IS THE RIGHT RIGHT?

GLOBALIZATION AND THE POOR IN DEVELOPING COUNTRIES

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I. Introduction

What is the relationship between globalization and poverty? Developing countries have long turned to international trade and finance as a solution for development, yet 35% of the worlds' population still lives below the international poverty line. Economists have dominated both the theoretical and empirical analysis of this relationship, but remain far from reaching a conclusion. A few scholars in international political economy (IPE) have entered the debate, but tend to analyze the impacts of market exposure on the better-off, not the poorest. Our aim in this review is to discuss the state of the debate amongst scholars and to identify the conditions under which globalization improves the livelihoods of the absolute poor. We take this one step further and challenge scholars to better understand the source of variation in the willingness and ability of governments to commit to pro-poor policies alongside globalization.

A great deal of the research on globalization and poverty in less developed countries (LDCs) is rooted –either implicitly or explicitly—in the Hecksher-Ohlin, Stolper-Samuelson (HOS) trade theory. According to HOS, in countries that have a comparative advantage in labor (which is most LDCs), globalization should produce benefits for the poor. Yet although these models have been helpful for establishing a framework for understanding the basic theoretical concepts linking globalization and poverty, empirical evidence supporting the popular notion that expanding trade universally reduces poverty in LDCs is sparse. We do, however, observe an emerging consensus in both the economics and political science literatures that the livelihoods of the poor are more likely to improve when LDCs liberalize in tandem with government efforts to distribute the gains from liberalization more broadly.

Much of the scholarly debate on globalization and poverty now revolves around identifying *which* government interventions and macroeconomic policies are the most critical for mediating the links between globalization and poverty. Research in this vein clusters in two groups and we review them in turn: 1) initial conditions, or the political and economic conditions existing in a country at the time of liberalization; and 2) government initiatives that either redistribute the gains from globalization towards the poor or (formally) connect them to the international economy. Of course, initial conditions and government policies are often interlinked; it was Adam Smith who first opined that the benefits of free trade were hampered (or aided) by countries initial conditions, and government policies were then ultimately responsible for transforming these initial disadvantages (or advantages) to link market participants and to advance marginalized groups.

At the same time, while the literature that we review demonstrates the role of pre-existing conditions and government initiatives for bridging the link between globalization and poverty reduction, they underestimate the importance of identifying the political circumstances under which governments will commit to doing so. Some work has certainly been done in this regard, such as exploring the role of interest groups, partisanship, and regime type for driving such policy initiatives. However, we observe that there is still an important missing political element in the scholarship on globalization and poverty. We argue that scholars would do well to focus on the ideological positions of the most powerful interest group in poor nations— economic elites—and move beyond the conventional left-right divide that mostly prevails in rich nations . We provide theoretical guidance on why this variable could add insights to the globalization-poverty linkage and how scholars might begin to operationalize elite ideology on a cross-country basis. Ultimately, more rigorous and comprehensive analyses of the political factors driving pro-poor government policy interventions (or the lack thereof) are required if scholars want to better identify the conditions that lead to poverty reduction under increasing levels of globalization.

In no way do we claim—nor does the literature show—that increasing economic globalization has completely bypassed the poor in developing countries. Indeed, human development (education, health and income) has been steadily increasing, albeit slowly. Rather, we focus on the extensive scholarship that asks why predictions about rapid poverty reduction have failed to materialize in many developing countries. We evaluate this body of work and suggest that the key to resolving this puzzle lies in analyzing the conditions under which governments are more likely to institute policies that will help the poor benefit from international market exposure.

Our analysis is organized as follows. First, we clarify our definitions of these two importantand often controversial terms, globalization and poverty. Second we review the literature on globalization and poverty using HOS as a framework for establishing the causal links or lack thereof. The penultimate sections suggests an avenue for future research, which focuses on identifying governments more likely to institute pro-poor policies alongside globalization, supported by preliminary evidence. Finally, in the conclusion we discuss our overall summary of the findings from the globalization-poverty literature as well as its strengths and shortcomings.

II. Defining Globalization and Poverty

Globalization commonly refers to the increasing interdependence of countries caused by increasing flows of goods, capital, people and ideas. While the non-economic aspects of globalization certainly impact the livelihoods of the poor around the world, we focus our discussion on the rise of international trade and cross-border investment flows that are at the heart of this debate. To do so, we review the literatures in economics and political science that governs most academic debates on globalization and poverty. The bulk of this research, however, focuses on the relationship between international *trade* and poverty in developing nations. This is not surprising since most LDCs have prioritized openness to trade for decades now, while liberalization of capital flows is a more recent phenomenon. Scholarship focused on analyzing the impacts of portfolio flows on poverty is comparatively sparse.

Defining poverty, and "the poor" is more complicated. Development scholars such as Amartya Sen have long argued that standard economic measures (e.g., wages, gross domestic product (GDP) growth) can improve without having any meaningful impact on the quality of life for the poor. As such, globalization research that focuses on inequality and growth may not give us a meaningful picture of improvements (or a lack thereof) in the livelihood of the poor. This is because the absolute poor in LDCs are generally 'unskilled' individuals having no or minimal education (i.e less than five years)[1] and living at or below the national poverty line. For instance, if improved access to primary education or quality of basic healthcare fails to accompany growth, vulnerable populations are unlikely to experience a reduction in the daily risks they confront. We thus evaluate the literature with a focus on globalization's impacts on the earning opportunities and income security of the *un*skilled poor.

[1] Wood (1997) identifies this group as *un*skilled labor, and differentiates them from low-skilled labor which have an average of 12 years of education.

III. Existing literature on Globalization and Poverty

At the heart of nearly every economic and political science study of economic globalization and poverty is the classical Heckscher-Olin, Stolper Samuelson (HOS) theory of international trade. This model predicts that the poor in labor-rich developing countries will be better-off with economic openness in the long run. Trade openness in a country with a comparative advantage in unskilled labor (most developing countries) is expected to lead to an increase in the price of the unskilled labor intensive good. This will, in turn, lead to higher employment and real wage benefits to unskilled labor, resulting in higher earnings for the poor and a reduction in wage inequality. Economic liberalization, theoretically, also lowers the price of imported goods, increasing the real incomes of the poor.[2] Taken together, HOS suggests that increased openness in countries with a relative abundance in unskilled labor will increase relative demand for those goods, decrease the price of consumptions goods, and therefore, increase the real income of unskilled workers (Mundell 1957; Reuveny and Li 2003; Grossman and Rossi-Hansberg 2008). Many scholars argue that this model can also be applied to foreign direct investment (FDI) because firms often invest abroad to acquire resources unavailable in the home country, such as low-cost

[2] Our focus in both the literature review and our argument is on globalization's impact on the poor's earning potential and income security as opposed to income effects from changes in the prices of consumer goods. This focus does not reflect a belief that lower prices of consumer goods is not an important channel through which openness affects income. However, consumer prices are likely to fall more for industrial goods (because intial tariffs are higher for industrial goods) and this is generally to the advantage of rich and urban households (Cockburn et al 2008). Further, the literature on the relationship between consumer prices and poverty has failed to reach a consensus. For example, Deaton (1989), Benjamin and Deaton (1993) and Hertel et al (2004) show the higher price of trading commodity will increase the income of the producing household (seller) and/or low-skilled wage earner. Porto (2006) explores the lower consumption prices channel and finds that it has a pro-rich bias because unskilled labor intensive goods (foods and beverages for example) can increase with tariff reductions, and poorer households spend larger percent of their budgets on basic goods.

labor (TeVelde and Morrissey 2004; Yeaple 2003; Bellak et al 2008; Campos and Kinoshita 2003).

