

Universal or Targeted? A Comparative Analysis of Anti-Poverty Programs in Argentina and Indonesia

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Abstract

This article explores some key causes of poverty and the impacts of national-level interventions in Argentina and Indonesia. It compares the evolution of poverty between the two countries, and analyses major anti-poverty interventions implemented over the past few decades to compare redistribution mechanisms for social assistance. Differences in informal tax systems and public understanding of poverty have strong implications for national-level anti-poverty programs. Rather than focusing on the efficiency and effectiveness, this article draws from human rights principles to analyze the legitimacy of universal and transfer programs: First is the principles that regulates the political and economic cooperation in each country (e.g. health insurance, pension schemes, tax systems), and second is the principles that govern redistribution of benefits and burdens within a society (e.g. human rights principle). It is argued that the ethical grounding of social assistance should derive not only from universal ethical theories but also from the public understanding of poverty intertwined with the structure of society. Through the analysis of specific tactics undertaken during in the growth and expansion of social assistant programs in each country, the article aims to reveal the link between the public support for assisting the least advantaged and the design of specific instruments, and to evaluate whether these instruments are grounded on social justice.

I. Introduction

The eradication of poverty remains the top priority for the Sustainable Development Goals (SDGs), which were adopted in September 2015 at the United Nations' Sustainable Development Summit. While it is essential to point to poverty eradication for realizing social and economic rights, the concepts of assisting people in poverty are grounded on deeper ethical principles of human rights. The narrowing division between the human development and human rights agenda calls for a more comprehensive framework in addition to analysis of efficiency and effectiveness regarding pre-defined objectives. Inadequate nutrition, education, health care, and other barriers

to sustainable livelihood violate basic human rights that makes human development impossible.¹

Although the proposal that ethical perspectives should guide poverty eradication strategies is not new, evolving threats to the earth's ecosystem pose strategic challenges to the implementation and sustainability of anti-poverty programs in poorer countries. In less developed countries, resource limitations raise important question regarding the responsibility of the government to take domestic ownership of designing social assistance programs suitable to address country specific challenges, including supportive legislation, accountable public agencies, etc. Important questions about the main objectives of social assistance programs and the source of ethical legitimacy will be explored through major economic and political processes that have shaped and expanded social assistance programs in Argentina and Indonesia. Following this Introduction (Section I), Section II presents some of the literature depicting characteristics of poverty and poverty reduction programs in Argentina and Indonesia. Section III provides some socio-economic background of the two countries. Section IV reviews the evolution of poverty and poverty-related indicators for both countries over the past few decades. Section V analyzes the major political decisions made to address poverty in Argentina and Indonesia to capture how ethical perspectives influence the scope and priority of poverty reduction. The last section provides some conclusions.

II. Brief Literature Review

Constructing a robust poverty profile that capture comprehensive dimensions of poverty across subgroups of a population typically maximize the specificity of anti-poverty programs compared to fixed measures of standard living. This specificity with respect to the local needs is systematically related to the characteristics of people and consensus of what constitutes poverty in the subgroup. In the last few decades, numerous studies have analyzed Argentina and Indonesia's poverty profiles and social welfare improvements using parameters that are more sensitive to relative inequalities than absolute standards of living. This literature review summarizes six studies that examine poverty profiles and impacts of national-level interventions in Argentina and Indonesia.

- Battiston et al. (2013) presents a multidimensional analysis of poverty using Bourguignon and Chakravarty (BC) and the Unsatisfied Basic Needs index (UBN) to elucidate the diverse experience of poverty reduction in Argentina and five other Latin American countries. Deprivation of sanitation and education of the household head are the heaviest contributors to the multidimensional poverty in all six countries. In addition, Argentina experienced a rapid increase of income poverty from 1992 to 2006, but improvement in other dimensions (such as shelter and water) had compensated for the increase in income poverty and mildly reduced the overall multidimensional poverty in Argentina. The relatively stable evolution of the multidimensional measures in Argentina contrasted non-adjusted measures, indicating that increased deprivation of income, shelter, and sanitation. Cross-country comparison demonstrated that Argentina has a smaller fraction of urban population experiencing simultaneous multidimensional deprivation, meaning that if someone in the urban Argentina were deprived in one indicator of poverty, the same person is less likely to be deprived in other indicators.
- Durán and Condorí (2019) constructed a deprivation index for measuring relative deprivation in Argentina to conceptualize the structural aspects of the urban and rural populations. The

¹ This paragraph is mostly based on United Nations Development Programme (UNDP) (2000).

authors reviewed the impact of political and institutional instability on poverty levels in the 1980s and the economic crisis in 2001-2002, which marginalized agricultural dependent rural workers and created downward mobility for the middle-class urban population. The economic background and geographical configuration of poverty levels provide the basis for the study's deprivation index formulation. The study demonstrates large inequalities of material and social deprivation between rural and urban Argentina, with the deprivation being the highest in rural areas and marginal urban areas.

