functions. This signals the emergence of a new social reproduction regime of ‘conditional inclusion’ under World Bank leadership.

KEYWORDS
Social reproduction; inclusive neoliberalism; poverty reduction; World Bank; Nicaragua.

INTRODUCTION
A strong wind of change has recently been blowing through the neoliberal world development order, as a host of new development initiatives have been introduced by the international donor community. Poverty reduction
and a more expansive social agenda have moved centre stage with the World Bank’s introduction of Poverty Reduction Strategy Papers (PRSPs) as the main coordinating tools of all multilateral development cooperation. The emergence of the PRSP paradigm must be understood in relation to the failure of neoliberal policies to achieve social and economic development goals and to address the mounting crisis of social reproduction. After two decades of promoting structural adjustment policies (SAPs) in developing countries, with the privatization of several of the state functions associated with social reproduction, the introduction of the PRSP approach arguably signals the emergence of a new social reproduction regime under World Bank leadership.

It is widely acknowledged that the World Bank has been a key force in the restructuring of peripheral social relations and the expansion of market-oriented solutions to social reproduction (e.g. Bakker and Gill, 2006), with generally destructive social consequences for the majority of the world’s poor (SAPRIN, 2003), in particular poor women (Elson, 1995). However, the increasingly pronounced role of the World Bank in re-embedding social reproduction processes through more inclusively oriented neoliberal development policies associated with PRSPs has been largely neglected in academic debates (except Craig and Porter, 2006). This re-embedding effort does not, however, represent a challenge to the neoliberal paradigm. Poverty reduction and its social agenda, rather than being opposed to neoliberal policies, have become important addenda to the market-enabling reform agenda of the World Bank (Jayasuriya, 2006).

In the PRSP process, the World Bank has started to link debt relief administered through the Heavily Indebted Poor Country (HIPC) initiative to the delivery of basic social services to the poor (Tan, 2007), and directly finances human capital investments through conditional cash transfer (CCT) programs. While conditionalities attached to Bank funding continue to promote the privatization of various state functions associated with social reproduction, especially in the areas of water provision, health care and education (Pearce, 2006), the Bank, at the same time, funds and through novel conditionalities promotes ‘social inclusion’ programs. As part of this process, the Bank subsidizes the consumption of those excluded from the market-based provision of basic social services, so as to equip them with the ‘human capital’ to successfully participate in deregulated capitalist markets. This arguably signals the emergence of a new social reproduction regime of ‘conditional inclusion’, with leading transnational governance institution, such as the World Bank, at the helm of this process.

Theoretically, the article invokes Gramscian theory in an effort to better grasp the spatial reorganization of social reproduction and the articulation of actors in social reproductive processes across different scales (Morton, 2007: 138). While most of the tasks required for the reproduction of capitalist social relations have traditionally been performed by the nation
state, various non-state agents in the market, and the household, the article argues that recent transformations in the world development order warrant a rethinking of the concept of social reproduction towards acknowledging the increasingly important role of transnational actors in the reorganization of social reproduction processes (see also Laurie et al., 2003). Some IPE scholars have investigated the role of transnational governance institutions (TGIs) in promoting the commodification of social reproduction in developing countries, for example through structural adjustment policies (e.g. Bakker and Gill, 2006). However, most political economy accounts of social reproduction have failed to sufficiently clarify the role played by TGIs in dealing with the formidable ‘crisis of social reproduction’ linked to earlier commodification processes, and have not paid enough attention to the ways in which the World Bank is now promoting a novel ‘social reproduction regime of conditional inclusion’ to address this crisis (for an exception, see Craig and Porter, 2006). However, this reading does not suggest that TGIs are replacing national states in performing functions associated with social reproduction (Robinson, 2004), but rather that TGIs are key forces in reconstituting the state in the developing world as a more effective agent of social reproduction.

The article unfolds as follows. It first provides a brief outline of the theoretical point of departure, containing a discussion of social reproduction and the World Bank’s growing role in it and the utility of Gramscian international political economy (IPE) approaches in understanding the current reorganization of social reproduction.1 It next delineates the move from structural adjustment towards the PRSP approach in World Bank operations, highlighting the extent to which concerns regarding the crisis of social reproduction have surfaced in this process. The article then turns to a case study and interrogates Nicaragua’s experience with the PRSP approach to empirically probe the role of TGIs in the reorganization of social reproduction through PRSPs.2 In doing so, it first discusses the process of PRSP adoption in Nicaragua, with a special emphasis on ownership and participation. It then documents the Bank’s attempt to initiate a (highly targeted) social safety net in Nicaragua through CCTs to the poor, and excavates the disciplinary nature of these transfer payments. The article concludes by evaluating the significance and discussing the theoretical implications of the prominent role of transnational actors in the on-going reorganization of social reproduction processes.

SOCIAL REPRODUCTION, THE WORLD BANK, AND GRAMSCIAN IPE

Historically, most critical accounts within the field of global political economy (GPE) have sought to analyze the social transformations
associated with neoliberal globalization from the perspective of power and production (Bakker and Gill, 2003: 3), primarily focusing on the changing nature of domestic private and public forms of power in the regulation of economic and social activities (e.g. Strange, 1994). However, more recently, the growing awareness and theorization of the cultural and social dimensions of neoliberal globalization led to the emergence of a significant body of scholarship that critically interrogates the impacts of neoliberal restructuring on social reproduction, especially by feminist political economy scholars (Bakker and Gill, 2003; Bezanson and Luxton, 2006). In this scholarship social reproduction is understood to refer to the processes and practices involved in (re)producing people and their labor power on a daily and intergenerational basis, through the provisioning of material goods (Bezanson and Luxton, 2006: 3). At its most basic level, social reproduction guarantees the biological reproduction of the labor force, through the acquisition and distribution of the means of existence, including food, shelter, clothing, health care and educational opportunities (Katz, 2001: 710). However, social reproduction also refers to the process by which the whole of social relations necessary for the reproduction of stable capitalist societies are being perpetuated and recreated (Ruth, 1998: 241). Hence, along with material provisioning, social reproduction also encompasses various ideational elements, such as the production and dissemination of norms, values, and different types of knowledge, all important factors in the construction of individual and collective identities (Elson, 1998). Apart from the need to secure the means of existence, the reproduction of the labor force also necessitates a range of cultural forms and practices, including those associated with knowledge and learning, social justice and its apparatus, and the media.