While the first generation of literature on the distributional impacts of trade argued that liberalization unconditionally lowered poverty, recent and more influential literature shows that this outcome is in dispute (Collier 2002; Stiglitz 2002; Rodrik 1997).[3] The relationship between foreign capital flows (FDI, portfolio, debt and other capital) and poverty is even harder to establish.[4] Rather, scholars contend that a country's initial conditions (e.g., geography, skill endowments, institutions) might derail the beneficial predictions of HOS under globalization. Absent the right 'initial conditions', the poor are unlikely to experience substantial gains from globalization, even when they are part of the group (unskilled labor) that is expected to gain from trade. A second strand of literature on this topic takes this one step further; it identifies the types of government intervention necessary to either ensure that marginalized groups can take advantage of the changing economic conditions under liberalization (despite initial conditions) and/or to increase social protections from the greater risks and uncertainties of globalization. We look at each of these in turn.

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[3] Country level studies often conclude that developing countries tend to be net losers from trade, see for example Yanikkaya (2003); Dowrick and Golley (2004); Anderson, Cockburn and Martin (2010). Conclusions from macroeconomic studies examining the relationship between globalization and poverty (or growth) tend to either be controversial or inconclusive. See for example Sachs and Warner (1995), Frankel and Romer (1999) Dollar and Kraay (2001), Dollar (2002), Wade (2004) and Easterly (2007). More recent studies tend to focus on measurement and endogeneity issues, see for example Aisbett et al (2008) and Bergh and Nilsson (2014). For literature reviews and additional inconclusive tests of the mechanisms, see Ravallion (2005) and Harrison (2006).

[4] Research finds that the impacts of these flows on poverty have both positive and negative effects: they may improve growth, but may also introduce volatility, instability in production, employment risk, and wage inequality.See for example Prasad, Rajan, and Subramanian (2007), Carcovic and Levine (2002) and Mihalache-O'Keef and Li (2011), See Cobham (2002) for a review of the literature.

(1) Initial Conditions

Scholars contend that a country's initial endowments and existing institutions at the onset of liberalization are one of the primary determinants of the extent to which citizens gain from globalization.[5] The poor are vulnerable when initial conditions prevent aggregate gains from liberalization (slow gdp growth for example). Further, even when countries experience growth with liberalization, the poor may fail to benefit if weak political and economic institutions persist. As Ravallion (2001: 1812) puts it in his discussion of the link between economic development and the poor:

"…only if the conditions are in place for them [the poor] to take advantage of those opportunities will absolute poverty fall rapidly...[otherwise] economic reforms can readily bypass the poor."

Globalization will more readily 'bypass the poor' if there are extant geographical disadvantages, an overabundance of *un*skilled labor in agriculture and manufacturing, and weak institutions. Taken together, this literature suggests that the poor in countries that bear such 'initial conditions' will not experience the hypothesized HOS gains from trade. At best, they maintain the poverty status quo. At worst, vulnerable populations are now confronted with additional risks given that they lack the safety nets necessary to protect them from economic volatility—which may be particularly severe under globalization. The loss of income, jobs, and social stability that tend to accompany economic volatility place those at or close to the poverty line at high risk for starvation, disease, and even death.

[5] Note that with the exception of those focusing on (historical) inequality as an initial condition, this body of research does not differentiate between how globalization might benefit the rich and poor differently. Rather, the assumption is that everyone is better off when the economy improves (i.e., gdp growth).

(a) Geography

Poor geography mitigates aggregate gains from trade and foreign investment, generating welfare losses that may be concentrated amongst the poor. [6] According to this literature, a common geography-related factor that adversely impacts the poor is the condition of being landlocked or remote. These nations trade less than their counterparts because of exceedingly high transportation costs, regardless of the depth of liberalization policies in place (Srinivasan 1986; Frankel and Romer 1999; Sachs 2001).

Perhaps more important for the poor, however, landlocked and remote countries tend to concentrate production in a few, easily transportable low-cost goods, rather than specializing in trade according to HOS. These nations are subject to high volatility in export earnings[7], particularly since landlocked nations are also sensitive to rising fuels costs (Jansen 2004; Haddad et al 2013), increased terms of trade risk (Winters 2002), and lower levels of FDI (Blattman et al., 2007) As Wibbels (2006) reveals, such shocks lead to lower levels of redistribution towards the poor. The poor are also more vulnerable because they lack the resources—such as the ability to save and diversify their income, and access to government transfers—to mitigate the effects of economic downturns in both the short and the long term. (Prasad et al 2007; Laursen and Mahajan 2005; Lustig 2000).

A similar dynamic is at play in globalizing countries with large natural resource endowments. One of the key elements of the 'resource course' is that resource-rich countries

[6] Redding and Venables (2004) and Bloom and Sachs (1998) demonstrate this negative relationship between poor geography and per capita income in Sub Saharan Africa.
[7] In a similar vein, Agenor and Aizenman (1998;1999) find that financial openness increases country's exposure to volatile shocks to the international capital markets and is associated with higher poverty rates.

tend to rely on primary commodity exports and, similarly fail to diversify their economies leading, again, to volatility and less redistribution. [8] Export volatility is even more acute in natural resource rich countries (Deaton 1999, Sachs and Warner 1995; Ross 1999). In addition, resource rich countries often see a contraction in the non-resource sector as a result of an appreciation of the exchange rate, especially in manufacturing. This has two effects on the poor: a loss in potential job opportunities in manufacturing,[9] and a concentration of unskilled labor (the poor) in the non-tradeable sector which does not benefit from liberalization (Sachs and Warner 1999). The appreciation of the exchange rate has implications for the poor beyond the contraction of manufacturing. As inflation increases, prices for food staples increase, having a direct effect on the poorest who are often spend the majority of their income on staple foods (Hoekman and Olarreaga, 2007; Delgado et al 1998).[10]

(b) Agricultural and (c) Unskilled Labor

HOS predicts that liberalization in countries that have a comparative advantage in land should decrease poverty through increased incomes in the agriculture sector, where the bulk of the uneducated poor are located. Agriculture employs almost three-quarters of the population in developing countries and accounts for about half of GDP.[11] However, studies find that the process of agricultural liberalization can displace large segments of the rural poor, such as smallholders, who struggle to compete with rising productivity, technology and quality demands for export goods (Bardhan 2006; Reardon et al 2009). This does not necessarily exacerbate

[8] For a more in-depth explanation of the mechanisms at work between natural resource endowments, trade openness and economic growth, see Sachs and Warner (1999).
[9] This argument is outlined in Hirschman (1958) and Matsuyama (1992)
[10] Further complicating matters for the poor, Collier notes that the countries dependent on primary resource commodities tend to have weaker governance and are at higher risk of civil war.

[11] http://www.fao.org/docrep/005/Y3733E/y3733e04.htm

poverty as long as manufacturing and agricultural jobs open up in the formal economy (Lewis (1954)); however, if the new wage is no better than subsistence wages, this will have no effect on poverty (Winters 2002).

Here again, if the poor are able to take advantage of the new export opportunities, they may still be pushed back into poverty by the higher volatility associated with agricultural trade. Openness in the agricultural sector exposes the rural poor to higher and more volatile world food prices affecting smallholders (and the urban poor) who are likely to be net food buyers (Elhiraika 2008; Cashin and Mcdermott 2002; Koren and Tenreyro 2007). As with natural resources and the condition of being landlocked, volatility increases risks even for those benefitting from new agricultural export markets.