- Lustig and Pessino (2014) examine the redistributive impacts and sustainability of social spending on inequality and poverty in Argentina using a standard benefit incidence analysis of urban household survey data for 2003, 2006, and 2009. The authors also evaluated the marginal effects of social policy changes introduced in this period and how the Argentinean government financed a rapid expansion of public spending. The results reveal that, following a peak of inequality and poverty in 2003, income poverty and inequality declined overall, but redistributive programs expanded during this period exerted a stronger impact on reducing poverty than inequality. Specifically, the dramatic reduction of poverty between 2006 and 2009 was accounted for by the rapid expansion of spending and beneficiaries in social transfer programs. The authors point out that the rapid expansion of public spending has generated unfair losses for lower-middle-income households and increased education inequality. Furthermore, the rapid expansion of social transfers relied exclusively on increasing social security taxes, export taxes, and the financial transactions tax, resulting in considerable distortions. The conclusion remarked that this financing process is not sustainable as it discourages investment decisions and potential growth.
- Mai and Mahadevan (2016) conduct a case study of Indonesia to decompose poverty into chronic and transient poverty with the emphasis that chronic and transient poverty impact a person's poverty prospects in distinctive ways. Given that a static poverty measure cannot capture this specificity, policies must consider the depth, duration, and intensity of poverty. Using an equally distributed equivalent poverty gap method, the study found three main results. First, the prevalence of chronic poverty was higher than previous studies have indicated and more robust in more developed provinces. Second, chronic and transient poverty declined as a function of formal educational level. Third, the cost of inequality accounted for more than 70 percent of chronic poverty and impacted more educated groups to a greater extent. These findings call for a closer policy analysis to incorporate empirical evidence that has indicated that long-term income growth promotion and human capital endowments have more powerful chronic poverty-reducing efficacy, whereas social insurance and income-stabilization programs are more effective to reduce transient poverty.
- Hanna and Olken (2018) examine the trade-offs between universal basic income programs and targeted transfer programs in Indonesia and Peru. The study demonstrates better welfare outcomes from targeted transfers in both countries compared to universal programs. Although Indonesia and Peru have substantial income tax revenues, which enables the financing of small universal programs, transfer interventions are executed using proxy measures to target the poor beyond the formal income tax system. Given that Indonesia conducts national-level censuses every three years to increase targeting accuracy, the authors administered a cost-benefit analysis. The results demonstrate that, although inclusion/exclusion errors and per-capita transfers are inherent trade-offs in transfer programs, inclusion accuracy could be increased by administering effective targeting

methods without impeding the overall benefit. Hanna and Olken (2018) conclude that targeted programs could substantially improve the overall social welfare insofar as careful consideration are given to the tradeoffs such as inclusion/exclusion errors, horizontal equity, and labor market distortions.

- Olken (2019) provides a detailed analysis of the transition of Indonesian social protection programs in the past two decades from universal subsidies to targeted programs that utilize proxy-mean tests (PMTs), community-based targeting, and self-targeting approach. The outcomes were comparable between PMTs, community-based, and hybrid targeting in Indonesia with little distortionary effects. Nevertheless, community-based targeting produced higher satisfaction and inclusion of self-reported poverty, which is likely due to community members' considerations of earning abilities and variant definition of poverty compared to a national definition based on predicted per-capita consumption. Self-targeting approaches showed a higher probability of distributing aid to the very poor and a lower inclusion error. These programs have substantially improved social welfare compared to universal basic income programs. Indonesia also implemented community-based targeting programs that incentivize education and health. Those programs are more effective in stimulating service demand in areas with thicker markets than in more isolated areas with thin markets. Overall, the evidence shows that targeted programs could deliver substantial improvements of human capital and a reduction of stunting.

Overall, the disturbing impact of poverty on the development process of a country and on the deprivation of human development is well recognized in the literature. Most studies recognize the multidimensionality and persistence of poverty that necessitate a deeper understanding of the dynamics and determinants over time. More specifically, the literature has theorized mechanisms in which education relates to economic material opportunities.

III. Socioeconomic Background

The Republic of Indonesia is the world's largest archipelago, consisting of 17,000 islands. With an estimated population of 274 million, Indonesia is the fourth most populous country in the world. However, the vast majority of its population concentrates in the western regions that are much more developed and prosperous than the eastern regions. Despite the disparity between Eastern and Western Indonesia, the country has maintained stable economic growth and reduced the poverty rate by more than half since 1999.²

The socioeconomic context of Argentina (which had an estimated population of 45 million in 2018) is largely influenced by its long history of economic and political instability.³ Similar to Indonesia, development in Argentina is unequally distributed geographically. As detailed in Lustig and Pessino (2014), Argentina's rural areas (e.g. the Norte Grande region) have a history of high poverty and inequality subsequent to low yield farms, the technification and centralization of soy monoculture that have depleted lands for the indigenous community and expelled many peasant communities to the urban slums (Lustig and Pessino, 2014).

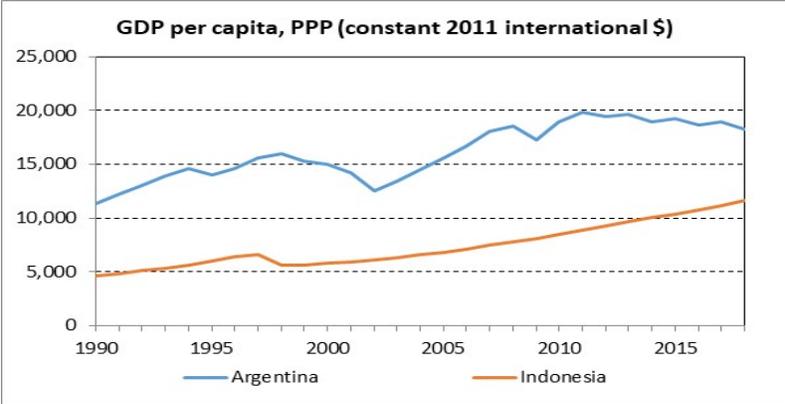
The evolution of purchasing power parity (PPP)-adjusted GDP per capita, as shown in Figure 1, exhibits stable economic growth in Indonesia from 1990 to 2018, excluding the period of the Asian Crisis. According to Elias and Noone (2011), Indonesia experienced relatively stable inflation rates

² This paragraph is based on information provided in Sihombing (2019) and World Bank (2020).

³ World Bank (2020).

as the Indonesian economy diversified away from agricultural and oil exports toward manufactured exports. Argentina’s economy also grew robustly from 2003 to 2008 due to the growth of public revenue and the reduction of public debt during this period, but it had experienced frequent economic fluctuations with the most recent recession starting in 2013. The Argentine government’s spending has been continuously exceeding public revenue, which, according to Lustig and Pessino (2014), depressed Argentina’s economic environment.

