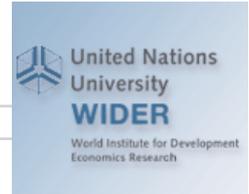


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**Watunakuy: Understanding Changes in
Material, Social and Cultural Dimensions of
Development in Peru and Beyond**

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WATUNAKUY: UNDERSTANDING CHANGES IN MATERIAL, SOCIAL AND CULTURAL DIMENSIONS OF DEVELOPMENT IN PERU AND BEYOND.¹

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Summary

Development organisations face a tension between the *consistency* and *flexibility* of their actions. This paper reports on a quest to develop a framework based upon a universal understanding of human wellbeing, but one that is compatible with flexible responses that take into account local variation in the way wellbeing is determined. Section 1 elaborates on the context of this quest, and explains why the argument is developed with particular reference to Peru. Section 2 summarises an initial review of literature on wellbeing and related concepts in Peru (Altamirano, Copestake, Figueroa, & Wright, 2003). This started with discipline-specific studies and ended by arguing in favour of a multi-disciplinary exclusion/inclusion framework to guide development policy and practice. Compared to more fashionable capital asset frameworks this emphasises social processes and relationships as much as states and stocks of resources. Section 3 tests this framework against empirical data from a focus group discussion with social scientists in Central Peru. Section 4 concludes that while the inclusion/exclusion framework provides a strong foundation it needs further refinement. It proposes a simple model to encourage simultaneous analysis of material, social and symbolic dimensions of development activities. The key argument is that this is an improvement over frameworks that encourage these to be treated as separable spheres of activity.

Key words

Peru, Andes, poverty, inequality, wellbeing, interdisciplinary, exclusion, culture, social capital, livelihoods, development policy and practice.

¹ According to Howard et.al (2002), the Quechua word *watunakuy* “expresses the idea of a mutual request for information between two parties, a cooperative activity of finding out.”

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1. Introduction

Question: What is the difference between a local and a visitor walking in the Andes? Answer: The visitor is doing alpine climbing. The local is going home.

In July 2004 I made a first visit to two "research sites" in Central Peru. The first was in Northern Huancavelica. On a bluff high above the Mantaro River and against a backdrop of magnificent mountains, we interrupted a group of farmers winnowing grain to talk about their wellbeing. The second was on the edge of the city of Lima. This time we interrupted a roadside womens' group meeting, looking out through a dust-laden fog over a barren hillside littered with tin-roofed shacks. Who in their right minds, I found myself thinking, would choose to live here? Of course there are many answers. A wealth of literature warns us against idealisation of rural life and explores the complex ways in which people combine rural and urban living (e.g. Ferguson, 1999). Neither can it be assumed that place of residence is a matter of rational individual choice. The more important question perhaps concerns not the objects of these two anecdotes but the subject (me). How can visitors, including so-called development professionals, best understand and analyse the diversity of human experience in order to inform their policies and practice?

The paper is concerned with the way development agencies define, measure and use the concept of wellbeing as a normative driver of policy and practice. Many managers take it for granted that their organisations will be more effective if they have "SMART" goals.³ Others worry that this can severely constrain the scope of activity, including learning by doing and responsiveness to local priorities and needs (Copestake, forthcoming). Yet deference to local views itself reveals a preference for one vision of development over others. Defining development and wellbeing perhaps inevitably entails conflict (Nederveen Pieterse, 2001).

Some degree of universality not of goals but also of analysis and strategy is a precondition for public policy and practice if this is motivated by a claim to promote the common good. As the scale and hence potential significance of such activity increases it also becomes a practical issue. The problem is not only to *understand* development but also to ensure intervention is both reasonably consistent, (= "joined-up" or "harmonised") and also not overly bureaucratic and costly to administer. The alternative is to question how far development activities should be co-ordinated at all, whether within any one hierarchy, or through shared understandings within policy networks.

An illustration of this dilemma is the debate over monetary measures of development. Dissatisfied with an over-arching emphasis on monetary poverty lines development agencies have sought consensus over a list of multiple dimensions of poverty, enshrined in the Millenium Development Goals, for example. Yet lists of basic needs are still restrictive. They also avoid the question of how different needs should be ranked. To what extent do they (or indeed should "lists and thresholds") tally with the values and

³ SMART = specific, measurable, achievable, realistic and time-bound.

priorities of Peruvian villagers and slum-dwellers themselves? (Gough, 2003). In advocating “sustainable human development” (SHD) the so called “New York” consensus successfully criticised the so-called “Washington consensus” for giving excessive weight to income and economic growth as prime goals of development. But is SHD itself too narrow in emphasising measurable basic needs over the less tangible determinants of wellbeing?

To the extent that workable indicators of subjective wellbeing can be identified then this not only provides a foundation for rethinking development outcomes (=ends) but also processes (=means). To the extent that development is redefined in terms of a theory of wellbeing that incorporates relationships as well as material resources, then all norms of mean-ends justification have to be reworked. For example, there is the perennial debate over how weigh up the relative importance of social and development goals and strategies, as well as the debate over more directive (=blue-print) or participatory (=process) approaches.