In the industrial sector, the poor tend to be concentrated in *un*skilled labor markets. Most of the literature on globalization focuses on the gains in liberalizing developing countries for the low-skilled, and inadvertently ignores the *un*skilled. HOS predicts that openness in countries with high endowments of unskilled labor leads to a greater global demand for this type of labor and increases their incomes. This does not, however account for the trade and FDI-induced skill-biased technological change that has accompanied globalization and increased demand for low-skilled labor, rather than *un*skilled labor. Studies in this vein draw from Grossman and Helpman (1991) and link trade and FDI with firms' skill-biased innovations, which results in greater demands for skilled (and not unskilled) labor (Helpman 2004; Thoenig and Verdier 2003; Acemoglu 2003).[12] Empirical work confirms that trade and FDI increases the demand for

[12] Scholars debate the mechanisms through which trade is linked to skill-biased innovations,. To give an example, Acemoglu (2003) explains that trade puts upward pressures on the relative price of skill-intensive goods, making skilled technologies more profitable to pursue. Thoenig and Verdier (2003) argue, on the other hand, that openness triggers international technological competition, setting off a global race to increase imitation and innovation.

relatively skilled labor at the expense of unskilled labor (Kratou and Goaied 2016; Milanovic 2002; Feenstra and Hanson 1997).[13] As Acemoglu (2003:199) summarizes " [I]ncreased international trade induces skill-biased technical change. As a result, trade opening can cause a rise in inequality both in the U.S. and the less developed countries." Indeed, both Kosack and Tobin (2015) and Gourdon, Maystre, and De Melo (2008) underscore that the poor benefit minimally from globalization in countries that host low levels of human capital.

(d) Poor Institutions

Scholars also contend that liberalization of the trade and investment sectors will only lead to economic growth and poverty alleviation once certain institutional prerequisites—specifically private property and rule of law—are in place.[14] Property rights, contract enforcement, and corruption impact the type and stability of trade, capital and investment that flow into countries (Collier and Gunning 1999; Collier 2002). [15] For example, Klein and Olivei (2008) find that the economic and regulatory institutions associated with financial deepening are necessary for developing countries to benefit from liberalization.[16] Beyond the country- level welfare losses from lower trade, the poor are less able to benefit without access to credit; this prohibits them from increasing investments in their land, skills, crops or businesses and taking advantage of changing economic opportunities from globalization (McCulloch et al 2001; Collier 2002).

[13] See also Kanbur 1998; Culpepper 2002; Andersen 2005; Robbins 1996; Robbins and Gindling 1999; Wood 1997; Berman and Machin 1998; Selin and Sener 2006; Ekholm and Midelfart. 2005.

[14] A number of authors argue that the strength of current institutions are an artifact of historical legacies such as legal origin (La Porta et al 1997, 1998) and colonization Acemoglu et al (2001). For the purpose of examining the relationship between globalization and poverty, the origin of the institutions is less important than how the institutions interact with globalization policies to determine poverty outcomes.

[15] At the same time, some scholars have argued that trade liberalization actually improves institutions (Dollar and Kraay 2003), but more recent research shows that this is not necessarily the case (Rodrik (2008); Do and Levchenko (2009)).

[16] See also Durham (2000 a and b). Though others disagree, see for example Kraay (1998).

Rigid labor markets at the time of liberalization is another example of a weak institution discussed in the literature that derails the positive gains for the poor. Labor mobility is a key assumption supporting HOS predictions. However, many developing countries have inflexible labor market policies that have been slow to change following globalization (Perry and Ollarreaga 2007). If rural and urban labor cannot easily reallocate within and across sectors in response to the price changes induced by liberalization, exporting sectors develop less efficiently and the poor lose access to new and improved income opportunities (see Goldberg and Pacvnik 2010).

(2)Pro-Poor Government Interventions

The implication of many of the studies referenced above is that government initiatives post-liberalization can help the poor take advantage of (or lose less from) globalization, even in countries with poor initial conditions. What are these post-intervention policies? And when are governments willing to put these policies in place? We now turn to research that explores these questions. Our intent is to outline some of the macro and micro level studies that demonstrate how pro-poor policy interventions are critical to improving the globalization-poverty relationship.

Macroeconomic studies tend to use the level of policy outcome variables—such as the existence of high levels of human capital, financial depth and regulation, or good governance—to assess the extent to which economic globalization improves development. , and not necessarily poverty per se.[17] For example, Dollar and Kraay (2004) find that monetary policy

[17] The literature in this area is extensive. For more recent studies, see Le Goff and Singh (2014); Samimi and Jenatabadi (2014); Herzer (2013); Gourdon, Maystre, and De Melo 2008; Bergh and Nilsson 2014

stability, financial development and political stability are important policies for economic growth. Bolaky and Freund (2004) contend that excessive regulation decreases economic growth as countries liberalize. Chang et al (2009) argue openness increases economic growth when countries have beneficial levels of educational investment, financial depth, inflation stabilization, public infrastructure, governance, labor market flexibility[18], and ease of firm entry and exit. Borensztein et al. (1995), Alfaro et al. (2006) find similar results for FDI: the impact on economic growth is positive when a country has high human capital and financial depth. While helpful for understanding how the presence (or lack thereof) of various types of national policies condition the relationship between globalization and development, they tell us little about specific policies to compensate the poor.

There are fewer micro level studies, but they are useful for understanding how specific policies such as access to credit, labor market reforms, social welfare spending and other complementary policies condition the impact of globalization on poverty per se. For example, Goldberg and Pavcnik (2007) and Topolova (2010) examine household data in Colombia and India respectively and find that the association between trade openness and poverty may be conditional on the flexibility of labor laws that make it harder (easier) for workers to relocate across sectors. In case studies of Latin America and Zambia, Porto (2007) and Balat and Porto (2007) estimate that easing price restrictions on key staples (marketing board reforms) insure that the poor gain from decreasing food prices and that agricultural programs that develop infrastructure, increase credit availability and give technical assistance to farmers would enable them to switch to more profitable crops for export. Similarly, in a case study of Cambodia,

[18] Milanovic and Squire (2007) similarly find that lack of labor mobility helps to explain how increasing openness to trade is associated with greater income inequality in poor countries.

Soloaga (2007) finds that technical assistance to poor farmers to improve their rice yields would enable them to participate to a greater extent in the export market. Finally, Kakwani, Neri, and Son (2010) and Lindert, Skoufias and Shapiro (2010) use household level data from Latin American countries to show that Latin American countries with stronger social safety systems in place (such as the social security and cash transfer systems in Brazil) provide a cushion for the poorest against the volatility and macroeconomic shocks brought about by globalization.

This large body of research, based primarily in economics, posits a range of government policies that might mediate the beneficial impacts of trade and/or FDI on the poor. The challenge for this research agenda is that scholars stop short of considering the willingness and ability of governments to adopt such policies and/or redistribute to the poor under liberalization. In other words, while the policy implications are clearly stated (e.g., adopt good institutions), the critical question of whether or not LDC governments have the political will to do so in the globalizing environment is overlooked.

Studies in international political economy (IPE) have taken up this question. On the one hand, IPE scholars have found that many LDC governments are constrained from implementing redistribution policies in the globalizing environment. This is because, they argue, globalization unleashes 'race to the bottom' pressures in welfare spending; increasing such expenditures in this context will result in higher taxes and labor costs, which inevitably depresses exports, and encourages foreign investors to seek other locations. It is striking that although globalization has been strongly associated with higher government spending in rich countries (Ruggie 1982; Garrett 1998; Katzenstein 1995; Cameron 1978), IPE scholars find the opposite is true in developing economies (Greenhill, Mosley, and Prakash 2009; Nooruddin and Simmons 2009; Rudra 2008).[19]

The upshot, however, is that this literature helps to identify the political conditions under which governments might pursue redistribution during liberalization resist race to the bottom pressures. Specifically, these studies emphasize that governments of countries that host less powerful business interests, [20] well-organized labor groups (Garrett 1998, Rudra 2002, Korpi and Palme 2003), powerful leftist parties (Huber and Stephens 2000, Kaufman and Segura 2002, Allen and Scruggs 2004) and/or democratic institutions (Rudra and Haggard 2005, Avelino, Brown and Hunter 2005) will increase spending on programs that protect citizens from the risks and uncertainties that accompany globalization.[21] Although scholars disagree as to which set of political institutions are the most critical for promoting redistribution in this context, the underlying idea is that governments respond to powerful pro-poor interests that demand compensation for the risks of globalization.