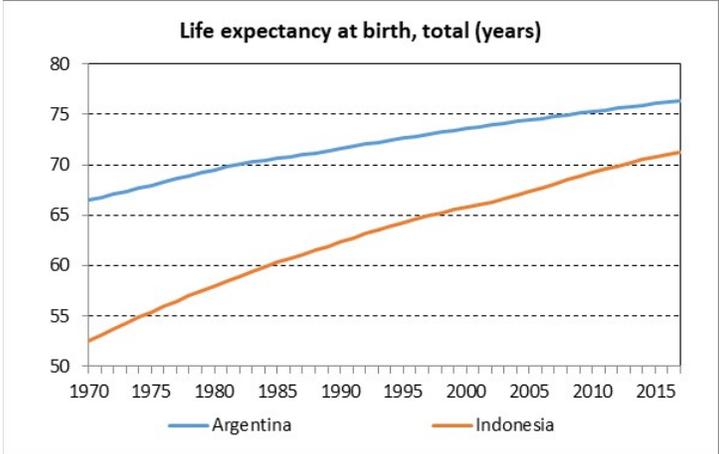
Figure 1: PPP-adjusted GDP per capita (constant 2011 international dollars), 1990-2018



Source: Created by author based on World Bank (2020).

Figure 2 shows that both countries steadily increased their life expectancy at birth. In Indonesia, life expectancy increased from 52.6 years in 1970 to 71.3 years in 2017. In Argentina, life expectancy increased from 66.5 years in 1970 to 76.4 years in 2017. Hence, the difference in life expectancy between the two countries was reduced from 13.9 years in 1970 to 5.1 years in 2017.

Figure 2: Life Expectancy at Birth, Total (years), 1970-2017

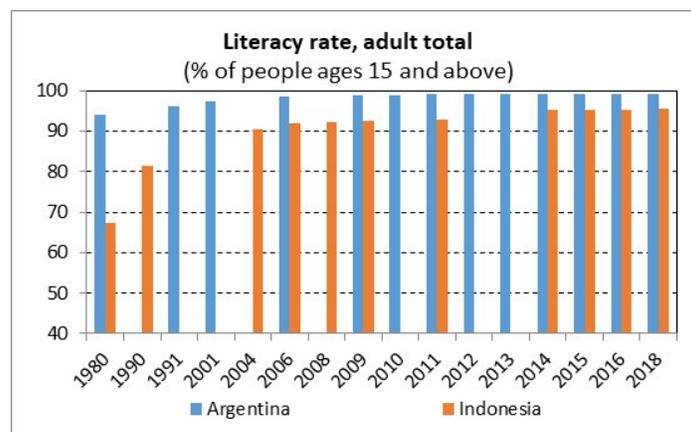


Source: Created by author based on World Bank (2020).

Figure 3 shows that Argentina’s adult literacy rate was higher than that of Indonesia for all the

years such data is available. While Indonesia’s literacy rate was only 67.3 percent in 1980, Argentina already reached 95.6 percent in the same year. By 2006, Argentina had achieved nearly universal literacy, while Indonesia’s literacy rate increased considerably to 92.0 percent. While Argentina’s adult literacy rate remained close to 100 percent since 2006, Indonesia’s literacy rate increased relatively little since 2006, reaching 95.7 percent in 2018.

Figure 3: Adult Literacy Rate (% of people ages 15 and above), all available years



Source: Created by author based on World Bank (2020).

IV. Analysis of Facts

This section reviews the evolution of poverty in Argentina and Indonesia over the past decades, focusing first on the prevalence of income poverty and second on non-income indicators of poverty to capture its multidimensional nature.

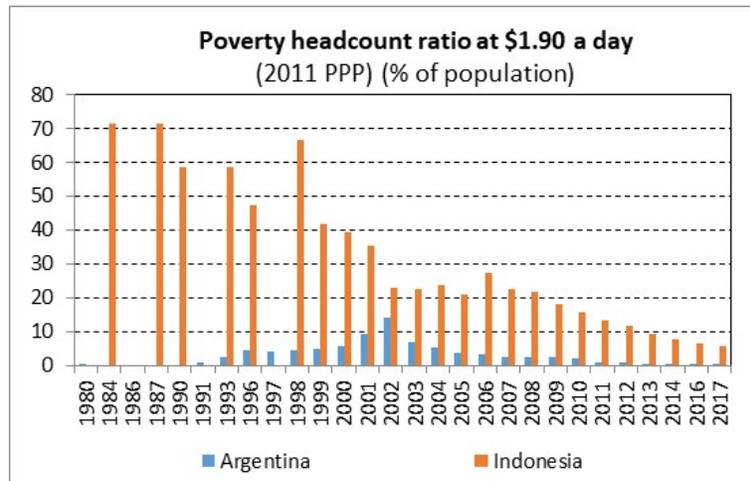
IV.1. Prevalence of Poverty

Figure 4 displays the transition of the percentage of people living below the extreme poverty line (\$1.90 per day) for all the years such data is available for Argentina and Indonesia. It first of all shows that poverty is a far smaller issue in Argentina than in Indonesia. Second, the evolution of poverty was very different for the two countries. While extreme poverty was basically non-existing in Argentina in the 1980s, it started to creep up during the 1990s, reaching a maximum of 14.0 percent in 2002, after which it decreased again, reaching 0.5 percent in 2017.

In Indonesia, extreme poverty was stable at 71.4 percent during 1984 to 1987. It then decreased by 12.6 percentage points to 58.8 percent in 1990. It increased only very marginally from 1990 to 1993, but then declined very drastically to 47.4 percent in 1996, after which it sky-rocketed to 66.7 percent in 1998, reaching nearly the levels of the 1980s.⁴ Fortunately, only one year later, it reduced even more drastically to 41.7 percent. Despite some further volatility during the first few years of the new millennium, extreme poverty declined steadily from 27.4 percent in 2006 to 5.7 percent in 2017, with Indonesia’s poorest population mostly inhabiting regions in rural areas (Sihombing, 2019).

⁴ This reflects the rapid economic contraction during the Asian financial crisis in 1997-1998.