The background to this paper is proposed research in Peru as part of a larger programme of research into "Wellbeing in Developing Countries" (WeD) sponsored by the UK Economic and Social Research Council. The formal objective of the research is to develop a conceptual and methodological approach for understanding the social and cultural construction of wellbeing in developing countries. In addition to the policy relevance of the research question, it has been influenced by efforts to reconcile three distinct traditions of researching poverty. These were as follows:

- (a) a psychological perspective on quality of life and subjective wellbeing (e.g. Camfield & Skevington, 2003);
- (b) Doyal and Gough's (1991) formulation of a universal theory of human need, which can in turn be compared and contrasted with the theories of Sen and Nussbaum (Gough, 2003);
- (c) the resource profiles approach, which can in turn be compared and contrasted with capital asset frameworks widely used by development agencies for analysing interventions to promote sustainable livelihoods. (Rakodi, 1999; McGregor & Kebede, 2003).

Further conceptual and theoretical development is central to the work, with the proviso that this be informed by empirical evidence.

To this end WeD is also undertaking comparative research in four countries: Ethiopia, Thailand, Peru and Bangladesh. An important first step has been dialogue with researchers in each of the four selected countries.⁴ In Peru, this resulted in publication of a literature review paper, summarised in Section 2. This draws particularly upon past research of the Peruvian collaborators in developing a theory of social exclusion to explain Peruvian experience. Section 3 reports on a further consultation activity, which prompted the further reflections in Section 4. These suggest further refinement of social exclusion theory into an inclusion/exclusion framework within which material, social and

⁴ The Peru collaborator in WeD is the Centre for Research into Sociology, Economics, Politics and Anthropology (CISEPA) at the Pontifical Catholic University of Peru (PUCP).

symbolic dimensions of well being and development can be analysed together, rather than in isolation from each other.

Peru's inclusion in the study was motivated in part by its status as a middle income country with an exceptionally unequal distribution of income and wealth. The Peruvian economy has grown in nine of the last ten years and looks stronger than that of most of its neighbours. Peru has also experienced a transition to more open and democratic government. At the same time social and economic prospects for Peruvians diverge widely, and a high level of ethnic diversity is particularly germane to research into the tension between universal and local views of wellbeing. Signs of national discontent are rife: prolonged strikes, disillusionment with national leaders, violence against local political authorities, high rates of informal and illegal business activity, internal and international migration, for example. Many Peruvians, it seems, have limited belief in the potential of liberal democracy in the current global context to deliver sustained growth in employment, incomes and wellbeing.⁵ Or, to loosely translate a question posed by Mario Vargas Llosa that seems to resonate widely: "how did Peru screw itself?"

2. Poverty, wellbeing and inequality in Peru: a literature overview.

An initial review of literature on poverty, wellbeing and inequality in Peru has been published elsewhere (Altamirano *et al.*, 2003) and is only summarised here. The aim of this review was not to be comprehensive, but to explore how far we could organise the material at our disposal in a coherent way. An obvious starting point was to organise an initial review by discipline. The composition of the research team at this stage limited this largely to three: economics, social anthropology and sociology.

Starting with economics, we distinguished between two broad streams of literature. The first treats the economic and political system as a whole. It has been concerned particularly with rural-urban and inter-sectoral relationships, including terms of trade. Wellbeing is defined in terms of material income and wealth. A central concern is to model distributional effects of government policies and other system changes. Figueroa's *sigma* economy model, discussed further below, illustrates the approach. A central concern is to explain the causes and consequences of Peru's very high level of inequality. The second stream is concerned with absolute poverty, as measured through household surveys. Particular emphasis has been given to how poverty incidence is affected by economic growth. While there is a tendency to emphasise monetary measures, a growing body of research has also been conducted into multiple dimensions of poverty, and the correlation between them. Different indicators of poverty have also been extensively mapped at province, department and district level.

Within the vast anthropological literature about Peru a number of studies have explicitly sought to explore people's own conceptualisation of poverty,

⁵ For more detailed discussion of how Peruvians feel about the country see www.latinobarometro.org

particularly in the Andes. A central concern here is the tension between seeking to understand Andean culture in its own terms, or to relate it to universal and/or Western concepts. An intermediate position acknowledges the importance of *both* universal dimensions of local experience (including material deprivation), *and* subjective (in part unknowable) dimensions. Linked to this debate is controversy over how far an anthropological perspective can be integrated into development policy and practice. There has certainly been a movement for different kinds of practitioners to appropriate anthropological insights. A notable example was Peru's first national level participatory poverty assessment (DFID & World Bank, 2003). An important issue here is the extent to which such consultation moves from being decorative (=instrumental) to being one dimension of a feasible empowerment process or political project.

The sociological contribution can also be divided into two. A first stream has been rooted in a social class analysis of capitalism. Debate in rural areas has centred on the viability of the peasantry, and in urban areas on the possibilities of informal employment. The key determinant of income distribution and poverty is in both cases the wage rate; whether explicit or implicit in the terms of engagement or exploitation between different classes.⁶ The second stream of research is interested in cultural as well as class differentiation. Poor peasants and slum dwellers face complex and diverse livelihood opportunities and constraints according to their race, ethnicity, place of origin, gender and so on. Particular emphasis is given to differing endowments of "social capital" (norms, networks and trust). The greater emphasis on agency over structure underpinning this "cultural turn" accommodates new possibilities for development policy and practice. But these can also be overstated; and such a bias is self-serving for development agencies that prefer not to confront deeper and ugly realities of power.

Starting from discipline-specific foundations, the literature review also identified significant strands of multidisciplinary work. Economists are exploring the social and cultural dimensions to the operation of markets and public policy. Social anthropologists are exploring the extent to which cultural identity finds expression in social, political and economic action. Sociologists have sought to combine a class analysis of power with a more differentiated theory of individual agency. The final section of the review paper emphasised these links through a discussion of the theory of social exclusion as a possible integrating framework.

