

Political economy in social protection systems

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Designing social protection systems is as much a political issue as a technical one. Many questions come up when it comes to political economy and its role in shaping social protection systems. Are democratic countries more likely to adopt better social protection policies? To what extent can donors influence the political recourse of the reforms? Which other actors influence the process? What is the role of informal institutions, such as traditional authorities? Does the public have any voice in them? And how do we make sure that the 'losers' of reforms are given enough attention? Part VI of the Handbook on Social Protection Systems (Schüring 2021) provides answers to these often overlooked questions and more.

Reforms are inevitable as systems must respond to changes in societal, economic and environmental circumstances. But they also produce losers and create resistance. It is thus important for policymakers to anticipate their gains and losses and plan appropriate compensation measures for those who lose out. In addition, communication and policy framing seem critical to increase the acceptability of social protection reforms, along with inclusive national dialogue. Without consultation and communication, even reforms that benefit much of the population may fail to garner public support (see Chapter 32 of the Handbook).

Understanding redistributive preferences and the underlying factors is determinant to sustain reforms, yet this often overlooked and also problematic regarding assessment (Chapter 30). Individuals and societies differ in their preferences, which also raises the question of the extent to which social protection systems can be standardised. Preferences depend on many factors, such as present and expected future income levels, social norms and the level of information that is provided about a particular policy, but also the concrete situation that the policy is responding to.

Similarly, political consensus matters when it comes to adopting social protection reforms. A case study on the political economy of the basic income grant in South Africa demonstrates that all it takes is one dominant political player against the policy reform to terminate the initiative, even when it is deemed suitable in light of the country's high inequality and unemployment rates and the need to extend coverage to the black majority of the population, provided favourable conditions such as a solid constitutional basis are in place. The respective weight of these factors varies and more research is needed to detect clear patterns.

In a similar vein, the empirical analysis on the role of democracy in the expansion of social transfers in low-and middle-income countries (see Chapter 31) shows that electoral democracies in the analysed countries have favoured the expansion of conditional cash transfers

and social pensions, whereas autocracies and fledgling electoral democracies seem to favour simple cash transfers and public works that are, on average, smaller in scale and more prone to political clientelism. In this regard, democratic institutions can also prevent the exploitation of social transfers as a political tool, through legislation, programmatic rules and checks and balances.

International organisations and donors have played a central role in placing social protection on the global political agenda, but they have been less effective in convincing parliaments and government ministries to expand social protection to the desired level (see Chapter 29). Organisations and donors also differ in their approaches and preferred models (i.e., rights-based, needs-based, risk-based, etc.) and although efforts have been made to harmonise approaches, ideological differences have emerged, creating competition alongside cooperation.

Informal institutions, such as traditional authorities, are important gatekeepers in social protection programmes, as demonstrated by the case study on the political economy of social protection in Kenya. However, their involvement may sometimes lead to exclusionary effects due to nepotism. These authorities can often complement or even replace 'formal' institutions. It is therefore important to find a politically astute way of combining formal and informal authorities. Instead of (unsuccessfully) trying to reduce their influence, a more pro-active, inclusionary attitude towards informal institutions is necessary to produce better pro-poor policy outcomes at the local level.

TABLE 1
Expert voices in Part VI

Chapter	Page	Expert	Video/Podcast
Introduction	5	Esther Schüring	Introduction: Political economy
29	6	Ralf Rademacher	Role of international actors
29	9	Bettina Zoch-Oezel	Role of development banks
31	40	Armando Barrientos	Importance of political economy in social protection

Note: The videos can be found in the multimedia version of the handbook.

References:

- Schüring, E. 2021. "Introduction: Political economy" in Handbook of Social Protection Systems, edited by E. Schüring and M. Loewe. Cheltenham, UK: Edward Elgar Publishing Limited, 135-136.
- Schüring, E., and M. Loewe (editors). 2021. Handbook on Social Protection Systems, Cheltenham, UK: Edward Elgar Publishing Limited.