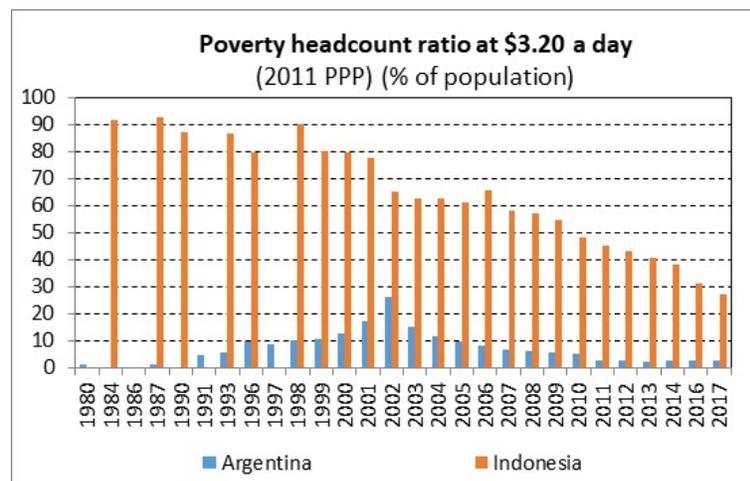
Figure 4: Poverty Headcount Ratio at \$1.90 (2011 PPP), all available years



Source: Created by author based on World Bank (2020).

Figures 5 and 6 show, respectively, the percentage of population living below the lower middle-income International Poverty Line (\$3.20-a-day) and the percentage of populations living below the upper middle-income International Poverty Line (\$ 5.50 per day). Given these higher poverty lines, all poverty levels of Figure 5 are higher than in Figure 4, and all poverty levels of Figure 6 are higher than in Figure 5. But the evolution of poverty is basically identical for all three poverty lines, with Argentina seeing first an increase in poverty from 1980 to 2002, and then a decline from 2002 to 2017;⁵ while Indonesia’s evolution of poverty shown in Figures 5 and 6 mirrors the evolution described above for Figure 4.

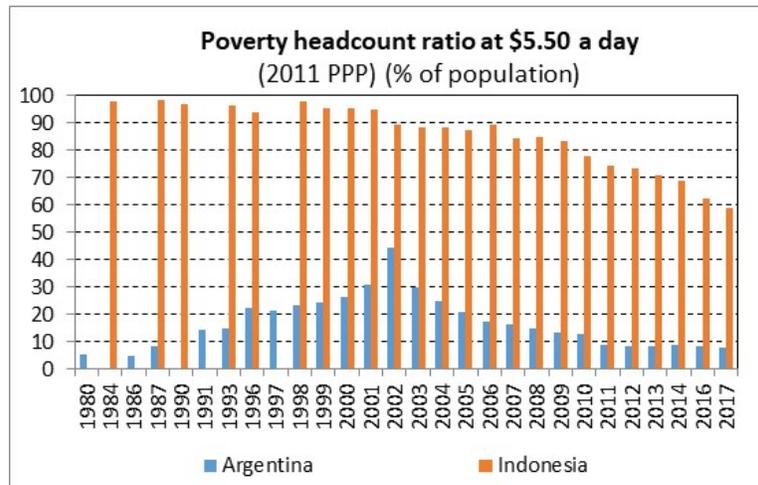
Figure 5: Poverty Headcount Ratio at \$3. 20 (2011 PPP), all available years



Source: Created by author based on World Bank (2020).

⁵ According to Lustig and Pessino (2014), Argentina’s evolution of poverty reflects the aggregated impacts of economic instabilities, which can be traced back to the hyperinflation in the 1980s, followed by a series of economic shocks including currency devaluation. In 2002, aggregated economic shocks eventually led Argentina’s government to terminate the convertibility plan adopted in 1991, which resulted in the Argentine peso losing nearly 70 percent of value against the U.S. dollar, unleashing a severe banking, currency, and national debt crisis.

Figure 6: Poverty Headcount Ratio at \$5. 50 (2011 PPP), all available years



Source: Created by author based on World Bank (2020).

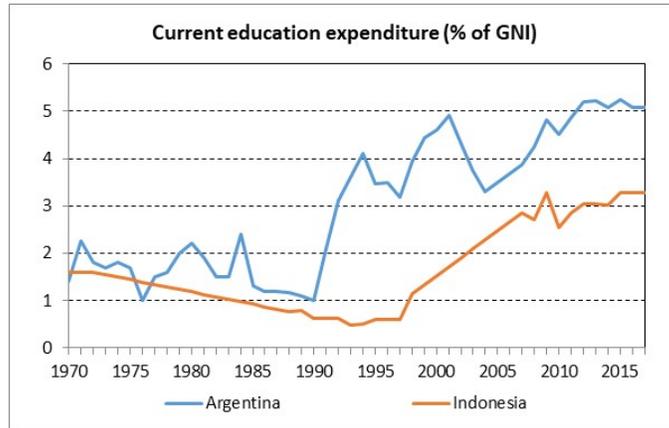
IV.2. Non-income Dimensions of Poverty

It is important to acknowledge the multidimensional nature of poverty that goes far beyond income poverty. One specific aspect of multidimensional poverty emphasizes human capital and other basic needs (e.g., education, health, access to safe water, sanitation facilities). This sub-section explores non-income dimensions of poverty.

Argentina and Indonesia have prioritized investment in education but continued to struggle to establish a sufficient education system. Figure 7 shows the annual operating expenditures in education for both countries, including wages and salaries but excluding capital investments in buildings and equipment, henceforth referred to as current education expenditure (CEE). As a percent of Gross National Income (GNI), Argentina had higher CEEs than Indonesia, except in 1970 and 1976, and there is a sharp increase following the year of 1990 that maximized the difference in CEEs between the two countries in 1994. Argentina's CEE fluctuated between 1990 and 2004, but then shows some more steady increases from 2004 to 2016, which can be attributed to the National Education Finance Law passed in 2006 that mandated a minimum of 6 percent of GDP to be invested in education (Monroy, 2018).

Compared to Argentina, Indonesia had lower and less volatile CEEs. CEEs in Indonesia gradually decreased between 1970 and 1994 from 1.6 percent to 0.5 percent of GNI, and then stabilized at 0.6 percent in the following three years. Between 1997 and 2007, Indonesia had a steady increase of CEEs from 0.6 percent to 2.9 percent of GNI. During the last decade, both countries have maintained relatively consistent CEEs as percent of GNI. However, Indonesia's educational spending is still below recommended amount for emerging economies (Dilas et al., 2019), and Argentina still needs to increase them to meet the goal in the National Education Finance law.