The economic, political and cultural dimensions of social exclusion are systematically applied to the Peruvian situation in Figueroa, Altamirano and Sulmont (2001).⁷ Figueroa subsequently developed a more formal model to

⁶ An important reference here, missed in the original review is the seminal paper by Deere and de Janvry (2004).

⁷ It is important to emphasise that although widely referred to as a model of social exclusion, the theory is equally about inclusion. Moreover, inclusion in one sphere (e.g. in the labour market) is conditioned by exclusion in others (e.g. social networks governing access to education), a point also emphasised by Wood (2003) in his discussion of 'adverse incorporation.' While the concept of exclusion is closest to 'bordering', I see no difficulty

show how a highly unequal distribution of resources between distinct ethnic groups is reproduced not through ignorance but because inequality serves the interests of the dominant group, while the subordinate group lacks the capacity for collective action to challenge it.⁸ While it is beyond the scope of this paper to review this model in full, it is necessary to present some of its core elements.

The model is orthodox in equating wellbeing with material income and consumption. It also assumes that all actors are rational in pursuit of higher and more secure income. The most important arenas for this pursuit are the markets for labour and financial services. The latter includes not only credit but also insurance (privately provided) and social protection (provided through a mixture of formal state and business social security, as well as informal mutual support and patronage). It is taken for granted that all these 'markets' are highly imperfect. Differential access (to jobs, credit, social protection) is influenced by wealth, access to public goods and socially constructed barriers to entry. This is particularly the case for the labour market and access to education. Free education is available through the state, but access to it is governed by the ability of different ethnic groups to secure state support. Participation in markets is segmented by variation in the level at which different ethnic groups are able to take collective action. The wealthier groups have stronger political networks and are more able to mobilise public resources. Poorer indigenous groups fall back on reciprocal arrangements that reinforce an equality of poverty and subordination to external patronage.

Table 1. Summary of social exclusion theory

Sphere	Issue	Examples
(Wellbeing)	Wealth, income, consumption ---> material sphere	Poverty, inequality
Material	Participation in key markets (labour, credit) and 'quasi-markets' (social protection) ---> social sphere	Ability to secure skilled employment. Ability to make risky but high return investments.
Social	Membership of different communities and social networks, governing access to political resources and terms of participation in markets ---> cultural sphere	Educational institutions, community & neighbourhood associations, kinship groups, political parties, trades and professional bodies.
Cultural	Norms, rituals, symbols and values underpinning terms of access to social and political networks.	Ethnicity, gender, generation

incorporating also the three other ways that Eyben (personal communication) cites by which one group subordinates another – 'othering', 'adaptation' and emotional management'.

⁸ For a full presentation of the Sigma model see Figueroa (2002). For a brief and non-technical discussion of the model see Copestake (2003).

Social networks also determine the terms of access to financial services, the ability to take risks and to accumulate business capital. Thus inclusion and exclusion in the social sphere determine the terms for favourable or adverse inclusion in the economic sphere in what is generally a zero sum game (ie. no naïve assumption about the additivity of social capital). Finally, social networks are in turn underpinned by cultural norms, rituals, symbols and values. It follows from the above that the effect of any development intervention on material wellbeing needs to be analysed in each of three spheres: material, social and cultural. This is illustrated in Table 1.

The literature review finished by arguing in favour of further theoretical elaboration and empirical validation of this theory. For example, there is growing evidence that indigenous groups are becoming more successful in mobilising politically – enough at least to cause the *Economist* (2004) to take note. In addition without denying the importance of the distinction between white and indigenous culture in Peru this is only one of an array of complex and overlapping lines of social division.⁹ There is also evidence that not all indigenous unskilled workers and peasants are equally impoverished. Bebbington (1997), for example, identifies some Andean clusters that have been more successful in negotiating terms with external capital and the state than others. Finally, while the theory emphasises the way social and cultural spheres affect material wellbeing it is not difficult to graft on a multi-dimensional theory of wellbeing in which culture, social networks and political voice also have a direct as well as an indirect influence on wellbeing.

3. Further grounding: development and wellbeing in Central Peru.

An immediate question for the WeD research project in Peru was how to select six fieldwork sites for primary research. The goal was not to be representative of the whole of Peru – an impossible challenge given Peru’s massive diversity and practical logistical constraints. Rather it was to select a cluster of sites that could generate empirical information relevant to core debates about development (including lack of it) in Peru. The tentative solution was to adopt a specific geographical “corridor” intended to include wider variation with respect to a range of relevant variables, including:

- environment, particularly altitude and access to natural resources;
- population density and degree of urbanisation;
- the relative importance of local and global circuits of trade;
- proximity to centres and sub-centres of political power;
- ethnicity and culture (e.g. as measured by language use);
- the relative importance of individual and collective values.

The corridor selected runs west from Lima to the Mantaro Valley, and through the city of Huancayo into northern Huancavelica. Its selection was influenced in large measure by logistics and the researchers’ prior experience of working in this area, and no claim is made that it is in anyway ‘typical’ of Peru. Indeed

⁹ In addition to references cited in the original review see Nencel (2004) and Ortiz & Yamamoto (1989).

its proximity to Lima makes it somewhat exceptional. Nevertheless it does capture a significant degree of diversity with respect to the variables listed above, as well as degrees of rural and urban poverty.¹⁰ Hence it provides an appropriate arena within which to explore the validity of the social exclusion framework.