It is in this cultural realm that a Gramscian analysis can add value to the literature on social reproduction. For Gramsci, the reproduction of capitalist social relations crucially depends on the actions of the ‘extended state’ which is not restricted to political society but deeply permeates civil society as ‘the general notion of State includes elements which need to be referred back to the notion of civil society’ (Gramsci, 1971: 263). Through its extension into civil society, the state organizes all aspects of social reproduction, permeating all forms of organizations and mass-consciousness and provoking a diffusion of attitudes and values in line with the interests of dominant social classes (Mouffe, 1979: 5). However, ideological and cultural leadership alone cannot result in a state of hegemony, defined as a relatively inclusive and harmonious set of social relationships where consent rather than coercion tends to predominate and universal appeal of policies translate into broad support (Gill, 2000). The operation of hegemony also requires an appeal to economic and material interests so that it ‘saturates both productive and ideological relations across the social formation (Mann, 2009: 340). According to Gramsci, to establish
hegemony requires ‘sacrifices of an economic-corporate kind’ (Gramsci, 1971: 161). Material concessions to, and social compromises with, subaltern social forces are, therefore, a key ingredient in facilitating the smooth reproduction of social relations. As Ruth Pearson has argued, the erosion of material support for the population through the re-privatization of social reproduction by the state can have direct (negative) impacts on the maintenance of the system of social values and social institutions that culturally support a given regime of social reproduction (Pearson, 1998: 249).

While most theoretical accounts of social reproduction emphasize the role of the state in engendering material and ideational support for a given regime of social reproduction, recent changes in development policy and conditionality under the PRSP approach suggest that social reproduction processes increasingly have a transnational dimension. For example, the World Bank’s recent expansion of conditionality into areas of life that are associated with social reproduction in the context of the PRSP approach raise significant questions about the growing role of TGIs in indirectly steering social reproduction processes (see Bedford), even though the effects of transnational institutions are mediated by the nation state, the family, and civil society organizations in developing countries. Gramscian IPE provides a useful analytical tool to better illuminate the connections and interactions between domestic social reproduction processes and transnational governance institutions, and to theorize the transnational dimension of social reproduction processes.

According to Gramscian theory, a central element of neoliberal globalization is the ascendancy of powerful transnational governance institutions, such as the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO), and the attendant crystallization of a transnational institutionality that is deeply implicated in the governance of global capitalism (Cox with Schechter, 2002). The emergence of this transnational institutional apparatus has, by some Gramscians, been discussed in terms of a transnational state (Moore, 2007; Robinson, 2004). For William I. Robinson (2004: 92), ‘transnational or global space is coming to supplant national spaces’, and states ‘are no longer the point of “condensation” of sets of social relations’ (Robinson, 2004: 143). David Moore (2007: 33) notes that the World Bank ‘finds itself performing state-like functions after it has hollowed out the local states’, and adds that World Bank economists are ‘the organic intellectuals of the transition from various non-capitalist modes of production . . . to the utopia of a “free” market’ (Moore, 2007: 31).

While it is true that some of the functions that have historically been performed by the state in the developing world have been partially absorbed by TGIs, such as in the economic sphere the setting of inflation rates, budget ceilings, and monetary targets, the notion of the transnational
state nevertheless is problematic as it cannot adequately capture the articulation of the social relations of capitalism across different scales. As Adam David Morton (2007: 148) has recently noted, ‘capitalism does not simply supplant one spatial scale for another’. Instead, recent world historical developments require a theoretical account that acknowledges the transnational realm as strongly conditioning (but not determining) state and policy formation in the developing world. To put it differently, TGIs are crucial governance agents in a system in which public authority is increasingly becoming fragmented (and partially transnationalized), and in which the governing of social spaces and relations is achieved through the coordination of the activities by a host of actors at multiple scales, with no scale necessarily being dominant. Transnational regulatory and governance agencies persist side by side with national bodies, and recent developments have generated overlapping authority structures beyond the nation state, characteristic of a heterarchical and multi-scalar system of transnational governance, encompassing states, TGIs, and local non-state actors at all levels of word order (Cox with Schechter, 2002: 86).