Yet, interest groups, partisanship and regime type only get us part way in understanding when LDC governments are most likely to implement the types of policies that will help the poor benefit from globalization. Much of this literature adopts the political models of redistribution from OECD countries (Garrett 1998; Cameron, 1978), and assume that 1) redistribution comes from voter pressures and 2) that social spending is inherently redistributive (notable exceptions

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[19] Additionally, see for example Garrett (2001), Kaufman and Segura-Ubiergo (2001); Cao 2009; Mosley 2003; Rudra 2002; Wibbels 2006; and Wibbels and Arce 2003; Adsera and Boix (2002)

[20] In Latin America, Kaufman and Segura focus on the size of interest groups as the means to influence policy (though they argue that this further depends on regime type). While Avelino, Brown and Hunter (2005) show that powerful groups, even if small in number (teachers' unions and health care professionals for example) are able to influence policy with both beneficial and negative effects on the poor.

[21] Of course, political pressure and competition amongst interest groups is likely to be affected by globalization itself. For example, Glenn (2009) shows that foreign investors and MNCs (who have more power in those countries that have opened to trade) have used their role to pressure states into decreased welfare spending.

to this include Wibbels and Ahlquist 2006, Brooks and Kurtz 2007, Rudra 2008). Yet, these assumptions are problematic. They indicate that the globalization-social spending studies cited above are focused on explaining redistribution changes under globalization that protect the better-off and not the poor.

Perhaps more important, however, the political variables that are hypothesized to mediate this relationship do not necessarily represent the poor in many LDCs. First, an increasing number of theoretical and empirical studies in political economy show that democracies in developing countries are not responsive to the poor. Put simply, they are too large in number, geographically dispersed, and lack the elite political connections and funds to effectively influence policy-making.   Many LDC democracies supply white elephants rather than socially efficient public goods that target the poorest. Evidence on this front comes from econometric work (Albertus and Menaldo 2014; Manzetti and Wilson 2007), formal models (Robinson and Torvik 2005), and case studies (Keefer and Khemani 2005. Kosack 2015). The persistence of mobilization challenges, identity politics, vote buying, informational asymmetries, strong elite democracies, and legacies of patronage politics underscore the poor's position- or lack thereof- in democratic government decision-making. [22]

[22] Pande 2011, Keefer 2007, Corneo 2006. Keefer and Khemani (2005) argue that marginalized groups face information constraints that reduce their ability to hold particular politicians accountable. Politicians get credit for implementing visible projects, but little blame for the quality of services in the long run. Robinson and Torvik (2005) further argue that elected officials prefer socially inefficient projects since otherwise, competing politicians can also operate the project and reduce support for the incumbent. Given poor institutional oversight, politicians can also more easily manipulate scarce government revenues and promote attention-grabbing spending projects that disproportionately favor their supporters (Robinson and Torvik 2005, Manzetti and Wilson 2007). Albertus and Menaldo (2014) also argue that democracies with politically strong elites fail to pursue pro-poor redistribution.

Likewise, because the poor notoriously suffer from collective action problems, they are unlikely to form strong interest groups (Rudra 2008); This is also why leftist parties—where they exist in developing economies— represent the interests of formal, organized labor, which often pursue policies that are not in the interests of the poorest (McGuire 1999). In consequence, marginalized groups tend to be politically underrepresented in LDCs. As such, interest groups, left parties, and regime type alone are unlikely to create pressure on governments to implement pro-poor policies alongside globalization. This calls for a deeper analysis of the conditions under which governments will be likely to support poverty reduction polices during globalization.

IV. A need for further research on globalization and government efforts towards the poor

The bottom line thus far is that absent government intervention, we have little reason to expect that the hypothesized benefits of globalization for the absolute poor—increased real income and earning opportunities- will materialize. Further, if the benefits of globalization are unequal and disproportionately benefit the rich, any ancillary improvements for the poor are likely to be minimal, as research by scholars such as Acemoglu and Robinson (2006) has shown.[23] What determines whether or not governments will policies directed at assisting the poor? Following standard assumptions in political economy that governments pursue policies that serve groups whom they depend on for power (Bueno de Mesquita, et al. 2003), the poor are

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[23] This inequality becomes embedded in institutions such that inequality lends itself to a power structure that is crystallized in institutions, which are also inequitable, and inefficient (Acemoglu, Johnson and Robinson 2001, Engerman and Sokoloff 2000, WDR 2006). Political elites can then systematically neglect subordinate groups in unequal societies where their behavior shapes both formal and informal institutions that perpetuate such underinvestment. This is why, for example, many governments in LDCs continue to prioritize tertiary-level investments in education and healthcare, despite hosting large populations of undernourished and uneducated poor.

likely to be underrepresented in political systems around world, and perhaps most acutely in developing countries.

Scholars in political science propose that left-leaning governments are solution, since they actively pursue redistributive policies within democracies, especially in relation to right-leaning governments (see Ha 2013, Allan and Scruggs 2004, Bradley et al 2003). Yet we see political parties around the world labeled as 'left' by scholars and international organizations such as the World Bank failing to support pro-poor policies alongside globalization. One reason for this, as discussed earlier, is that leftist parties represent the positions of organized labor, which do not include the absolute poor. We posit an additional explanation: a consistent and relatively stable left-right partisan divide does not exist across the developing world, particularly outside Latin Americca. [24] As we discuss in the next section, political party platforms in most developing nations are built on a *mix* of traditionally left-right agendas, ethnic or regional identities, and/or a focus on strong personalities (Fearon 1999, Manning 2005, Van de Walle 2003, Chandra 2007). Partisanship may not be the key factor driving greater willingness to redistribution to the poor with globalization.

The challenge of left-right partisanship across the developing world

Left-right partisanship generally rests on two distinct cleavages: (1) systematic variation in socioeconomic class support, with working class constituents- organized unions in particular – constituting the primary 'left' base; and/or (2) distinct economic and social policy positions, with pro-redistribution and anti-market/pro-state positions as 'left'.[25] A class cleavage of this sort

[24] See Luna and Kaltwasser (2014) for a discussion on why in Latin America the left-right ideological divide can be challenging.
[25] See also, Luna and Kaltwasser (2014)

does not exist in most LDCs, where the formal labor force—and thus organized unions—constitute a very small proportion of the overall population. In fact, average union density (17.88%) is approximately half that of the advanced industrialized countries (see Freeman 2009); added to this, labor groups in LDCs are beset with collective action problems.[26] Latin America may be an exception in this regard.[27]

The second left-right policy cleavage also fails to apply, as parties across the political spectrum in the developing world have been embracing *both* pro-redistribution and open markets. Since the 1980s debt crisis, and for some developing countries even sooner, trade liberalization has become a key element in their development strategy; and not incidentally, an overwhelming majority of citizens in LDCs strongly support trade.[28] Redistribution proposals, on the other hand, have long been the currency of political campaigns in nations where the median income earner is poor; this has been regardless of actual fulfillment of those promises.

Yet surprisingly, numerous studies in political science and economics assume a left-right distinction exists globally, while making little effort to define it.[29] The World Bank's *Database for Political Institutions* (DPI) is the go-to source for cross-national ideological identification; but here also, left-right is not defined, and coding is notoriously unreliable. For instance, DPI codes both Ghana's recent governing parties- National Democratic Congress Party (NDC)

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[26] Rudra 2002

[27] Latin America is an exception amongst LDCs where the conventional left-right cleavage is more identifiable; this is because of its relatively larger and longer history of urban organized working class movements (Collier and Collier 1991); fewer religious and ethnic divisions (Alesina et al 2003) ; and a longer tradition of welfare state (social insurance) which has created a clear schism between reformists and defenders (Huber and Stephens 2012. We thank Andrew Baker for his insights on this issue.