To find out more about the upper part of this corridor a focus group discussion was organised in July 2003 with seven Peruvian researchers, selected on the basis of their extensive experience of living and working as social scientists in Northern Huancavelica and/or the Mantaro Valley. Participants were asked to draw on their own experience to comment on major changes taking place in the area. In so doing they were also invited to reflect on the relative importance of the concepts of poverty, inequality and wellbeing. This section reproduces a summary of all their comments, starting with those that relate to rural areas.¹¹ In order to relate these more easily to the theory of social exclusion outlined above the comments have been roughly classified according to whether they refer primarily to the material, social or cultural sphere.¹² The right hand column interprets the consistency (+) or inconsistency (-) between what is observed and the theory.

(A) Rural areas – material sphere		
	<i>Comment</i>	<i>Interpretation</i>
1	Few resources have been invested in quality enhancement and systematic marketing of traditional artisan products.	(+) Relative inability of subordinate groups to take collective action.
2	Inequality in rural areas is very large, particularly between communities. At one extreme there are rural communities where 85% of households own a truck and most children are being educated privately in <i>Huancayo</i> .	(?) Such variation could be explained by variation in ethnic composition of the communities, hence capacity to take collective action. (+) Importance of education as a route to upward mobility.
3	Many farmers earn more from their livestock than the S2,000 (£400) per month or so earned by a University lecturer.	(-) Suggests access to education is not as powerful a determinant of income and wealth as the <i>Sigma</i> model suggests.
4	National studies suggest that <i>Huancavelica</i> is suffering from acute poverty. But this varies	(+/-) Huancavelica is dominated by Quechua speaking communities, but

¹⁰ Subsequent consultation by members of the Peru team has led them to question this initial conceptualisation (Altamirano and Alvarez, 2004). The modified view is that the corridor should be thought as bipolar, with the city of Lima at one end and the city of Huancavelica at the other, reinforced by the presence of Ayacucho and other Andean cities and economic circuits beyond. While the economic and political influence of Lima is far stronger (and is seen as the prime explanation for poverty in the region) the cultural tension remains between the two remains stronger. This view reinforces the argument, developed below, that discontent (political as well as individual) can be analysed as the product of a mismatch between material resource distribution and cultural identity.

¹¹ Primarily the Mantaro Valley in the Department of Junin and Tayacaja in the Department of Huancavelica

¹² Written notes of the meeting were first translated and then organised into the six categories. Within each of them the comments are listed in the same sequence as they were made at the meeting, regardless of who made them. Participants at the meeting were Helena Bulhon, Carlos Condor, Ricardo Soto, Sergio Gamarra, Jesus Sanchez Marin of the Central National University of Peru (UNCP) and Manuel Perez and Jose-Luis Alvarez of PUCP. Teofilo Altamirano and Jorge Yamamoto of PUCP assisted with facilitation and translation.

	sharply between areas – e.g. <i>Tayacaja</i> and <i>Churcampa</i> are definitely less poor.	other factors (including perhaps more subtle differences in ethnic mix) need to be taken into account.
5	Official statistics only measure the flow of goods and services through market and state circuits. Communal circuits are grossly neglected. Hence when people claim to be living on S100 (£20) per month this is often wildly misleading.	(+) Access to markets and other forms of exchange is highly fragmented. (-) Inequality of income and wealth is perhaps lower than statistics suggest.
5	To overcome this bias very careful research is needed into reciprocal exchange of goods. For example, <i>fiestas</i> are a way of legitimising power, redistributing income and reinforcing or forming strategic alliances. Disentangling these aspects of the activity is not easy.	(+/-) Economic markets are embedded in social relations, reinforced by cultural traditions. But these are not separate spheres – the same activities have all three dimensions.
6	It is true that there is a lot of wealth in rural areas of the Valley. <i>Matriculacion</i> (the entrance exam) for UNCP costs S800 (£40), or a typical monthly salary. Yet large numbers of people apply from rural areas.	(+) Much value is placed on formal education. (-) But access to higher education is not as polarised as the <i>Sigma</i> model suggests.
7	In rural areas there are hugely wealthy ‘potato kings’ who go to great lengths to hide their wealth and cultivate their continued cultural affinity to farmers.	(+) Cultural affinity is an important determinant of terms of market engagement. (-) Inequality is important <i>within</i> ethnic groups and communities as well as between them.

(B) Rural areas – social sphere

1	Inequality is widespread in rural areas, when measured in hectares of land or head of llama. However, <i>patronatos</i> (village saints’ days) and other community <i>fiestas</i> (festivals) help to <i>borrar</i> (wipe-out) this material inequality. Everyone experiences equality drinking <i>chicha</i> (fermented maize). Everyone has one head, one health, two hands.	(+) Paternalistic informal forms of reciprocal exchange substitute for state provision of social security. (-) But they do not completely undermine scope for individual capital accumulation.
2	In most of <i>Huancavelica</i> the <i>campesinos</i> (small-scale farmers) emphasise their poverty in order to ask outsiders (state, church, NGOs) for money. In <i>Tayacaja</i> they ask what services these agencies can offer and how much they have to pay!	(+) Traditional forms of patronage are prevalent, and provide a cultural barrier to a rights-based culture of social protection. (-) But there is again significant variation between communities.
3	Another example is the timely repayment of loans to enable children to attend schools. The NGO made allowance for 7-10% arrears, but in <i>Tayacaja</i> repayment has so far been 100% on time.	(+/-) More evidence of the importance attached to education, but of local variation.
4	The <i>Wanka</i> people (meaning those living in the South of the Mantaro Valley) are known to be extremely hardworking. “The <i>Huancayino</i> will even sell stones”, or “while <i>Tacna</i> sleeps, and <i>Jauja</i> dances, <i>Huancayo</i> advances”.	(+/-) Evidence of the way local ethnicity influences participation in product markets.
5	Private education is creating a virtuous circle: more education, higher income, more education and so on. Connected to this is a more instrumental (“ <i>de-essentializado</i> ”) attitude to patron-client relations.	(-) Upward mobility through education is possible for some groups. Ethnicity is less polarised in its effects on labour market participation than the <i>Sigma</i> model suggests.
6	Poverty is also a lack of social networks, more	(?) Poverty here may be equated with