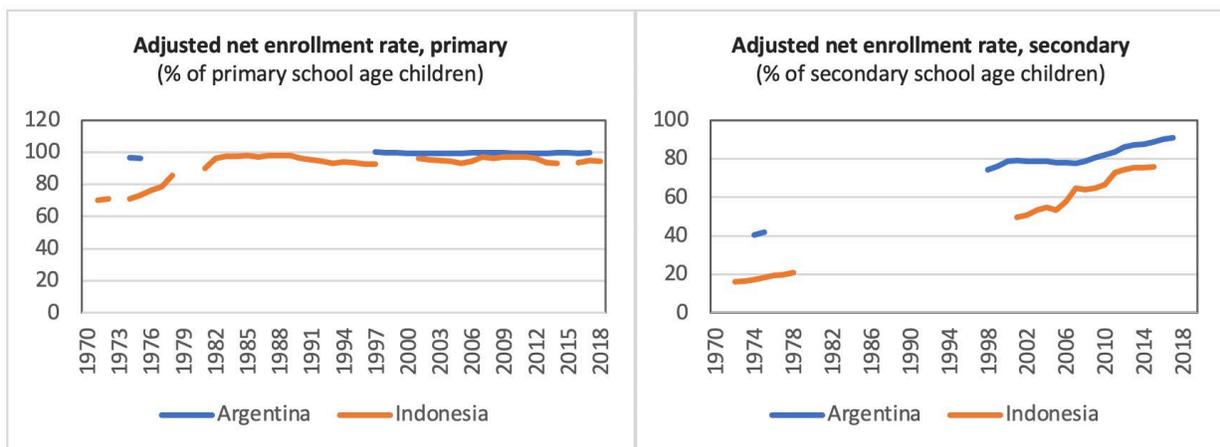
Figure 7: Current Education Expenditure (percent of GNI), 1970-2017



Source: Created by author based on World Bank (2020).

Figures 8 and 9 show the adjusted net enrolment ratios for primary and secondary education for children of corresponding school age between 1970 and 2018. Argentina has maintained an enrolment ratio for primary education above 99 percent since 1997, while Indonesia started with a 71.2 percent primary education enrolment ratio in 1971, which then improved to 97.7 percent in 1982, and has remained at that percentage thereafter. Looking at secondary education enrolment shows an overall upward trend since 1970 in both countries, despite considerable data gaps. The gap between the two countries' secondary education enrolment ratios is larger than in the primary education. While the primary education enrolment ratios are promising in both countries, the higher primary education enrolment ratios have not yet translated into significantly improved secondary enrolment ratios and the discontinuity between primary and secondary education is greater in Indonesia than in Argentina.

Figures 8 and 9: Adjusted Net Primary and Secondary Enrolment Rate, 1970-2018

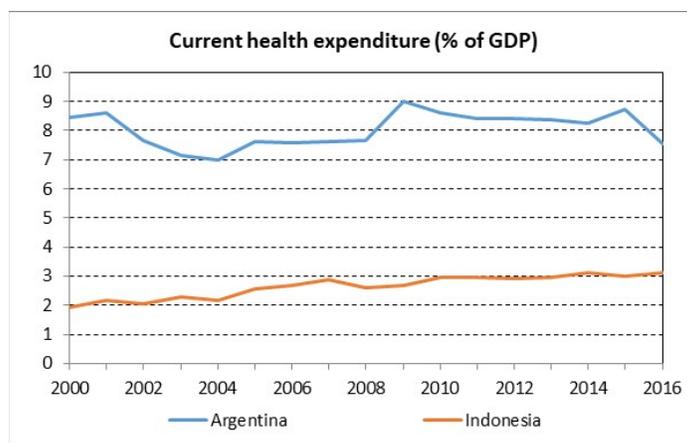


Source: Created by author based on World Bank (2020).

Health is another vital component of human capital and intimately correlated with increases in social wellbeing and increased productivity. Health also influences education, intellectual and

physical capability. Therefore, expanding the availability of health facilities and services is of prime importance. Figure 10 shows the current health expenditure measured as percent of GDP in Argentina and Indonesia between 2000 and 2017. Argentina’s spending on health has always been more than three times higher than Indonesia’s, despite a greater fluctuation. Compared to its education expenditure, Argentina designates a greater share of income to health care than education. Indonesia’s health spending is much lower than Argentina but had increased to 3 percent of GDP in 2010 and maintained nearly the same level of spending for subsequent years.

Figure 10: Current Health Expenditure (percent of GDP)



Source: Created by author based on World Bank (2020).

V. Ethical Origins and Ethical Perspectives

To capture how ethical perspectives influence the priority and scope of poverty and poverty reduction, this section analyzes the major political decisions that address poverty in Argentina and Indonesia. Sub-section V.1. discusses how political objectives in the two countries cultivated social arrangements and paved the way for expanding inclusion of social assistance programs to assist vulnerable individuals. Sub-section V.2. presents various social assistance programs in more detail and discusses the embedded ethical principles as well as the implication of human rights and development.

V.1. Ethical Perspectives of Government Objectives

Ethical perspectives are the shared values that define the social arrangements and institutions of a society, therefore underlining public understanding of societal events (Barrientos et al., 2016). As such, ethical perspectives provide standards for assessing whether policies associated with social assistance are guided by just rationales relevant to the targeted population. There is no doubt that the interrelationship between the underlining ethical perspectives and poverty reduction is mediated by epistemic, social, and political processes, but ethical perspectives determine the deeper justification of all the ingredients involved in understanding of poverty and designing poverty eradication policies. The logic begins with the proposition that ethical perspectives underlie social norms, which closely modulate the shared values regarding the root causes of poverty, forging indigenous consensus of what constitutes the priorities for the design of anti-poverty programs.