[28] A recent Pew Global Survey reports that citizens of developing economies overwhelmingly say (i.e., a median of 87% of those surveyed) international trade is good for their country. http://www.pewglobal.org/2014/09/16/faith-and-skepticism-about-trade-foreign-investment/

[29] e.g., Ha 2012, Dutt and Mitra 2005, Bjørnskov 2008, Wehner 2009, Greico et al 2009, Galasso 2014.

(2012-present) and New Patriotic Party (NPP) (2001-2009) as 'right' ; but both parties have ardently pursued pro-poor redistribution policies, and international market openness. The main umbrella organization for union activities, the Trades Union Congress (TUC), views both parties as anti-labor.[30] Incidentally, country experts also cannot agree; they have labeled both parties as 'left' [31], 'right'[32] , and NPP as 'party without an ideology'. [33] Other examples of left-right partisan confusion such as this abound.[34] Put simply, both so-called rightist and leftist parties across the developing world support both free(r) markets *and* redistribution, and lack a strong (and representative) labor base.

Elite Ideology

What, then, determines whether governments implement pro-poor policy interventions if regime type, traditional partisanship, and interest group representation alone are unreliable predictors? We propose an additional consideration: government leanings based on the prevailing elite ideology in that society. The ideology of economic elites—who can be powerful veto players in LDCs—may be critical in determining the extent of policies directed towards improving the living conditions of the poor during liberalization. We turn to literature in micro

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[30] http://www.modernghana.com/news/22335/npp-continuing-with-ndc-policies-tuc-boss.html
[31] Morrison 2004
[32] Elischer 2012
[33] https://consciencism.wordpress.com/2012/09/28/npp-as-a-party-without-an-ideology-or-national-vision/
[34] Mozambique's FRELIMO party is another paradigmatic example of a party that DPI classifies as 'left'. The party was originally formed as a socialist guerilla organization, and in its early years adopted many statist policies. However, since the 1990s, under pressures of low growth and structural adjustment programs, FRELIMO-which remained in power even after the implementation of competitive elections- embraced liberalization with measures such as reduction of customs duties and privatization of state-owned enterprises. The countries main trade union - Mozambique Workers' Organization (OTM)-has historically been controlled and directed by FRELIMO, and now has a more contentious relationship.[34] Regardless, unionization rates are estimated at 2.5% of workforce [34] with declining membership – alongside a shrinking formal sector (see Horowitz 2007, Freeman 2009).

and behavioral economics that identifies a liberal-conservative elite cleavage in a way that can be applied globally.

There is solid empirical support that ideology—based on distinct views of social mobility in their societies-- is one of the primary determinants of redistribution towards the poor.[35] Liberals view poverty as a function of structural conditions beyond individual control (e.g, inheritance, state of the economy, lack of jobs for poor) and hence support pro-poor redistributive policies; they believe poverty is mostly due to bad luck, and one cannot escape it through hard work alone. Conservatives, on the other hand, perceive poverty as the result of laziness and lack of effort; they resist redistributive policies towards the poor because of a belief that it further dulls the incentive for hard work.

Using *World Value Survey* data, Alesina and Angeletos' (2003) *American Economic Review* study finds that a society's core social beliefs (i.e., whether social mobility is a function of luck or effort) impacts the level of redistribution in a given country. In the United States, for example, they argue that the historical emphasis on the role of 'effort' and hard work results in low levels of American support for government redistribution in equilibrium.[36] On the other hand, Europeans, based on historical experience with luck, connections (generated by birth and nobility) and family history, generally favor the view that 'bad luck' creates poverty, and thereby prefer higher levels of redistribution. The links between societal beliefs regarding the role of luck (and thereby, less effort), unfair market outcomes, high redistribution (and high taxes) reinforce each other; and this equilibrium behavior persists through generations.

[35] Alesina and Glaeser (2004); Alesina and Angeletos (2005); Fong 2001
[36] See Alesina and Angeletos (2005) for discussion of how the aversion to nobility and birth-related privileges are deeply rooted in American history.

In developing countries, rather than considering average societal beliefs, we focus on the ideological convictions of economic elites who are core policy decision-makers. A large body of work shows both theoretically and empirically that elites with substantial economic resources have historically dominated policymaking *and* the distribution of public resources.[37] This is particularly likely in developing countries where economic elites are a small group (relative to the population) with much at stake; they also supply politicians with the bulk of necessary economic resources (e.g., taxes, bribes). These factors combined make it that much easier for economic elites to overcome collective action problems and form strong interest groups that disproportionately influence political thinking regardless of regime type or traditional left-right political leanings of parties. LDC politicians cater disproportionately to elite interests by taking advantage of weak accountability and information-providing institutions (Keefer and Khemani 2005).

Thus, if vested elite interests in a developing country believe that the poor have limited opportunities and concomitantly, that structural conditions need to change to facilitate their mobility (i.e, liberals), then it is likely that the government will adopt more pro-poor policies and practices. Put differently, when elites in a developing society perceive that structural conditions in society (e.g., availability of jobs) prevent success, they are less likely to block redistribution efforts they view as improving the probability of upward mobility.

Liberal elites will *not* necessarily actively lobby the government for pro-poor policies, though they might. Rather, governments are likely to face less resistance in their efforts to appease the majority of their populations (the poor) when elites believe such policies are justified,   do not jeopardize their own interest and/or likely to have economic benefits for

[37] Mills 1959, Winters 2011. Domhoff 2013, Kohli 2006. Ross 2006.

economic elites as well (e.g, social stability, higher labor productivity). In contrast, conservative elites will veto any government efforts they view as wasteful and/or redistributing wealth away from them.

The presence of a liberal elite thus holds distinct political advantages for LDC politicians; they can secure broader – and arguably more stable- political support without alienating key elite groups by pursuing pro-poor compensatory policies alongside economic globalization. We assume here that rational governments in countries that host large populations of poor prefer to maximize the number of winners from globalization. The presence of liberal elites in democracies, then, enables the chief executive to reduce uncertainty surrounding their political futures; they can expand their electoral base and substantially improve their chances of re-election by keeping their campaign promises of pro-poor policies. Nondemocratic leaders can more easily prevent revolution with larger investments in public goods, without alienating elites in their ruling coalition.

In a society dominated by conservative elites, however, governments of all regime types will lose critical elite support if they (1) spend resources on pro-poor policies and/or (2) impede 'elite capture' of public goods. Conservative elites are more likely to resist, for instance, paying higher taxes that support the government's pro-poor spending/political agenda; and thereby, a vicious circle between lower taxes, underinvestment in public goods, and higher resistance to taxes is created.

How do governments know if elites are liberal or conservative? Alesina and Angeletos' (2005) analysis implies that this knowledge comes from a country's historical experience with wealth distribution.[38] For example, throughout India's history class differences have been rooted

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[38] Historical experience with wealth generation- based on luck and/or effort-occurs throughout the individual's family history, and not only during the person's lifetime (Alesina and Angeletos 2005: 973).

in a caste system, and are a result of actions in your past life, i.e., karma, as opposed to individual effort. A common belief in Indian society is that the poor are poor because they committed (negative) deeds in their previous incarnation(s), which also explains their lower caste status. The poor's 'efforts' for social mobility (in this life) is futile; their economic status is ultimately determined at birth. This acceptance of status as earned (from a past life) has translated into a belief system that the poor are lazy.[39] Economic elites are thus more likely to be conservative in India. Indeed, the World Values Survey reveals that over 56% of Indian economic elites perceive the poor as lazy.