	specifically <i>parentesco</i> (kinship links).	insecurity rather than lack of wealth, since such links may also reinforce hierarchy.
7	Inequality can be linked to lack of access to services and poor kinship networks.	(+)
8	The state is often viewed as an agent capable of reducing inequality, but it is just as prone to creating and reproducing it. This is because the political clientilism (“macro-kinship”) of local government undermines more participatory approaches to producing services and public goods.	(+)
9	The key issue in the valley is how to broaden participation. State intervention often has precisely the opposite effect.	(+)
10	This also reflects lack of capacity of government in linking state activities to participatory planning at Departmental, Provincial and District levels.	(-) Sigma theory argues that this lack of capacity is an outcome of policy, as it serves the interests of dominant ethnic groups that bottom-up planning should fail.
11	Diversity is also a theme that needs more exploration. Each annex in <i>Tayacaja</i> , for example, has a distinctive way of walking as well as dancing, and these reflect different values. He has overheard youth from different annexes boasting with each other about what crops they have in their annex that the other annex does not.	(+/-) More evidence of complex social stratification.
12	Another example of change is the nature of <i>La Palpa</i> (weddings). This is a public event that was traditionally used to cement patron-client relations, with different families reinforcing their vertical status through the gifts they offered to the couple. In its newer form the emphasis is on business alliances, and gift giving reinforces equality or horizontal reciprocity. The value of gifts is increasing as a stronger pre-commitment to the family partnership.	(+) Evidence of the importance of kinship to market participation. (-) But institutions governing such participation are evolving to strengthen upward group mobility rather than to reinforce hierarchy.
13	Another important theme is the crisis of authority, particularly of presidents of <i>comunidades campesinas</i> (=peasant communities) The institution of the district <i>alcalde</i> (mayor) has become more important. This reflects a shift to a more individualist and utilitarian ethic, but also a strengthening of rural-urban social networks relative to rural-rural. Hence lines of patronage and forms of status are also changing. Local conceptualisation of poverty, inequality and quality of life are all changing as a result.	(?) At a superficial level, this suggests some weakening of institutional dualism, and the spread of secular institutions for provision of social services. But much depends upon which social networks are able to capture and control these institutions, and so control other social groups whose loyalty is still primarily to the peasant communities.
14	But there are some places where communal institutions seem to be getting stronger. Individual values can only be understood in relation to social context. For example, it would be very important to deconstruct how the same word has different meanings – <i>solidaridad</i> (solidarity) for example. This has very different	As previous.

	meanings in rural and urban settings and for rich and poor. One way of studying this would be to look at changing attitudes to <i>cabillos</i> (district level assemblies). There seems to be a general trend towards more verticality and authoritarianism in power relations, and in people's values as reflected in acceptance of this.	
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(C) Rural areas – cultural sphere¹³		
1	Poverty has multiple layers; the symbolic dimension is important and much neglected. It is about loss of cultural as well as material assets.	(-) Cultural resources have intrinsic as well as instrumental value.
2	There is an important cultural and psychological dimension to every experience of material deprivation (food, clothes, health).	(-) All activities have material, social and cultural dimensions – hence it is misleading to treat them as separate spheres.
3	Example of a village in <i>Angarais</i> . After long discussions, the community decided they need a band! Confronted with poverty and lack of infrastructure the mayor rejected this consensus. At the next election he was beaten by a local priest, who supported the idea. The community now has its band.	(?) Was the value attached to the band intrinsic, or related to a calculating bid to strengthen social networks, status and hence capacity for collective action and terms of participation in local markets?!
4	When visited by students, villagers emphasise their richness not their poverty. The students, in turn, are most struck by the moral/affective richness of the communities they visit. There is much pride linked to local biodiversity – e.g. 150 types of potato, unique dances and songs for each community. Wellbeing is a function of strength of spiritual identity as well as material wealth. Cultural prestige is also an essential good, and this is where quality of life comes in. "Lets talk about cultural needs!"	(-) Rejects underlying assumption of primacy of the material as a determinant of wellbeing.
5	It is all very well to emphasise non-material dimensions of poverty. But the problem is the lack of methods for measuring them – hence resort to basic needs. Likewise quality of life is all very well, but it has not been <i>operationalised</i> as a concept (except with respect to health, perhaps).	Highlights precisely the issue raised in the introduction to this paper
6	Little will be achieved through studying values in isolation from structure and context. Values are adaptive or moulded by institutions. For example, as weekly markets and <i>fiestas</i> lose importance (as a result of the rise of mass communication media and improved transport) so will individual values adapt to this. Assessment of values must also be seen in context. Poverty, also, can only be assessed in context. Likewise the ethical case for use of violence to defend community values.	(+) Consistent with the materialist approach that sees culture and institutions as essentially adaptive to the distribution of wealth and power.
7	People adapt their identities strategically. For example, in the Mantaro Valley people prefer not to be labelled as coming from a particular place (e.g. <i>Concepcion</i>). But outside the valley they do use these labels. This is linked to changing cultural	(+) Evidence of how cultural identity is used instrumentally to reinforce social affiliations and hence participation in networks and markets.