To illustrate, the priority of the New Order Indonesian government in the 1960s was to restore monetary stability and rehabilitate dilapidated infrastructure and productive apparatus (Aspinall and Fealy, 2010). There is no doubt that the New Order reduced national poverty and improved social welfare, but little political capital was devoted explicitly to design programs that target the poor. As assisting the poor was considered secondary to the development of the nation's economy and infrastructures, most of the regional development grants were allocated to construct infrastructure rather than reduce regional poverty, even in regions where half of the rural population lived below the poverty line.⁶

Nevertheless, the stabilization policies brought about a stronger government capable of building effective institutions that established stable programs to improve human development, as demonstrated in the positive increase of adult literacy rate, primary and secondary school enrollment, reduced infant mortality rate, etc. This illustrates important ethical implications of nonspecific, national-level interventions on stimulating opportunities for human development. While productive and satisfying livelihoods provide people the mean to seek out goods and services, the stabilization policies also increased agricultural production and dissemination of technologies that created more employment. Those developments in the economic and social dimension were important parts of human development as they expanded choices and opportunities for people to enhance their human capabilities (UNDP, 2000).

These achievements in economic and human development came with constraints of individual autonomy, as the New Order regime tied Indonesian society to inflexible conservatism that emphasized harmony, tradition, and passive obedience, obliterating a conceptual division between the nation and society (Aspinall and Fealy, 2010). The conservative doctrine encouraged people to believe that personal interests came subordinate to the greater value of the nation. Such ideology legitimized the repressive political and social arrangements to disregard transparency and accountability, resulting in naturalization of corruption and misdeeds. As political decisions were made behind closed doors, Indonesians were denied political participation, and the regime's inflexibility to adapt social forces stifled initiative and creativity necessary for robust economy (UNDP, 2000).

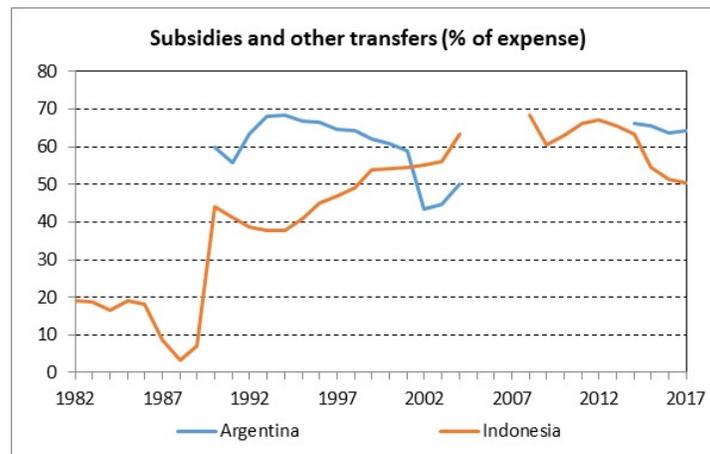
Violations of people's right to appeal and to political transparency was also experienced by Argentinians, again demonstrating that poverty reduction programs without incorporating human rights principles impedes sustainable development. During the 1990s, the government deregulated agriculture and privatized state companies despite corruption and hyperinflation that had already increased the unemployment rate. Privatizing state companies without adequate regulations of monopoly and supervision unleashed instability (Duran and Condorí, 2019). Reduction of small farms affecting the agricultural-dependent rural workers and declining income and employment affecting the urban middle-class forced the two initially distinct sectors to comeingle at the urban margins. The average value of labor between high and low salary groups increased to a 30 times difference, worsening the precarious living conditions in the low-income sectors. A severe consequence of this unsustainable political decision that lacks ethical consideration was that the government confiscated nearly US\$30 billion of assets belonging to individual pensions of the state-run social security administration in 2008 (Lustig and Pessino, 2014).

The examples from Argentina and Indonesia demonstrate the tradeoffs between fulfilling national policies and protecting vulnerable individuals in poverty. The unethical consequence of

⁶ Most of this and the next paragraph is based on Wie (2007) and Aspinall and Fealy (2010).

prioritizing national objectives over assisting the disadvantaged may be justified on the basis that it is perceived to be optimal for the specific social structure. For example, low subsidies and low transfers to disadvantaged people may reflect a consensus that prioritizing national development paves the way for optimal resource allocation in the future, hence the benefit of delaying targeted assistance to the most vulnerable outweighs the harm of inequality.

Figure 11: Subsidies and Other Transfers (percent of expense)



Source: Created by author based on World Bank (2020).

Figure 11 shows the subsidies and other transfers in terms of percent of expense in both countries. Indonesia had a sharp increase in public spending for subsidies and transfer programs in 1988, but the upward trend did not continue until 1994 and reached the highest level in 2008 (68.4 percent). In recent years, Indonesia’s spending has declined to 50 percent. Argentina had higher subsidies and transfer spending than Indonesia until 2001. The upward trend indicates that Argentinian government increased spending following 2001, although it is difficult to interpret the change in spending considering the missing data.

To illuminate ways in which ethical perspectives justify assisting people in poverty, Barrientos et al. (2016) suggest five ethical perspectives that provide different sources of standards to help understand the concept, magnitude, and significance of poverty and poverty reduction. They are the egalitarian, utilitarian, priority, sufficiency, and humanitarian perspectives. In this context, prioritizing national economy is justified by the utilitarian perspective that emphasizes maximizing good and minimizing evil. Prioritizing economic and infrastructure development can be interpreted as instruments to stimulate opportunities and construct a society where people in poverty can develop their potentials.

The justification for investing in public sectors is also demonstrated in the spending trend of formal education. The Argentinian government implemented a compulsory primary school system with free provision through tertiary education in the early 20th century. Between 1960 and 1991, the Argentinian state rapidly expanded formal schooling. The Indonesian government in the late 1990s expanded public expenditure at several levels of education, including facilities, subsidies for students, and encouraging parental demand for education (Hanna and Olken, 2018). In the aftermath of the Asian Crisis in 1997-98, Indonesian government initiated several social protection policies, particularly of health and education, and called attention to constructing unified database

(UDB) of people's socioeconomic information to improve targeting accuracy (Booth et al., 2019). Although implementation problems such as shortage of trained teachers, expansion of formal schooling reflects one of the major endeavors by the government to reduce poverty through education, which is a crucial determinant of people's earning potential and social mobility.