In contrast, Brazil's history of seemingly interminable cycles of hyperinflation and widespread personal hardships has created an acute sense that individual ability and effort- regardless of class- are meaningless for success. The World Value Survey shows that 76% of the population believes the poor are poor because 'society is unjust' and this view is shared amongst the elite. A recent World Bank survey of 320 randomly selected individuals from Brazil's elite show that almost half of the elite view poverty and inequality as the main obstacles to greater democracy (Lindert et al 2007).

As we would expect, then, India has a long history of elite capture of public subsidies, and inadequate programs that have had limited impact on the poor's living conditions (Keefer and Khemani 2004, Bardhan and Mookherjee 2012), This trend persists post-liberalization, despite the pro-poor stance of the previous governing party (Congress) and the reigning Bharatiya Janata Party's (BJP) recent policy and spending emphasis on the poor.[40] Much

[39] A key distinction with Europeans view of social mobility is that although poverty may be linked to birth status in both nations, historical experience in India suggests that the poor are (1) unlikely to improve social mobility with redistribution; and (2) they have earned their status in life (through actions in their past life).
[40] See http://www.business-standard.com/budget/article/fm-arun-jaitley-unveils-pro-poor-budget-2016-2017-pledges-reforms-116022900191_1.html

evidence confirms that Indian elites systematically exclude the most disadvantaged groups from both public and targeted goods, even within their same village (Dreze and Sen 1996, Keefer and Khamani 2004, Banerjee and Somanathan 2001).

In contrast, Brazil's anti-poverty programs adopted after liberalization, such as Bolsa Familia (the conditional cash transfer intervention--CCT), has been relatively impervious to manipulation and corruption by economic (and political) elites (Fried 2012, Zucco 2013). This is not to underestimate the role of other factors in its success, such as program design, resources for monitoring and targeting, and political support. Our emphasis, rather, is consistent with a recent World Bank study which attributes the successful use of CCTs to the widespread belief in Brazil –also among elites- that people are poor due to the "fault of an unjust society" (Lindert et al 2007:9).[41] CCTs in similar countries, such as Argentina and India, on the other hand, have been less effective, and subject to elite manipulation. [42] It is noteworthy that different Presidents from traditionally center-right and leftist parties have supported CCTs in Brazil.

V. *A Simple Test*

Beyond the case snippets that we offer, we make a first attempt to examine whether the liberal/conservative leanings of the economic elites in a country are correlated with post-liberalization government commitment to the poor. To do this, we combine survey data on elite ideology with country level estimates of government commitment to the poor from the Human Development Index.

[41] See also Barreintos and Villa's (2015) discussion of the role of elites in CCT success.
[42] see Calvo and Murillo 2014, Das and Hagopian 2011, Vishwanath, W. H., Jatti, G. M., & Tannu, U. (2011), Murray et al 2014, Fenwick 2013.

As a first step, we follow Alesina and Angeletos (2005) and rely on survey evidence from the World Values Survey (WVS) to classify economic elites ideology as "liberal" or "conservative". We classify a respondent as a member of the "economic elite" if they identified themselves as being in the 80th decile or above of income earners in their country.[43] In two waves of the WVS (1989-1993 and 1994-1998) respondents in a few countries were asked: "why do you think there are people in need?" They were then offered a series of possible responses: a) lazy or lack of will power; b) Don´t know c) Unlucky d) Injustice in (unfair) society, e) Part modern progress, and f) None of these. Elites that answered 'unlucky' or 'injustice' (c or d) were coded as 'liberal'; those who responded 'lazy' were coded 'conservative'. To simplify matters we looked at the percentage of self-defined economic elites that believed that people in their country were in need because they were lazy. When that percentage was 50 percent or above, we coded the country as conservative. In a few cases, countries were in both waves of the survey. For each of those cases we took the responses from the most recent survey. Appendix A lists the countries that fall into conservative versus liberal in terms of their economic elites.

The next step was to determine the first major period of economic liberalization for as many of these countries as possible.[44] For each country in our sample, we coded year '0' for the beginning of the first period of liberalization policies (major reductions in bounded tariff rates, elimination of quantitative restrictions, major privatizations, signing of multiple trade restrictions). Appendix A lists the remaining countries in our sample with our coded year of trade liberalization.

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[43] Respondents are offered ten income categories defined by each country's principal investigator's that are meant to represent the deciles of the household income distribution in that country. For more information, see the wave questionnaire: file:///C:/Users/jlt58/Downloads/F00001317-WVS_1995_Questionnaire_Root.pdf

[44] Because we are interested in poverty in developing countries, we eliminated those countries considered to be high income at the time of the surveys. We also eliminated the former Soviet satellite countries as most experienced drastic macroeconomic reforms at the same time as liberalization.

As a final step, we needed to determine pro-poor policies post-liberalization that are comparable across countries and across time. To do this, we rely on accepted measures of human development from the United Nations Human Development Index (HDI). HDI is a composite of widely available measures for health (life expectancy at birth); education (mean and expected years of schooling)[45]; and income (national income per capita, logged to reflect income's diminishing impact on quality of life). The full Index is not well suited for examining government commitment to policy, since a third of it is income, which is only loosely dependent on government spending. Removing income from the HDI and examining each of the human capital variables separately leaves us with direct measures of human capital—health and education—which are dependent on government commitment and capacity (Kosack and Tobin 2015). We add infant mortality, which measures a recipient's motivation to offer basic services, [46] as an additional measure of government commitment to pro-poor policy.

The poor in developing countries acquire health and education with substantial government assistance. Thus, these measures are a reasonable proxy for government commitment and capacity to pro-poor policies.[47]

We posit that, controlling for many other factors, economic elites' beliefs about the nature of the poor can constrain governments' commitment and ability to make policy. In countries where a majority of the economic elites believe that the poor are poor because they are lazy (conservative), their veto power will make it more difficult for governments to enact

[45] The UNDP replaces other measures of education with mean and expected years of schooling in 2010 as a way to "give a better picture of children's current access to education." They define expected years of schooling as the "number of years of schooling that a child of school entrance age can expect to receive if prevailing patterns of age-specific enrolment rates persist throughout the child's life" and mean years of schooling as the "average number of years of education received by people ages 25 and older, converted from education attainment levels using official durations of each level." See UNDP 2010.

[46] See for example Kosack and Tobin 2006; Ross 2006.

[47] The literature on the welfare implications of regime type use the same logic for examining government commitment. See for example (Acemoglu and Robinson 2006b, Bueno de Mesquita et al. 2003, Ross 2006, Stasavage 2005a, Baum and Lake 2003, Lake and Baum 2001, Brown 1995, Brown and Hunter 1999).

policies that will ease the burden of liberalization on the poor. But, countries where the economic elites tend to have more liberal values (a belief that the poor are simply unlucky), pro-poor liberalization are likely to prevail alongside liberalization.

Unfortunately, we are left with a very small country-level sample size from the WVS and are unable to control for the myriad other factors likely to affect government commitment to pro-poor policy outcomes. But, looking at differences across our categories in the pre- and post-liberalization period gives us some idea of the association between economic elite beliefs and government commitment to pro-poor policy outcomes. Because of the very limited size of our sample, we are unable to get precise estimates from even the simplest regression analyses. Instead, to gain a preliminary and simplified picture of this relationship, we gathered information on year to year changes in human capital.[48] We then averaged these by our two groups of countries (conservative elites versus liberal elites) in the ten years prior to each country's first liberalization efforts and the ten years following this period.