Stephen Gill’s notion of disciplinary neoliberalism provides an entry point into the mechanisms by which state and policy formation is conditioned by transnational actors and processes. According to Gill, TGIs are the central institutional elements and expressions of disciplinary neoliberalism (Gill 1995; see also LeBaron), a concept describing the heightened power of capital to discipline both the state and labor in liberalized and market-oriented economies. This is linked to the increasingly free flow of capital and the power associated with the ‘exit option’ for capital (Bakker and Gill, 2006: 43) on the one hand, and the ability of transnational institutions to discipline political actors, by removing decisions from the purview of domestic deliberative processes and enshrining the rights of capital through ‘neoliberal constitutions’ on the other hand. The Word Bank and the IMF stand at the core of the transnational institutional apparatus representing disciplinary neoliberalism, by imposing through structural adjustment policies many of the policy choices linked to disciplinary neoliberalism, such as the liberalization of financial markets and the promotion of independent central banks and balanced budgets (Gill, 2000). However, since the mid-1990s the international financial institutions (IFIs) have come under increasing pressure to reorient their development approach, and various social forces in the developed and developing worlds have started to more strongly contest neoliberal policies. This led to a profound rethinking process that ultimately culminated in the articulation of the PRSP development approach and the re-entry of concerns regarding social reproduction into development discourse and practice, and the emergence of a social production regime of ‘conditional inclusion’.
Throughout the 1990s, the balance between public and private agents tilted towards the market-based provision of social services, as the dismantling of state capacities linked to World Bank-promoted structural adjustments led to the introduction of user-fees and other pay-as-you-go schemes and the creeping commodification of social provisioning and the reprivatization of social reproduction, especially in areas such as water provision, health care and education (Bakker and Gill, 2006). However, the abject failure of market-based governance modes of social reproduction linked to structural adjustment programs and the attendant deterioration of many social indicators, especially for women and children (UNDP, 2003), have recently resulted in a rethinking process amongst the leading transnational development agencies, culminating in the demise of the Washington Consensus and the emergence of what Joseph Stiglitz labeled the post-Washington Consensus (Carmody, 2007: 96; Stiglitz, 1998a).

The failure of neoliberal restructuring to achieve the social cohesion necessary for the reproduction of stable capitalist markets prompted the articulation of a more inclusively oriented neoliberal development framework (Craig and Porter, 2006; Mahon and Macdonald, 2009; Ruckert, 2006). This emerging inclusive neoliberal regime selectively combines the push for further privatization of the tasks and services associated with social reproduction with financial support for the reproductive needs of the most vulnerable sectors of society through conditional transfer payments, using resources liberated by bilateral and multilateral debt relief initiatives (Taylor, 2005). As part of this policy transformation, the Bank in 1999 revealed the Poverty Reduction Strategy Paper as the most promising policy tool to address the crisis of social reproduction and to meet the commitments to provide basic health care, education, and access to water and nutrition, agreed upon by the international community in 2000 and codified in form of the Millennium Development Goals (MDGs). It furthermore operationally linked debt relief to the implementation of country-owned PRSPs which are expected to outline how debt relief will be invested in poverty reduction efforts and the expansion of social programs (Tan, 2007).

A key component of the PRSP initiative is the idea of country ownership, which is defined by the IMF as ‘the willing assumption of responsibility for an agreed upon program of policies, by officials in a borrowing country who have the responsibility to formulate and carry out those policies’ (IMF, 2001: 6). Ownership is promoted for two principal reasons. First the World Bank has come to realize that it lacks the means to directly impose policies through external conditionalities as evidenced by the failed record of conditionality (Woods, 2006: 4). Second, ownership has moved centre-stage for its ability to lend legitimacy to the World Bank’s project vis-à-vis citizens...
RUCKERT: POVERTY REDUCTION STRATEGY PARADIGM

around the world which depends upon the willing adoption of policies by national governments which remain indispensable intermediaries in the neoliberal project (Cammack, 2004: 204).

However, despite the prevalence of the notion of country ownership of policies, what individual macroeconomic frameworks are expected to look like has been laid out in great detail in the two volumes of the Sourcebook for Poverty Reduction Strategies (Klugman, 2002a, 2002b), in which a minimally modified, more inclusively bent, neoliberal framework is articulated. While neoliberal policies of privatization and liberalization generally remain privileged under the PRSP framework, the Sourcebook nevertheless acknowledges more openly the negative side-effects of these policies for the poor, and suggests to compensate more seriously than in the past those that are negatively affected by structural adjustments in an effort to achieve the MDGs. For example, in its discussion of trade liberalization, the Bank maintains that ‘complementary policies – particularly the provision of an effective social safety net – are necessary to minimize adjustment costs and to help make trade reform work for the poor.’ (Klugman, 2002b: 33). Similarly, while the Bank has recently taken a more poverty-sensitive stance on privatization, it does not break with the neoliberal logic of commodification of vast areas of social life but rather promotes the subsidization of those that cannot become ‘paying customers’ and effectively participate in market transactions (Klugman, 2002b: 45). The link between debt relief and the acceptance of individual PRSPs presents a disciplinary element and provides a strong incentive to ensure that ‘best practices’ are closely followed and internalized by developing countries.

While, in the macroeconomic sphere, PRSPs continue to prescribe most of the elements of the traditional neoliberal macroeconomic core (Gottschalk, 2005; Mouelhi and Ruckert, 2007), in the social realm, the World Bank has started to significantly deviate from earlier neoliberal reform proposals, by promoting a more prominent role for the state in empowering people, reducing poverty, enabling citizen participation, providing social services to the poor, and upholding an adequate regulatory environment (Craig and Porter, 2006: 12). As a result, IFI conditionalities have with the introduction of the PRSP increasingly expanded into the sphere of social reproduction, with various conditions directly linked to poverty spending targets and the expansion of social services to the poor through CCTs (Dijkstra, 2005).

In the context of the PRSP approach, CCTs embody the Bank’s favorite delivery mechanism of social services and are considered to be the panacea to poverty reduction efforts, especially in light of the devastating impacts of the on-going financial crisis on the poor. Social investments through CCTs focus on the human capital formation of children and are designed to promote their productive capacities (Lucisano, 2006: 59). The introduction of CCTs is related to the criticisms of traditional social assistance programs
of being poorly targeted, carrying high administrative costs, and being prone to clientelism and excessively focused on current levels of poverty, without addressing the root cause of the intergenerational transmission of poverty (Rawlings and Rubio, 2005: 33). However, more importantly, CCTs are popular with the World Bank as they enable governments to combine the market-oriented provision of social services with subsidies to the poor, and thus to perpetuate the downloading of responsibility for social reproduction from the state to the private sector and household, while subsidizing those that cannot (yet) reproduce their labor power in marketized social reproduction regimes. Thus, CCTs are in line with post-Washington Consensus thinking which highlights the need for more pronounced interventions by the state on behalf of the market.