Although impossible to conclude why the Indonesian government enormously expanded public expenditure for education, it is safe to assume that the political decision involved the moral obligation to design effective poverty reduction strategies. Such moral obligation was strengthened by studies of Indonesia which reported that chronic and transient poverty declined as a function of formal educational level (Mai and Mahadevan, 2016). The goal to eradicate poverty through education is reflected in the public subsidies for students enrolled in primary education. Those public subsidies were reported to be pro-poor and showed less disparities across income levels as compared to secondary and tertiary education (King, 1997). However, systemic reform to fulfil children's right to education can sometimes be complicated by parent's right to determine what education their children should obtain, according to Article 26 of the Universal Declaration of Human Rights. Many parents decide to discontinue their children's secondary education due to its substantial cost to family income given plentiful low-skilled employment opportunities. The disparity of enrollment in higher education remains an important factor of inequalities between the lower and the upper incomes (Monroy, 2018).

Primary education is an essential part of anti-poverty strategies because it establishes basic capabilities necessary for human development and provides people a foundation of literacy and numeracy to be more productive and innovative. However, extensive regional inequality in access to education persists, and disparities across income levels have become an even more critical issue of injustice. Base on either the principle of effectiveness or social justice, to alleviate inequality requires the government to include vulnerable individuals who are considered dispensable to the economic production processes. Furthermore, reducing inequality justifies targeted programs on the basis of the priority perspective, the proposition that poverty reduction should aim to redistribute resources because benefiting the worst-off has greater ethical value than assisting the better-off. By extension, the priority perspective would call for policies that increase resources reaching the most disadvantaged groups.

Egalitarian perspectives also justify assisting people living in poverty. Proposing that social assistance should create equal access to resources, egalitarians would call for policies that make resources equally accessible. The important ethical consideration is to what extent should redistribution be made to address inequality without furthering injustice. In practice, these ethical propositions are contingent upon political support for targeting the right beneficiary, financing the programs, and establishing supportive legislation (Barrientos et al., 2016).

V.2. Ethical Perspectives of Social Assistance Programs

The idea of assisting the poor is not new but the instruments have been amended. In both countries, social assistance programs have transitioned from subsidizing basic commodities to targeted programs for eligible households. The reason for this transition is that distribution of subsidies is generally less efficient and often ends up in the middle or upper classes, and the price distortions associated with subsidies are usually higher than transfer programs. With the primary concern being reducing poverty and inequality, delivering assistance to the better-off or distorting prices of basic commodities that disproportionately harm the poor is neither rational nor practical.

Political selection of anti-poverty program types reflects the iterative process of government objective, political processes, and technical considerations as the selection of programs and targeting approach involves important trade-offs. The challenges in selecting transfer programs had led some to advocate for universal basic income (UBI) programs. It is important to note that substantial redistribution to the poor may still be achieved with UBI programs financed through progressive or proportional taxation (Hanna and Olken, 2018). However, most developing countries have a fixed budget, so ethics of poverty reduction may not justify UBI programs because the transfer per individual mechanically decreases with small budgets or large population, both of which are common reality in developing countries.

In addition, inequalities segregated by geographical barriers, as seen between east and west Indonesia or central and peripheral Argentina, pose important questions of whether universal transfers can reach everyone and have impact on reducing poverty in the poorer areas. For instance, unequal distributions of economic management and productive resources have segregated the central and peripheral zone of Argentina. The structural segregation has ingrained into the public perception a concrete social exclusion perceived on daily basis, which is likely to render a universal scheme effective. If universal transfers result in unequal treatment or insufficient impacts on the welfare of the poor, such programs should obviously be avoided to make space for integrated poverty reduction programs that are more effective for addressing social exclusion.

Compared to UBI programs, universal health coverage is more ethical because health coverage increases inclusion of people who were previously excluded with less negative budget per individual impact. Indonesia's national health insurance (introduced in 2014) has made emblematic progress, covering more than three quarters of the population by 2019 (OECD, 2019). The universal coverage for health care is grounded in the humanitarian perspective by protecting the fundamental right to wellbeing. It is also justified by utilitarian perspective by safeguarding health care access and increasing the use of medical service. Indeed, selection of targeted transfer programs should base on ethical principles, scientific studies can nevertheless inform the decision. Hanna and Olken (2018) conducted a stimulation to quantify key trade-offs between targeted and universal programs with considerations of inclusion and exclusion error. The results indicated that transfer programs designed to target a narrow number of beneficiaries could transfer a larger amount of benefit and achieve a greater level of welfare than universal programs.

To expand inclusion of social assistance, Indonesia and Argentina have expanded transfer programs directly targeting poor households. The scaling up of targeted transfer programs improved the government's efficacy to ensure that the assistance reaches the eligible beneficiaries while preventing price distortions associated with subsidies. The Argentinian state expanded the existing social safety net, such as the Male and Female Heads of Unemployed Households Program (PJJJ), reformed the Social Insurance System, and introduced several other programs, including the Universal pre-natal benefit and Universal Child Allowance (AUH) (Rabi, 2011). Indonesia has implemented a number of targeted transfer programs, including unconditional cash transfers, conditional cash transfers, scholarship for poor students, and the recently commenced Bright and Healthy Generation (Generasi) program (Olken, 2019).

Each type of assistance has trade-offs between the degree of restriction placed on how transfers can be used vs. the freedom of choice. For instance, unconditional transfer programs such as BLT and BLSM are flexible but not effective if the goal is to encourage people to invest the money in human development such as education and nutrition. The extent to which cash transfers are able to address other key determinants of poverty depends on the cooperation of monetary assistance

with other sectors of social welfare. This is the rationale behind conditioned cash transfer in the context that incentivizing education and health may increase the use of those services. The *Generasi* program introduced in 2007 in Indonesia was found to effectively stimulate the use of maternal and child medical care service and to reduce of malnutrition (Olken, 2019).