¹³ For additional case-study material, brilliantly described and analysed, see Steputat (2004).

	patterns and the popularity of <i>pichanaki</i> among migrants. Nevertheless it would be interesting to try to map values and how they are changing.	
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There is a lot of detailed information to digest in these panels. Perhaps the most striking point is the existence of wealth as well as poverty in rural areas. A question left unanswered is how far social exclusion theory can explain this. In other words, to what extent do such disparities reflect longstanding ethnic differences reinforced by culture? It seems that there is more social mobility than the *sigma* society model suggests. But this begs the question how some individuals (and communities) with the same ethnicity succeed more than others. Kinship and social networks are hugely important. The comments also imply that the state has an ambiguous effect on these: weakening some, strengthening others. This is consistent with the political economy component of social exclusion theory, in which social groups compete for state patronage. On the other hand, the comments suggest that the cultural dimension of poverty is of both intrinsic and instrumental importance. Moreover, the demarcation of comments into the three spheres was not particularly helpful, as many points are relevant to more than one of them.

The next three panels summarise comments that relate to urban life in the city of Huancayo. To facilitate comparison with social exclusion theory these are again organised into material, social and cultural spheres.

(D) Urban (Huancayo) – material sphere		
1	There is extreme and widespread poverty in Huancayo. Many middle class households have also experienced a sharp fall in income.	(-) Social mobility is greater than Sigma theory suggests.
2	The valley is abundant in natural resources, and the cost of living compared to Lima is very low. Low food prices indicate that urban dwellers are subsidised by farmers.	(+) Rural-urban terms of trade reflect resilient barriers to entry in factor and product markets
3	Immigration from rural areas to the city since 1950 has been the main factor behind growing urban poverty, poor urban infrastructure and chaotic growth. This includes extensive encroachment of the city onto high quality farmland.	
4	On inequality, it is noteworthy that thirty years ago most university students in the city came from small business families in the city. However, most have migrated to Lima. Trujillo, Arequipa are large provincial cities in Peru with rich neighbourhoods. Huancayo does not have these neighbourhoods because the rich move down to Lima. 80% of UNCP graduates go to Lima. Hence the city has less inequality in some respects than elsewhere.	(+/-) Evidence of social stratification, but also of falling barriers to access to education as an obstacle to upward social mobility (in absolute if not relative terms).
5	During the 1980s the city was flush with coca dollars – especially El Tambo. Now a lot of wealth is being generated in Chilca by illicit production of branded goods.	(?) Illegal opportunities for capital accumulation are important, but what social networks and cultural resources govern access and control to them?

(E) Urban (Huancayo) – social sphere		
1	Government safety nets, such as <i>vaso de leche</i>	(+) Reinforces the view that

	(glass of milk) exist but are very limited. They won't do anything to reduce the incidence of poverty in the long-term. NGO activities are also limited, and focused on other goals - especially empowerment and women's rights.	government programmes mostly feed or protect entrenched patron-client relations
2	A development plan for the city was agreed in 1993, after extensive neighbourhood consultation. But it reflects a disciplinary bias towards planners and architects. Little investment has been made in sponsoring community-based, participatory development.	(+) Further evidence of failure of popular collective action to guide state action, as well as dominance of certain kinds of professional interests.
3	Why is there not a stronger strategy for reinvestment of wealth in the Mantaro valley? Unlike other regions elite- <i>Wanka</i> identity has been subsumed under that of Lima. To be more precise <i>Wanka</i> machismo or commercial pride requires success in facing up to global competition. This requires migration to and investment in Lima, and indeed beyond. The <i>Wanka</i> retain an interest in Huancayo if it is consistent with being globally competitive; for example, development of unique ecological products and tourist niches.	(+/-) Evidence of the importance of different ethnic identities, but also their regional specificity. The bipolar social segmentation of the <i>sigma</i> model is a crude simplification of a more nuanced ethnic stratification.
4	There is little civic pride. People say they care about rubbish in the streets, but refuse to pay taxes to have it cleared and then blame the municipal authorities!	(+) More evidence of weak institutions for collective action.
5	The extent of problems caused by Huancayo's chaotic population growth pattern need more emphasis. This is now a city of nearly half a million. Immigration from rural areas has outstripped emigration to Lima and beyond. As a result the profile of residency by age is unusual – lots of new inhabitants relative to the number of older inhabitants.	
6	Don't underestimate the importance of religion – even in the context of urban migration. Transport syndicates cherish particular saints and religious motifs. Affiliation to particular saints and festivals is still important to the reproduction of social networks. Traditional forms of reciprocal labour exchange (<i>ayni</i> and <i>minka</i>) are being reinvented in new contexts.	(+) Institutional dualism transferred from rural to urban areas, where problems of social exclusion persist and hence the instrumental value of ethnic social networks.