Similarly, CCTs imply an active social policy that does not envision social protection from the market, but rather understands the goal of social policy to lie in integrating the poor with increased capabilities into market structures (Jenson and Saint-Martin, 2003: 83), and hence is fully compatible with the Bank’s larger neoliberal vision.

As social exclusion and poverty are assumed to be linked to the inability of poor people to effectively participate in market exchange (because of their paucity in human capital), the emerging inclusive neoliberal development model is one in which access to welfare is not considered to be a right – as in the case of social citizenship – but rather a prerequisite for securing the successful economic participation of the poor in free capitalist markets and depended upon responsible individual behavior (Jayasuriya, 2006).

Under CCTs access to social services is linked to a number of stringent conditions, adding new elements of (micro-)political disciplining to the arsenal of power and control of disciplinary neoliberalism (Gill, 1995). Mothers who receive payments for the food, educational and health care costs of their children are generally subjected to an intrusive set of requirements, including: their children attending school; making regular visits to health clinics; attending regular educational sessions on issues such as health, nutrition, hygiene, domestic violence and family planning; and contributing to the upkeep of the community by volunteering in various areas (Luccisano, 2006). Consequently, inclusive neoliberalism has by some been described as ‘intrusive neoliberalism’ (Mahon and Macdonald, 2009: 195). If beneficiaries do not comply with their ‘co-responsibilities’ under CCTs, families lose their cash benefits and are left to fend for themselves in the satisfaction of their social reproduction needs. Since mothers are generally identified as those ‘co-responsible’ for program success, Molyneaux notes that CCTs signal a return to the paternalism of past Latin American social policy as they reinforce traditional gender roles within the household, without offering a clear strategy for women’s empowerment (Molyneaux, 2006).
To summarize, then, the approach to social reproduction promoted through PRSPs combines the continued support for the privatization of social services, with the new-found emphasis on targeted subsidies to the poor to address their social reproduction needs, delivered by private service providers and conditional upon ‘responsible’ individual behavior by recipients of CCTs. The nature of this new regime of social reproduction of conditional (and disciplinary) inclusion and its promotion by transnational development actors will be further illustrated through a discussion of Nicaragua’s experience with the PRSP process.

N I C A R A G U A ’ S  P R S P  A N D  T H E  E X P A N S I O N 
O F  C O N D I T I O N A L I T I E S  I N T O  S O C I A L  R E P R O D U C T I O N

Nicaragua entered the HIPC initiative as one of the first Latin American countries in 1999, and the PRSP continues to play a prominent role in Nicaragua’s development and poverty reduction efforts, even after the Sandinista government assumed power in 2006. In December 2000, Nicaragua was approved by the IFIs for up to US$ 4.5 billion in debt relief under the HIPC debt relief initiative, provided it developed a national PRSP acceptable to the IFIs and complied with all structural conditionalities set out in IMF and World Bank agreements. While country ownership is considered to be one of the key principles of the PRSP process, the World Bank has nevertheless been deeply involved in the elaboration of the Nicaraguan PRSP and strongly influenced the content of the document, especially in policy areas related to social reproduction. As Geske Dijkstra has demonstrated, donors were quite influential in setting the overall PRSP agenda, with the PRSP being written by a group of select Nicaraguan technocrats in close collaboration with the IMF, and the World Bank providing the poverty diagnostic (Dijkstra, 2005). This contrasts with the systematically low participation in the elaboration of the PRSP and limited influence on the final product by the Nicaraguan Congress.

Ownership and participation in Nicaragua’s PRSP process

As noted earlier, Gramscian scholars underscore that, besides guaranteeing the material reproduction of the labor force, social reproduction processes also entail various elements of ideational consensus formation. Cultural hegemony, that is, a system of power based not only on coercion but also on voluntary consent of subaltern social classes, is a key condition for the reproduction of stable capitalist social relations. This organization of consent through ideational consensus formation has traditionally been the task of the (extended) state, achieved by way of the extension of state institutions into civil society and through the ideological leadership of organic intellectuals within civil society. However, TGIIs in the development sphere have
recently shown growing concern for the lack of consensus surrounding neoliberal restructuring in the developing world (Khan and Sharma, 2001), and the wider donor community has acknowledged that participation of civil society in the PRSP process, and a more inclusive political process in general, can serve to enhance the legitimacy of PRSPs (and national governments that intend to implement them), and thus help in building a broader consensus surrounding contested neoliberal policies (Klugman, 2002b: 241; see also Stiglitz, 1998b: 22). Consequently, with the introduction of the PRSP, the World Bank has added a process-related component to its policy conditionality, the requirement to consult civil society on the PRSP, so as to promote a more consultative mode of policy-making in the developing world and more consensual forms of social reproduction, with public consultation, policy transparency, and civil society participation as key modalities of the larger policy-making process (Carmody, 2007: 90).