Another way to think about targeting transfer programs on the basis of the utilitarian perspective is as follows: targeting programs could provide more insurance for individuals to make risky decisions, including investment in business and human capital. Because greater accumulation of human capital optimizes productivity and innovation, targeting programs is more beneficial than universal transfers by reducing the risk of human capital investment in lower income families. This is important because the perceived risk of missing the booming employment opportunities was widely shared by lower-income parents with respect to enrolling their children in secondary education.

To incorporate human development agenda into poverty reduction programs, Indonesia and Argentina also run conditioned transfer programs to incentivize human capital investment by linking cash transfer to public service. Argentina's AUH launched in 2009 provides conditioned cash transfer to parents unemployed or working in the informal sectors with children under age 18. Conditions of AUH include regular health examination, vaccination records, and school attendance. The PJJ program, requiring a minimum 20 hours per week community work, provides monthly benefit to unemployed household heads with dependents (Rabi, 2011). Indonesia's CCT program has been reported to stimulate demands for medical care and midwives within two years of implementation. And the community-driven development program, *Generasi*, which provides block grants to communities for activities in child and maternal health, as well as education, has also demonstrated to deliver sustainable impact (Olken, 2019).

The concept of conditioned programs is rooted in the notion that the state is responsible to support vulnerable individual to improve their welfare, according to the sufficiency perspective as members of the society share this responsibility to maximize human capital investment. This means that social accountability and community engagement are key contributors to improve education or health-related performance. *Generasi's* sustained impacts indeed sprout from its design that stimulates mobilization of communities, multisectoral coordination and national-level partnership with the World Bank. The lesson of *Generasi* is not only an ethical one about assigning greater social value to assisting disadvantaged people, but also a practical one about how to optimize human capital investment.

Although demonstrated effective, conditioned programs might systematically exclude the most vulnerable people. For instance, studies that compared the effects of conditioned vs. unconditioned programs in Indonesia have found that unconditioned programs are more effective in reducing teen pregnancy. The plausible explanation to this result is that girls who drop out of school would become ineligible for conditioned transfers that incentivize schooling despite having higher risk of pregnancy. Unconditioned transfers could mitigate the increased risk of pregnancy for girls not enrolled in school (Baird, McIntosh and Özler, 2011). From the priority perspective, conditioned transfer programs that incentivize schooling may not be justified because these programs do not always protect the most vulnerable individuals. One size may not fit all, and different programs may be more effective depending on the priority of the issue. The Indonesian government took a risk-benefit analysis into consideration and scaled up *Generasi* in the more remote areas where services are less accessible, signifying that incentivizing health care and education could effectively stimulate services in the long term.

VI. Conclusion

Expenditures in education and other public sectors reveal that the Argentinian and Indonesian governments prioritized policies expedient to stabilizing economy and restoring political order. The trend of public expenditures on non-income dimensions of poverty have demonstrated to deliver substantial improvement in human development (e.g., mortality and literacy rate), but it should be noted that the social and economic opportunities were by-product of national economic objectives that were founded not on specific principles to protect people's right to economic, political, and social equality. This is evident in the government's greater tolerance for the worse-off people to share more burden of inequality and violation of autonomy. This unnecessary burden might eventually be justified by utilitarian principles given that the greater good could ultimately outweigh the harm, but the human rights sacrificed could easily become forgotten under the disguise of social gain without incorporating human rights principles in political priorities. It is only possible for social assistance programs to reflect humanistic values if human rights are incorporated into the political processes associated with social assistance. Justice-based social assistance should ensure economic, political, and social inclusion of disadvantaged groups, especially the invisible poor such as people who fall in and out of the poverty line.

This article has shown that the systematic expansion of social assistance programs could lead to increasing disparities if principles of human rights are not incorporated to safeguard the delicate balance of a healthy level of inequality. While a reasonable amount of inequality motivates people to pursue a more satisfying life, excessive inequality worsens relative poverty, as in the case of Argentina and Indonesia. The key message is that poverty eradication is not limited to fulfilling basic living standards of food and shelter but also to maximize life-prospect through participation in social life. In this sense, conceptualizing poverty in terms of deprivation might be more suitable because people in poverty often live an impoverished life that constraints capability. Aware of the bias in utilizing income indicators to profile poverty, researchers have attempted to broaden the framework in poverty research by converting multiple indicators into income-equivalent sums to be included in poverty calculations.

This analytic clarity indeed has transited poverty research into a more general framework in which a comprehensive matrix of deprivation is considered, but the matrix still retains the general concept that poverty is defined as lacking financial opportunities. There is a clear strength in retaining this concept of poverty as economic rights are causally linked to civil and political rights, but it could divert political urgency away from its moral responsibility in ensuring social justice, including accountable and inclusive policies and institutions, supportive legislation, publicity, right of appeal, etc. In other words, the moral responsibility of political processes associated with social assistance program necessitates human development assistance to improve the overall wellbeing of the disadvantaged to the extent that they can build a productive life. Clearly, cash transfer programs alone would not be substantial to influence human development. Particularly in countries that are concerned with transient and relative poverty, including Argentina and Indonesia, the outcome of life-prospect of the invisible poor should be at stake in designs of social assistance programs. Expectedly, a shift of emphasis on life-prospect would require stable programs and permanent welfare institutions to deliver influence sustainable enough to change life prospects.

All this leads to the conclusion that targeted programs are necessary to address relative poverty, but the challenging features of targeted programs are to determine how, or more importantly by whom, the burden of financing transfer programs are shared. Furthermore, the story does not end at decreased poverty levels. As more people live above the poverty line and the cost of fitting into

society's typical life increases, the main objectives of social assistance should adjust to ensure that the remaining people in poverty, typically minorities, are integrated into society. Further research can contribute to answering many of the hidden questions outside of financial policies. One important research question would be to investigate how the Argentinian and Indonesian governments could alleviate the expanding inequality to a level that sustains motivation of the advantaged people to contribute to the collective good and of the disadvantaged to pursue a fuller life.

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