Figures 1-4 show a first approximation of a relationship between elite ideology, trade openness and government commitment to pro-poor policies. The red lines show the average policy outcome for countries with conservative leanings, while the blue lines show the average policy outcome for countries with liberal leanings. Figure 1 looks at year to year percentage changes in life expectancy amongst our two groups of interest. Countries in our sample with liberal elites (the blue line) have a stable, but increasing life expectancy over the period leading up to and following liberalization of about 0.6 percent. At the same time, countries in our sample with conservative elites also had positive changes in life expectancy over this period, but the changes were more volatile, with that positive change decreasing steadily over much of the

[48] We look at changes in policy outcomes rather than levels because we are interested in policy changes pre- versus post-liberalization.

period. Figure 2 looks at year to year percentage changes in infant mortality. Here we seem to see opposing patterns for countries with liberal versus conservative elites. Countries with more conservative elites have a steady decrease in the rate of infant mortality change (beneficial policies would lead to an increase in the rate of change) across the entire time period, while countries with more liberal elites seemed to have a stable decrease in infant mortality prior to globalization (though not as strong as conservative countries), but an increase in the rate of change following liberalization (increasingly lower infant mortality). Figure 3 looks at year to year percentage changes in expected years of schooling. Data availability is lower in the years before liberalization so we only look at the seven years prior to liberalization for our schooling measures. Here we see that for countries with a majority of conservative elites, expected years of schooling is always increasing across the entire period of liberalization. However, that increase is relatively level prior to liberalization before dropping off around the time of liberalization and decreasing to nearly zero a few years after liberalization. For countries with a relatively liberal elite, the opposite is true: prior to liberalization, expected years of schooling is actually decreasing for these countries, with a move to positive changes around liberalization and relatively stable and positive yearly increases thereafter. Finally, Figure 4 looks at year to year percentage changes in the mean years of schooling across our two sets of countries. Here we see a similar trajectory for conservative and liberal countries prior to trade liberalization (positive, but declining increases in mean years of schooling). But, following liberalization, that trend reverses for liberal countries who see year to year increases in the change in years of schooling, while the decline continues and then levels off for conservative countries.

For all of our measures of government commitment, both types of countries have positive increases throughout the period of liberalization. However, a first look at the data suggests that liberal countries have more pro-poor government liberalization in the period following liberalization than do conservative countries. This is a first step, albeit a very preliminary one, towards assessing the potential influence of elite ideology in affecting more rapid poverty reduction in globalizing economies.

VI. *Conclusion*

Developing economies have made remarkable advances towards international market integration, particularly in the realm of trade liberalization. While absolute poverty has been steadily decreasing in tandem, its slow pace in a great many liberalizing LDCs has been a source of both disappointment and surprise for scholars and policymakers alike. This article aims to provide a conceptual framework for scholars to understand the contemporary debates on globalization and poverty, as well as to suggest avenues of much-needed future research.

We begin with HOS as a conceptual framework that scholars commonly use to analyze the relationship between trade and poverty. Based on HOS, a popular wisdom in scholarly, policy, and popular media circles has evolved: developing countries that are liberalizing their trade and capital flows will inevitably experience growth and dramatic reductions in poverty. Yet, the debate over whether globalization is good for the poor remains heated, with arguments and evidence for both sides. More recent literature on this topic has begun to move away from this straightforward prediction, and instead emphasizes the conditional nature of the relationship. Specifically, liberalizing countries see significant poverty reduction in countries if and when they have beneficial initial conditions: good geography; large endowments of low-skilled labor (rather than unskilled labor); and strong institutions (e.g., property rights, flexible labor markets, rule of law). The challenge is that these conditions exist in few- if any- developing countries. Rather, most LDCs fall within the category of having one or more disadvantageous initial conditions when they embark upon the liberalization process.

The second part of our analysis reviews the literature which identifies government interventions that facilitate the links between globalization and more rapid poverty reduction. Country level policies such as financial regulation, good governance and more targeted policies such as access to credit, labor market reforms and social welfare spending can help the poor to benefit from globalization. This literature, however, stops short of considering the conditions under which governments will have the political will to pursue such policies. To better understand this, we turn to studies in political science which offer suggestions such as democracy, pro-poor interest groups, and partisanship.

Yet, the outstanding problem, we argue, is that LDC democracies have shown a poor track record of poverty reduction; and the poor generally lack the ability to form interest groups that can influence policy. We are thus left with incomplete analyses of the conditions under which governments will pursue pro-poor policies concomitant with globalization. One possibility, we propose, is to consider elite ideology. Building on Alesina and Angeletos (2005), we suggest that elite ideology may play an important role in determining pro-poor policies because of the disproportional influence of elites on political decision making in in LDCs.

Our broader effort in this review is twofold. First, we hope to encourage scholars to consider not just the policies that will help the poor benefit from globalization, but to consider whether and under what conditions governments will be willing to implement those policies. Second, in suggesting elite ideology as one possible factor underlying the willingness and ability of governments to make pro-poor policies, we hope to spur further research--not only in the area of elite ideology but other possible avenues of determining government action as well. If the ultimate goal is to ensure that the gains from globalization area more broadly distributed, efficient government intervention towards the poor is the obvious linchpin.