At the same time, civil society participation promises to help promoting a society-wide consensus and less conflictual social reproduction processes through its more intrusive role in the reconfiguration of individual subjectivities. The IFIs great hope is clearly not that participation is changing the IFIs, or the policy advice, but rather that participation is going to change the participants’ perceptions about the IFIs and their development policies (Fraser, 2005: 322). In fact, the Bank sees participatory mechanisms as a way to achieve transformations in perceptions of previously hostile actors, such as grass-roots non-governmental organizations (NGOs) and the poor. In its Participation Sourcebook the Bank notes that participation offers opportunities for social learning, whereby ‘people within a local system learn the value and rationale of new social behaviors specified by an outsider expert’ (World Bank, 1996: 4). This equally applies to the area of knowledge where the Bank highlights the need to build capacity amongst local NGOs to enable them to understand and appreciate the value of ‘sound macroeconomic management’ (Klugman, 2002b: 245). To be able to govern the mentalities of critical agents is understood to be a key task in the effort to rebuild hegemony surrounding neoliberal interventions into the developing world.

Nicaragua provides a superb example for how the Bank exercised its power to make the government organize broad consultations on the PRSP and how, in doing so, it has impacted social reproduction processes through its effort to organize consent in Nicaragua. In March 2001, the Nicaraguan government forwarded the final PRSP to the IFIs, hoping that it would be quickly accepted so that it would immediately qualify for debt relief. This final document was a little revised version of the Interim-PRSP which was elaborated by a small group of technocrats with little public scrutiny and little consultation, but was given the stamp of approval by the American development agency USAID before it was presented to the Nicaraguan public. However, after widely publicized complaints about
the secretive nature of the elaboration of the strategy by several NGOs and even some bilateral donors, and broad disapproval of the PRSP within civil society, the World Bank in March 2001 decided to require further civil society consultation on the PRSP prior to its approval, and pressured the Nicaraguan government into organizing a series of comprehensive workshops and consultations on the PRSP over a six month period in 11 municipalities (Bradshaw and Linneker, 2002).

Yet, as has been widely documented, this push for formal consultation has not translated into substantial input into the PRSP by civil society (Bradshaw and Linneker, 2002; Dijkstra, 2005; Ruckert, 2007). On the one hand, key ideas promoted in the dialogue with NGOs, such as subsidies for agricultural producers, the installation of a state development bank to provide subsidized credit, and the protection of strategic industries, were never included in the official PRSP (CCER, 2001). On the other hand, policies strongly criticized by NGOs, such as the further privatization of public utilities and the deeper liberalization of the economy, nevertheless found their way into the PRSP. What is more, the effort to legitimate the Nicaraguan government and the neoliberal policies of the PRSP through a more consultative policy-making process actually backfired, as local NGOs from the very beginning suspected participation exercises to represent a co-optation effort, and decided to unleash a parallel PRSP consultation process, with the end result of producing a competing, civil society-approved poverty reduction strategy. Yet, despite strong criticisms of the macroeconomic content of the PRSP and the completely different framework set out in the alternative PRSP, the macroeconomic core of the official PRSP deviates little from previous generations of SAPs which have generally tended to reduce the role of the state in social reproduction and download responsibilities to the private sector and the family.

**Macroeconomic continuity in Nicaragua’s PRSP**

Nicaragua’s PRSP contains all the elements of sound fiscal and macroeconomic management that had been previously promoted by the IFIs under the banner of SAPs, including low inflation rates, restrictive budgets and exorbitant interest rates (Government of Nicaragua, 2001: 17). In fact, as the HIPC decision point document unambiguously stipulates, a ‘sound’ (i.e. neoliberal) macroeconomic framework and satisfactory performance under the Poverty Reduction Growth Facility (PRGF), the IMF’s equivalent to the Bank’s PRSP, represent unassailable preconditions for being granted debt relief under the HIPC initiative (IMF and IDA, 2000). This is also reflected in the actual PRSP which states that the macroeconomic pillar ‘rests on the implementation of a sound macroeconomic program of continued stabilization and structural reform, including privatization of government-owned utilities, actions aimed at modernizing the rural
economy, fostering small and medium businesses, the development of the Atlantic Coast’ (Government of Nicaragua, 2001: 27). What is more, conditions attached to IFI finance have actually proliferated since the PRSP process started, despite the IFIs’ grandiose claims of country ownership of policies associated with the PRSP. The Poverty Reduction Support Credit (PRSC) granted to Nicaragua after the approval of its PRSP numbers more than 140 conditions (Dijkstra, 2005: 457). Through this extended conditionality, the IMF and the World Bank engage in micro-management of developing countries at an unprecedented scale (Cammack, 2004).

Some of these conditions directly impact upon social reproduction processes, such as the proposed privatization of the public pension system and the privatization of profitable utility providers, in particular in the areas of telecommunications and electricity, with the most prominent divestments expected to be that of ENITEL, the national telecommunications provider, and ENEL, the main energy producer and distributor (Government of Nicaragua, 2000: 87). The PRSP also touts further trade liberalization and world market integration as a remedy for Nicaragua’s economic ills:

The government has already reduced protection on industrial goods, eliminated tariffs on imports of inputs and capital goods used in agriculture, and instituted a 1.5 per cent tax refund on the value of exports. Notwithstanding these actions, an anti-export bias still persists . . . This will be further reduced as the free trade agreements with Mexico, Canada, Panama, and the Dominican Republic are implemented, and a lower Central America common tariff takes effect once negotiations are completed. (Government of Nicaragua 2001: 28)

Furthermore, the government is expected ‘to offer to investors long-term concessions for regional water and sewerage systems in Leon, Chinandega, Matagalpa, and Jinotega’ (IMF and IDA, 2000: 15), and the PRSP stipulates water and sewage rates be adjusted upwards until marginal costs are fully recovered to make the water sector attractive for private investors (Government of Nicaragua, 2001; World Bank, 2003). The PRSP also promotes the partial privatization of health care and the introduction of a two-tier system, which are expected to lead to efficiency gains by granting more autonomy to hospitals and clinics, by leaving ‘the provision of health services to the more fortunate Nicaraguans to the private sector’ (Government of Nicaragua, 2001: 31).