(F) Urban (Huancayo) – cultural sphere		
1	A reduction in economic possibilities has been the most important influence on the quality of life.	(+) Struggle for employment in a highly segmented labour market.
2	Third generation immigrants into the city are now losing their traditional <i>Wanka</i> identity, <i>pantas</i> (norms) and culture (including traditional folk music). A new phenomenon among youth is the rise of <i>padillajes</i> and <i>chicheros</i> (gangs/bandits).	(+) Social unravelling due to barriers to upward mobility?
3	Cultural identity is changing, and a good indicator of this is music. Once young people listened to and took pride in traditional Andean music on the radio and this was a unifying force. The came <i>Chicha</i> . Only the first generation of this celebrated traditional Andean music. The second generation celebrated migration, life in <i>pueblos jóvenes</i> and return. The third generation (including most <i>techno-</i>	(+) Attrition of culture that is losing its social and economic significance?

	<i>cumbia</i>) emphasises universal themes, such as love. Hence pride in local identity is weakening.	
4	Musical preferences have changed, especially among third generation migrants. Local music is being synthesised not only with Western styles but also styles from Ayacucho and Cusco.	
5	In addition to expected problems associated with climate and pollution, there was evidence of under-nutrition of children and also of a growing suicide rate. This has clear cultural underpinnings: a switch from collectivism to individualism; catholicism to evangelism etc. Forces behind changing values are both endogenous and exogenous	(-) More evidence of social unravelling, but a reminder that this has cultural as well as material and social underpinnings.
6	We are only just beginning to map how centrifugal and centripetal processes of cultural change are being affected by the interaction of global and local changes. The case of <i>Wanka</i> culture (hard working, business-oriented) is a good example.	

These urban panels in some ways portray a more negative view of development than those about the rural areas, reflecting perhaps the sharper sense of inequality and of a mismatch between labour demand and supply. But the similarities between rural and urban panels are also striking. There is again a paradox of poverty amid plenty, reflecting the dominance of individual over collective action. Public goods are in short supply and of low quality amid a competitive struggle for individual survival and improvement. Collective identity is also weakening, and there are symptoms of social and cultural unravelling. Delineating material, social and cultural spheres was again problematic, and obscure cumulative processes (both upward and downward) that involve them more complex interactions than that summarised in Table 1.

4. Conclusions

This paper is a small part of a wider project to explore new ways of thinking about development that are universal but that can accommodate local diversity and a more holistic view of human wellbeing. This is no easy task. Such a framework must be able to accommodate the insights derived from multiple disciplines, yet be sufficiently simple to be useable. An overview of literature in Peru led to the interim conclusion that social inclusion theory might fit the bill. In its more general form this sets out to explain variation in wellbeing as the consequence of processes of exclusion and inclusion in three interconnected spheres; the material, the social and the cultural. In the more rigorous form of the *sigma* society model it constitutes a fully worked out theory to explain the persistence of high levels of inequality.

The case for using the theory of social exclusion as a framework for informing thinking about and the practice of development in Peru can be briefly reiterated. First, the inclusion/exclusion framework can incorporate material, social and cultural aspects of *states* of wellbeing. Second, it advances clear hypotheses on the *processes* that link them together. In particular, it clearly identifies cultural, as well as political and material drivers of wellbeing in core economic domains and public policy. Third, it goes beyond static poverty measurement and asset/livelihood frameworks (including amorphous and

potentially dangerous use of the concept of social capital) in emphasising active processes behind the reproduction of poverty and inequality. Fourth, while accepting possibilities for individual and collective economic advancement it also emphasises the formidable economic, political and cultural barriers to them. Fifth, the formal *sigma* model is consistent with the "hard" assumption that individual self-interest dominates the behaviour of each social group. Sixth, it also provides a rigorous explanation for the resilience of inequality and poverty in the face of opportunities for deeper integration within global capitalism.

Notwithstanding these strengths, the "grounding exercise" of the previous section not only threw up relatively minor differences between social exclusion theory and the comments of participants, but also some more fundamental issues. First, the theory needs to be recast in a more general form that allows for more complex social gradations of inclusion and exclusion. For example, generation differences need to be factored into the mix; also gender, although the comments are surprisingly quiet on this. Inclusion/exclusion processes also need to be analysed in output markets to complement the analysis of factor markets and public expenditure. Second, the consultation on balance adds support to the view that the cultural dimensions of development need to be taken into account not only for their instrumental but also for their intrinsic importance. This reinforces the case for giving more weight to subjective dimensions of wellbeing. Anecdotes of urban delinquency problems in Huancayo city, as well as of rural dynamism in the villages of Tayacaja, are a reminder that psychological states are intrinsic to subjective wellbeing and may have a critical role in dynamic processes of change.

A third point concerns the way exclusion theory handles the distinction between economic, social and cultural aspects of wellbeing and development. It has already been noted that there are real dangers in the tendency of more simplistic capital asset frameworks to treat these as fixed resources and not also as dimensions of the same action through time. It makes it easier to assume that they are easily separable and additive (as a metaphor with physical capital) and can be "operated on" in isolation from each other, encouraging precisely the kind of narrow intervention that can so easily become counterproductive. This in turn encourages people to think of them as potentially competing ends; setting up, for example, a tension between what Fraser (1989) refers to as "distributional" and "recognitional" poverty. It might appear a useful working assumption that the gift of a bag of maize to a starving family will have the same material welfare effect regardless of the wealth of its neighbours or the way it is delivered, but this is never the case. The effect of the act on social relationships and personal feelings are important not only in themselves but also because they affect short and long-term material options of the family; for example, in the way it weakens local norms of reciprocal relief or attitudes of self-help.