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Figure 1: Life Expectancy

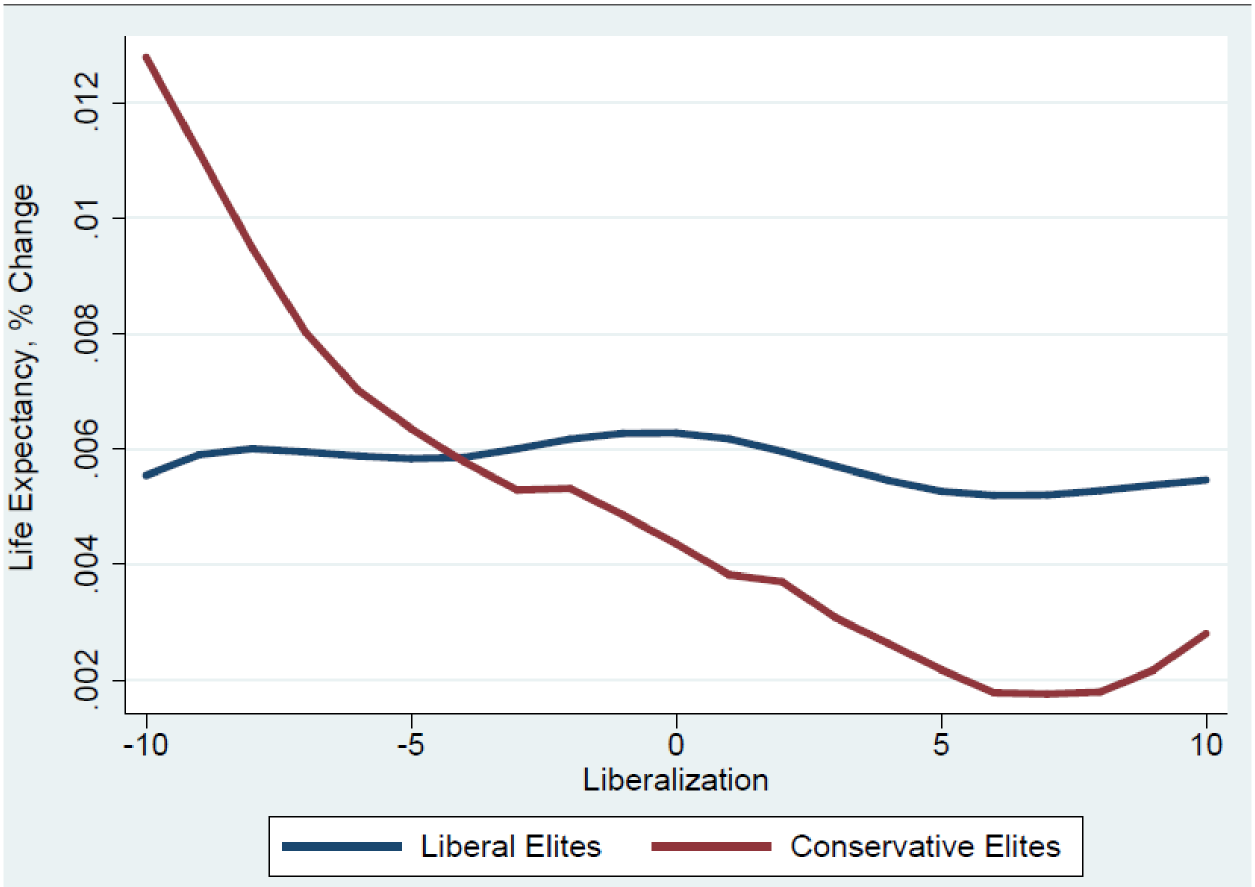

Figure 2: Infant Mortality

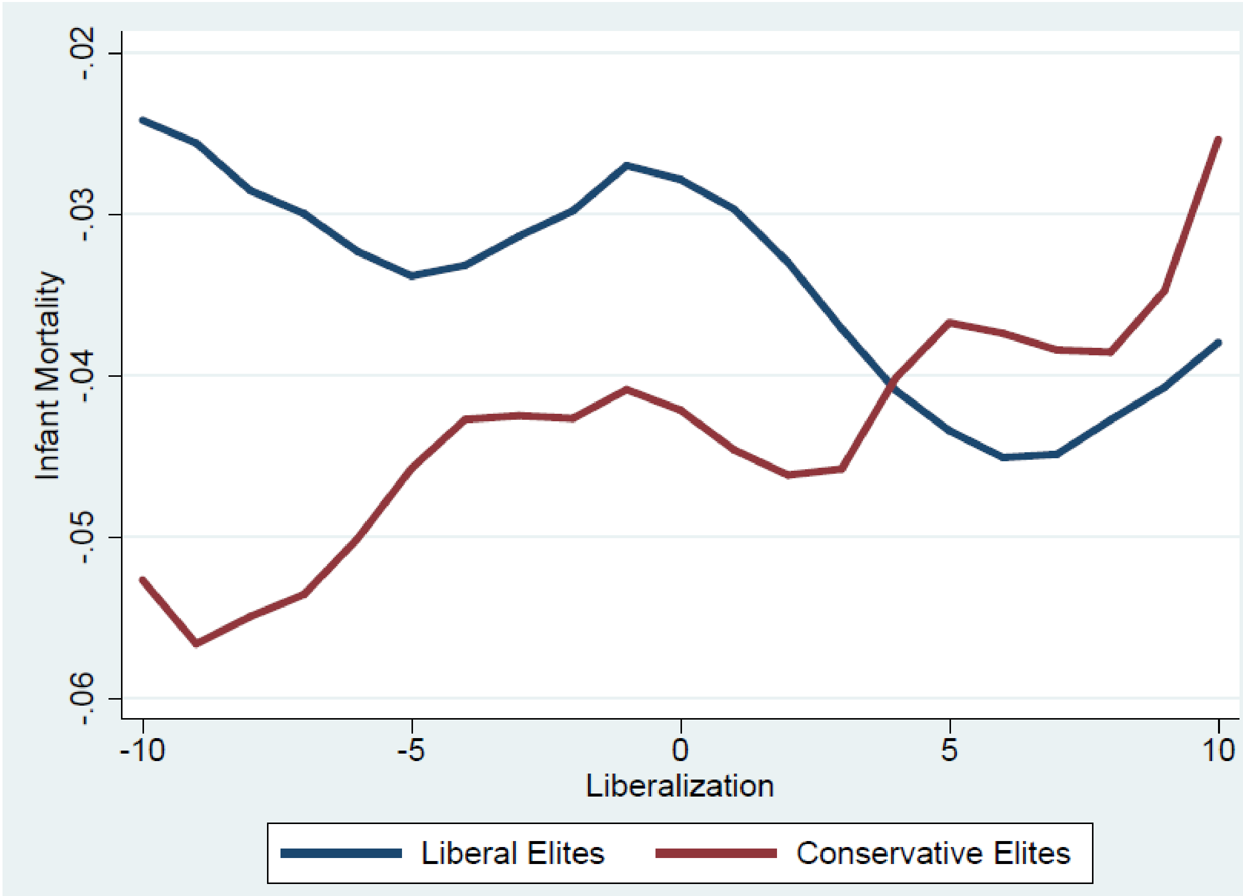

Figure 3: Expected Years Schooling

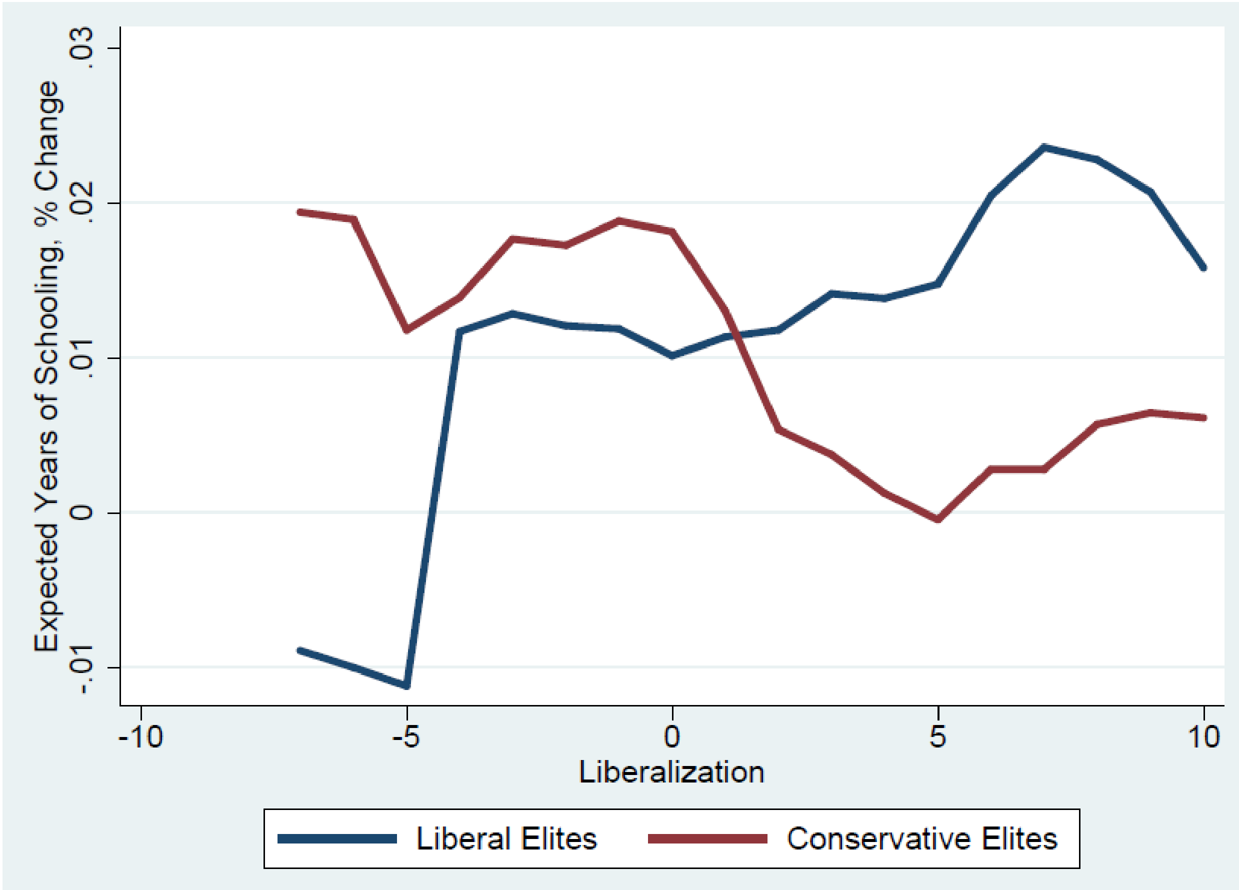

Figure 4: Mean Years Schooling