Finally, the privatization of the pension system represents by far the most controversial condition attached to debt relief and the PRSP process. As Dijkstra has noted, the privatization of the pension system directly violates the Nicaraguan constitution, and as such, signifies an unprecedented interference into the domestic affairs of Nicaragua (Dijkstra, 2008: 114).
Nevertheless, the IFIs expected Nicaragua to ‘introduce a satisfactory pension system of funded, private sector-managed, and individual accounts’ (IDA and IMF, 2000: 17). Most of these classic neoliberal policy elements build on earlier reform processes that had stalled under intense opposition to market expansion, in particular in the area of the privatization of public utilities and health care. While in the macroeconomic sphere, neoliberal conditionalities have rarely changed under the PRSP, there is important discontinuity with the classic neoliberal paradigm in the realm of social policy, with serious implications for social reproduction processes (see also Bedford).

### Social reproduction regimes of disciplinary inclusion: the social protection network in Nicaragua

As suggested earlier, policy conditionalities have started to intrude more and more into the realm of social reproduction in the context of the HIPC initiative. In the case of Nicaragua, there are a number of conditionalities attached to debt relief that are directly related to poverty reduction efforts, the inclusive side of the current IFI neoliberal policy model. HIPC conditions include direct requirements for the use of savings originating from the interim-debt relief provided by multilateral institutions, a new form of resource flow conditionality (Dijkstra and Evans, 2003). Where earlier program aid from the multilateral institutions consisted of freely expendable resources, with conditionalities focused on structural and policy changes, debt relief must be spent on specific poverty reduction projects and actions, and is subject to detailed reporting and monitoring. What is more, rather surprisingly, protection (and increase over time) of poverty-related spending and the expansion of social service coverage to the poor are themselves conditions attached to Nicaragua’s Poverty Reduction Support Credit (PRSC), and as such a precondition of further collaboration with the IFIs and all access to concessional finance (Dijkstra, 2005: 456).

At the same time, with the turn toward PRSPs, multilateral development banks have started to directly fund CCTs. Through various conditionalities, the World Bank has steered Nicaragua towards embracing a social reproduction regime of ‘conditional inclusion’ through implementing a pilot CCT called *Red de la Proteccion Social*, or Social Protection Network (SPN). While additional social expenditure and novel targeted social programs might help to ameliorate the situation of the poor (albeit in a severely limited and contradictory way), they must also be considered to be part of a hegemony building exercise in which classic neoliberal ideas of commodification are married with socially progressive transfer payments and consumption subsidies, in order to prop up support for highly contested policies and attenuate the profound crisis of social reproduction. As highlighted earlier, Gramscian approaches understand material incentives to
be a key element in the restoration of more stable (and inclusive) regimes of social reproduction, and the introduction of CCTs could be seen in this light as an attempt to better materially integrate the poor into the neoliberal world development order.

In the period from 2001 to 2005, Nicaragua saved approximately US$980 million in interest payments due to HIPC debt relief, and the bulk of these savings were expected to be channeled into poverty reduction programs and to beef up social spending. In line with IFI expectations, poverty related spending rose noticeably during the implementation phase of Nicaragua’s first generation PRSP (2001–05) from 11.3 per cent of gross domestic product (GDP) in 2001 to 13.6 per cent in 2005, while expenditure in the education and health sector also increased during the same time span, climbing from 3.6 to 4.7 per cent of GDP in education (representing an additional US$80 million) and from 2.8 to 3.4 per cent in health (adding another US$50 million to the meager health budget) (Government of Nicaragua, 2005: 125). This signifies a clear departure from the ongoing cutbacks in social spending experienced in Nicaragua in the 1990s, and appears even more impressive if we consider that this increase transpired during a period in which Nicaragua had to make significant cutbacks in overall government expenditure as it was running large balance of payment and budget deficits. Comparing average social spending in the SAP period (1990–98) with the PRSP period (1999–2004), it becomes clear that spending has increased significantly in the inclusive-neoliberal phase, as per capita health and education expenditure combined climbed from US$58 to US$76.2, representing an increase by more than 20 per cent (Cuesta, 2007: 348).

However, budget data provide reason to be concerned about the quality and effectiveness of additional social expenditure as it tends to be poorly targeted in Nicaragua where the middle and upper classes often benefited disproportionately from such increases (Dijkstra and Komives, 2009). Conditional transfers are perceived as an attractive alternative to general increases in overall social spending, as they better target government resources and provide safeguards to ensure their ‘proper’ usage. Conforming to the World Bank’s predilection for the targeted provision of social services, a key pillar of Nicaragua’s PRSP are conditional cash transfers through the erection of the SPN, which was first launched in 2000. While the initial funding for the SPN came from the Inter-American Development Bank (IDB), the SPN was later integrated into and became a key pillar of Nicaragua’s PRSP, with ‘the adoption of an action plan to introduce an effective social protection program, based on the results of a pilot program started in 2000’ representing a key trigger condition of HIPC debt relief (IDA and IMF, 2000: 17).