Social exclusion theory, as already noted, helps to emphasise processes over states. But it is still compatible to some degree with a compartmentalisation of material, social and cultural into separable spheres. In contrast, the case study material in the last section illustrates the point that every activity - from

selling socks to having sex - has material, social/political and cultural/symbolic aspects. Analysing one aspect in isolation from the others can be misleading if not dangerous. To intervene in the material domain, by providing food aid for example, without appraising the social and cultural aspects of this act is likely to have unanticipated and potentially counter-productive effects on welfare. These may be so harmful as to render such narrowly conceived intervention deeply irresponsible.

Appendix 1 addresses these problems by locating exclusion theory within a wider framework. Instead of a structural model with distinct spheres of activity, this takes the form of an intervention model, designed to inform analysis of specific activities and changes. The core of the model is a process of dynamic interactions between agents (labelled “me” and “others”) which have incremental outcomes on the state of each agent, defined in terms of values, resources and relationships.¹⁴ In line with the above discussion, the material, social and cultural/symbolic aspects of each cycle are analysed together.

An additional feature of the model is that evaluation of personal states is unavoidably related to a theory, whether explicit or tacit, of wellbeing. An example of an explicit theory would be the commitment of a development agency to a human-rights based approach to development. An example of a tacit theory would be an individual's own sense of failure at not achieving a particular goal. It is beyond the scope of this paper (though not of the WeD programme) to examine the strengths and weaknesses of different theories of wellbeing for different agencies.

A further advantage of this line of thinking, for all its crudity, is that it acknowledges the dynamic context-specificity of subjective wellbeing; or how it is affected by what economists refer to as 'adaptive' or 'endogenous' preferences, and psychologists refer to as 'response shift'. Further, it relates subjective wellbeing to wider structural changes in society and economy. The reverse line of causality is also worthy of further analysis. This concerns how subjective states of wellbeing influence (via such variables as individual self-confidence and mutual trust) the scope for effective individual and collective action, and hence the reproduction of inequality with respect to objective indicators of inequality. Putting the two causal arguments together suggests scope for dynamic models capable of explaining cycles of prosperity or decline within distinct social groups and communities.¹⁵ This in turn provides a framework for analysing how far the material, social and cultural aspects of the interventions of external agencies succeed in 'triggering' or 'tipping' dynamic processes in either direction.

¹⁴ The time dimension implicit in this is not much discussed. See Bevan (2004) for a thorough discussion of this aspect.

¹⁵ Examples of areas where this analysis might be applied as part of the WeD project include: the changing balance of power between communal and local government officials; the growth of protestant religious movements; youth culture and delinquency; relations between young and elderly; migration; different models for the provision of microfinance services. Altamirano (2003) provides a more detailed list, which emphasises collective action, migration and language use. Yamamoto (2003) provides a more detailed review of shifting collectivist and individualist identities from a psychology perspective.

According to Levins (1966) there are three main criteria for good theories: realism, generality and precision. By realism, he means whether a theory fully captures all aspects of a particular situation. By generality, he refers to how applicable the theory is to different situations. And by precision, he refers to how precisely the theory permits changes to be measured and forecast. Controversy arises because choosing between rival theories almost always entails a trade-off between these criteria. In this paper, we have found discipline-specific models of wellbeing and development to be partial in their treatment of one or more of the material, social or symbolic dimensions of development activities. On the one hand, such generality and precision aids bureaucratic task specialisation (among both academics and practitioners) and centralised management by quantifiable objectives. This may give such theories some evolutionary advantage. On the other hand, the price of greater generality and precision is lack of realism. It is far from obvious that compartmentalising development tasks in this way is ultimately more effective than policies to empower generalists with a more holistic and realistic (i.e. common-sense) understanding of local problems. While finding fault with some aspects of social exclusion theory this paper argues that a broader inclusion/exclusion framework is likely to be better than available alternatives. Appendix 1 offers a broader conceptual framework within which it can be located, and which can perhaps be developed into a useable tool for the assessment of specific interventions.

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APPENDIX 1. A FRAMEWORK FOR HOLISTIC APPRAISAL OF DEVELOPMENT INTERVENTIONS.

Start with **ME** and consider only the thick arrows. Now assume I decide to do something - e.g. to take strike action, or to carry out a formal interview. This involves others. It has consequences or outcomes for me that are material, symbolic/moral and social. These outcomes change who I am - here defined in terms of resources, relationships and values (though maybe not much). This in turn affects my wellbeing. I feel this change subjectively, but it can also be measured against some objective benchmark (e.g. a theory of human needs).

Now consider the small arrows. This time start using the diagram as an intervention model by starting with **OTHERS**. A development agency launches a new programme. This involves interaction with others (including me). It has outcomes - for me and for others (including the agency itself). These outcomes affect who we all are (values, resources, relationships) and hence our state of wellbeing. The development agency may be interested in monitoring these changes in wellbeing on me and on others. It may perhaps do so using a predetermined theory, such as the theory of human need.

One small arrow has not yet been explained. This links **WELLBEING** to **ME**. My perception of my wellbeing (whether explicit or tacit) influences as well as being influenced by who I am and what I do. This is a potentially critical point. Wellbeing matters not only as an end in itself, but also because it influences who we are and what we do. The feedback loop between actual state and perceived state can be important in explaining possibilities for cumulative self improvement, as well as vicious cycles of poverty and exclusion.

The core ontological assumption of the diagram is that people have material, social and symbolic dimensions, all of which are important. For more on this see Wilk (1996).