The SPN offers social assistance in an attempt to improve the well-being of the extremely poor, while stimulating the accumulation of the ‘human
capital’ of impoverished children to address the intergenerational transmission of poverty. The SPN is geared towards families living in extreme poverty, and provides means-tested cash transfers to the mothers of each chosen household. The cash transfer consists of two main components: the *Bono Alimentario*, a ‘food security transfer’ paid out on a bimonthly basis to all participating households to mainly address health concerns, worth US$224 per annum; and the *Bono Escolar*, the school attendance transfer, paid out on a bimonthly basis to those households with children aged 7–13 who have not yet completed fourth grade of primary school, worth US$112 per annum. The attendance school transfer also carries an additional teacher transfer (US$60 per annum), providing an incentive for teachers to monitor and report the absence of children from school, and a school supplies transfer (US$21 per annum), given at the beginning of the school year. Thus, the maximum support through the SPN amounts to US$362 per annum and per household (IFPRI, 2004: 8). To ensure adequate supply of rural health service, SPN administrators train and pay private providers to deliver the specific health-care services required by the CCT program free of charge (IFPI, 2004: 5), such as growth and development monitoring of children, vaccinations, and the provision of vitamin, anti-parasite and iron supplements. Hence, the SPN further undermines a publicly delivered universal health care system, by subsidizing an emerging parallel private system of health care delivery and making use of both the for-profit (companies) and non-profit sectors (international NGOs) of the economy.

The money transfers associated with the SPN are, however, not unconditional, and numerous strings are attached to the participation in the program, representing new disciplining and responsibilizing tools for a social reproduction regime in which social inclusion is conditional upon the performance of beneficiaries. To qualify for the RPS, participating households have to commit to: sending their children to school on a daily basis, with no more than five absences a month without valid excuse; visiting health centers on a monthly basis so that children receive regular check-ups and vaccinations; and participating in educational sessions on a wide range of issues, including nutrition, sexual behavior, reproductive health, family hygiene, and child care (IFPRI, 2004). Other specific requirements of co-responsibility that are closely monitored by the government are adequate weight gains for children under the age of five, enrollment in Grades 1 to 4 of all children in the targeted households, and promotion of all children at the end of the school year (IFPRI, 2004: 10). However, the SPN allows the targeted household to receive a partial transfer if it complies with health care requirements but not educational requirements, and vice versa. In the first two years of SPN implementation, approximately 10 per cent of households were penalized at least once as they did not fully conform to expected behavior.
These control mechanisms and interferences into people’s lives could be seen as new forms of policing the poor, adding novel micro-political disciplining tools to the nexus of power and control of disciplinary neoliberalism (Gill, 1995). At the same time, financial incentives given through CCTs translate into active participation by beneficiaries in their own self-regulation and self-disciplining, and the process of governance through which neoliberal subjectivities are being constructed increasingly includes state surveillance and intervention. Practices of ‘good mothering’ are either embraced deliberately or enforced through the ever-present threat of being excluded from cash transfers, and thus contribute to the creation of self-disciplining, self-sufficient, and self-improving citizens both in the present (mothers) and the future (children) (Luccisano and Wall, 2009: 213). In this process, macro-structural elements of disciplinary neoliberalism are complemented by the micro-political policing of the poor through CCTs in the realm of social reproduction, which increasingly operates through the internalization of discipline and power. Since women are targeted as the one’s responsible to ensure program compliance, CCTs also have a clear gender dimension. In fact, SPN program administrators preferably designate mothers as the household representative, whenever possible. In this way, CCTs generally reinforce policies that link investments into children to mother’s gendered social reproduction responsibilities. As Lucy Luccisano notes, in the context of CCTs, ‘[p]oor mothers have been inserted into the market economy and into political discourse, not as citizens with rights, but as caregivers with increased responsibilities and obligations to manage their families’ social risk’ (Luccisano, 2006: 78). CCTs thus reinforce normative assumptions about motherhood and solidify archaic notions about the division of labor in the household, while deepening social reproductive activities by women both inside and outside of the household, for example through ‘volunteering activities’ in the community that are often expected from program participants. Nevertheless, control over financial resources through CCTs has possibly contributed to giving some mothers increased, intra-household decision-making power, and the impact of CCTs has been widely welcomed by participating mothers, especially in rural areas where CCTs are, at times, the only source of steady income (Maldona, Najera, and Segovia, 2005).

Both increases in overall social spending and targeted interventions through CCTs have, without doubt, translated into mild improvements in a range of social indicators, especially amongst CCT recipients, without, however, producing the desired stark decrease in levels of absolute poverty aspired to in Nicaragua’s PRSP. The evaluation of the first phase of the SPN (2001–03) conducted by the IDB paints indeed a very positive picture, as social indicators have improved substantially for program participants in a number of areas. For example, in the area of education,
the matriculation rate increased by 21.7 per cent and the retention rate by 10 per cent for first to fourth grade pupils, while in the area of health vaccination, rates of timely immunization among children between one and three years increased by 18.3 per cent and anemia amongst small children was largely brought under control. CCTs also tend to result in higher consumption levels, and in the case of Nicaragua, consumption levels remained unchanged in SPN areas, despite worsening economic conditions during program implementation, suggesting that the SPN insulated the poor from the negative effects of economic contraction (Rawlings and Rubio, 2005: 48). The fact that CCTs insulate poor people from the gyrations of markets and protect their consumption levels in times of economic crises is an important insight in the current context of the global financial crisis.

However, in Nicaragua as a whole, results of the PRSP process have been largely disappointing, which can arguably be explained by the limited reach of Nicaragua’s CCT, reaching less than 5 per cent of the extremely poor (IFPRI, 2004: 4), on the one hand, and the further commodification of social reproduction tasks under the PRSP regime, on the other. While some of the social goals identified in the PRSP (and linked to the MDGs) have been achieved, such as improvement in the net rate of primary school enrollment, a decrease in infant and maternal mortality, and better access to reproductive health services, the majority of social and poverty targets have not been realized (Government of Nicaragua 2004: 47). For example, access to clean drinking water and sanitation have not significantly improved, and the prevalence of malnourishment in children barely budged between 2001 and 2004, falling slightly to affect 16 instead of 17 per cent of the population (Government of Nicaragua 2004: 104).

While there is currently no official (government and IFI) data available to comprehensively assess how the overall levels of poverty have changed since the beginning of the PRSP process, in the second PRSP progress report, the Nicaraguan government acknowledges that ‘with negative growth of the per capita GDP in 2002 and 2003, poverty conditions may have remained the same or increased (especially in the rural area)’ (Government of Nicaragua 2004: 47). Similarly, many Nicaraguan NGOs maintain that poverty levels have not changed significantly since the beginning of the implementation of the PRSP. What is more, CEPAL data based on the unsatisfied basic needs (UBN) method suggest that poverty has not significantly declined during the PRSP period, with an average of 69.4 per cent of the population being affected by poverty between 1999 and 2004, compared to 71.8 per cent during the SAP period (1990–98) (CEPAL, 2009). This suggests that the social reproduction model of conditional inclusion has thus far failed to live up to its expectations of contributing to rapid and sustained poverty reduction efforts in the developing world.
CONCLUSION: THE SHIFTING CONTOURS OF SOCIAL REPRODUCTION UNDER PRSPS

With the emergence of the PRSP development approach, the World Bank has become ever more influential in setting economic and social priorities and determining the ways in which social reproduction is organized in developing countries. Thus, contrary to claims about national ownership of PRSPs, the introduction of the PRSP approach has significantly extended the scope and depth of World Bank interventions into the internal affairs of the developing world, and thus further undermined the sovereignty of developing countries (Cammack, 2004). While SAPs pioneered new modes of interventions into developing countries, by moving the focus from project- to policy-based lending, under the PRSP approach conditionalities have increasingly been stretched to encompass previously uncolonized areas. Conditionalities have started to reach beyond the economic sphere, the traditional realm of Bank conditionality, entering into the sphere of social reproduction and addressing issues of institutional restructuring and the governance of the poor. This led to the emergence of a social reproduction regime of conditional and disciplinary inclusion, aimed at the neutralizing of potential disruptions of the neoliberal order that could arise from unrest among the bottom (excluded) segment of the world social hierarchy (Cox with Schechter, 2002: 86).

This article has suggested that the recent expansion of conditionality into the area of social reproduction and the World Bank’s financing of CCTs in developing countries represent a formidable challenge to theoretical perspectives that continue to focus on the shifting balance between national public, private and household agents in the organization of social reproduction. Under neoliberal globalization, transnational governance institutions have started to strongly influence the parameters of social reproduction processes, directly pressure and, at times, even bypass developing country states in their effort to address the crisis of social reproduction. The acknowledgement of the importance of the transnational level in debates about social reproduction, especially in the context of highly aid-dependent developing countries, is arguably a prerequisite for the concept to maintain its relevance in times of transnational policy making.

This is, however, not to suggest that states are becoming less important in mediating social reproduction processes. As David Moore notes, ironically while the World Bank’s ‘ideology has swept states into the dustbin, it needs them more than ever’ (Moore, 2007: 33). States remain the sole legitimate container of power and source of authority in the eyes of most of developing countries’ citizens, and hence remain a privileged site for repairing the fractured hegemony of the neoliberal project through a new social compromise (Morton, 2007: 203). However, the (shallow) social compromise expressed in the PRSP approach is unlikely to
resolve the on-going crisis of social reproduction and make neoliberalism more hegemonic, due to the inherent contradiction between marketization and social provisioning (detailed in Ferguson). The World Bank’s focus on poverty and social exclusion remains firmly embedded within a general policy commitment to the same macroeconomic orthodoxy and commodification of the lifeworld that predominated within the IFIs throughout the Washington Consensus era. The targeted inclusion of the poor into capitalist market structures through investments in their human capital is only a fragmented and partial response to neoliberal dislocations that falls far short of a meaningful social re-embedding of the market (Taylor, 2005). This would imply a more radical break with the main ingredients of the neoliberal recipe, especially the policies of privatization, liberalization and deregulation of labor markets, and a move towards the radical decommodification of large aspects of social reproductive life.

NOTES

1 It is pertinent to highlight that there is no homogenous school of Gramscian IPE but rather a variegated set of perspectives that in their totality make up a diverse Gramscian field of study. My own contribution builds predominantly on the pioneering work of Robert Cox (1983), and the further development of Cox’s seminal contributions by his student Stephen Gill (1995, 2000), and more recent interventions by William I. Robinson (2004) and Adam David Morton (2007).

2 For an analysis of the content of Nicaragua’s PRSP, see Ruckert (2007). While I draw on some of the empirical insights from this interrogation of Nicaragua’s PRSP, this article extents Ruckert’s analysis empirically by throwing preliminary light on the social impacts of the PRSP process in Nicaragua, and conceptually by unearthing the added value of Gramscian interpretations of PRSP processes for understanding the current reorganization of social reproduction.

3 The conditional cash transfer program, La Red de la Proteccion Social, was, however, ended in 2006 and replaced by the new Sandinista administration with a number of more universalistic social programs, such as the Hambre Cero program.

4 This alternative PRSP document was published in 2001 by a national umbrella NGO, the Civil Coordinator, under the title ‘La Nicaragu Que Queremos’ (The Nicaragua We Want).

5 While in their publications the World Bank has embraced the notion of male and female co-responsibility for social reproduction activities and is now promoting ‘sharing partnerships’ between men and women, as documented by Kate Bedford, in practice CCTs continue to predominantly target women as the ‘head of the household’, and thus arguably undermine the progressive potential of the post-Washington Consensus to de-gender development policy.

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