

Poverty, and What To Do About It: A Briefing

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What is 'poverty'?

I can well imagine many readers of this note reacting along the lines of 'What a silly question. The person who wrote this must be a really bone-headed academic who has never looked out of his study window. Isn't it obvious?'. Well, yes, it is, at least on one level. 'Being poor' surely means 'not having enough', or 'being deprived'? But not having enough of, or being deprived of what? The obvious answer to this question is probably 'Not enough money'. But then that only raises the question of 'Not enough money for what?'. 'Not enough money' for some people, clearly, might be a fortune for

others. This is particularly obvious when we think across societies. Poverty in our own society might still mean having all sorts of things, like television sets, fridges and motor cars, that a poor woman in Lesotho, say, probably can't even dream of. So answering the question 'what is poverty?' really is a bit more complicated than we might think at first.

People working in international development have actually devoted a lot of time and thought to the question of 'what is poverty?'. The standard way of defining poverty – the idea of poverty that is referred to in the first of the UN Millennium Goals – is in terms of income. It says 'Halve, between 1990 and 2015 the proportion of people whose income is less than \$1 a day'. Why \$1 a day? This is because a good many years ago now it was reckoned that one dollar a day, or its equivalent, was just about the minimum that an average person required to be able to live at all. The reasoning behind this idea of poverty is that a person needs to have at her disposal goods or money enough (with which to purchase those goods) to be able to consume food and other essentials so as to feed herself adequately. It's a very minimalist notion of 'having enough', and not quite clear whether it includes an allowance for clothing and shelter, or keeping warm (which can be a problem at some times of year even in very warm climates ... some people die of exposure every year, for instance in the North Indian winter).

In defining poverty, what economists do is to calculate how much it costs, in a given place, to purchase a 'basket' of essentials, to supply enough calories (which means dietary energy) for a person to be able to live. We think that it is calories that really count because if a person isn't consuming sufficient calories then protein-rich foods don't do them much good, because the body converts the protein into energy. Having worked out what the 'basket' costs the economists then take data, usually from consumer expenditure surveys – because data on expenditure is a bit more reliable than that on income – to measure what proportion of the population is unable to pay for the basket. This is what it means when we read that such-and-such a percentage of

the population of a country is 'poor': they are the people who cannot afford the basket of essentials for supplying the minimum amount of food energy.

Although it is quite difficult to do, this is quite a straightforward way of thinking about poverty and of measuring it, at least in principle. But it involves all manner of assumptions and measurement problems, and so it is that even in India – the country in which most intellectual effort has gone into defining and measuring poverty – there are now several different more or less official measures of the numbers of 'poor' people in the country, ranging from about 27 per cent of the population to as much as 80 per cent.

But in any case, does income alone adequately define poverty? An Indian economist who studied villages around his home over a twenty-five year period found that according to the way of understanding poverty that I have just described, people got poorer. But when he talked to them about how they themselves thought of changes in their standard of living he found that in very many ways they reckoned they had got better off. They were able to eat a greater range of foods, for instance, their homes were more secure because they had locks on their doors, and they didn't depend any longer on landlords if they needed small loans. In these and many other ways they thought of themselves as being better off than they had been before. What this man's research showed was that people themselves in the villages he studied thought of poverty in terms not only of 'having enough income to survive', but also of 'having some assets (wealth in some form) that make for security over the longer run'. And last but far from least they thought of poverty in terms of being independent – in terms that is, of having self-respect. So, not having to go along to a landlord and cringe and flatter in order to get a little help was for them a major step forward in their sense of well-being.

It is not enough, then, to think about poverty in terms of income alone. We need to think about other aspects of deprivation such as access to water, shelter, health services, education and transport. If people have access to clean water and good

sanitation – which may be publicly provided - then the chances are that they will not suffer in the way that so many people in the world do, from intestinal diseases.

Suffering from chronic dysentery means that people are unable to make use of a lot of the food that they eat, and so even if they do have sufficient income to buy that basket of essential foods, they remain 'poor' in the sense that they are unable to lead full lives. Similarly, if people are able to obtain good basic health care at low cost to themselves, then they will be better able to lead good lives even if they don't have much income.

We need to think about poverty, too, in terms of debt and dependence – like those Indian villagers I described – and of vulnerability. The simple fact of having locks on their doors made those Indian villagers feel less vulnerable and more secure. But of course the idea of 'security' means more than just that simple physical security. Having some insurance against the bad times is also, quite obviously, very important, and very many people in the world don't have assets enough to provide them with any kind of insurance. Their livelihoods and their lives are therefore vulnerable. This is another very important aspect of poverty. There are others, too – such as the social disadvantage that many people experience because of some aspect of their identity – that they are from a low caste, perhaps, in the Indian villages I have spoken of. Elsewhere it might be because they come from an indigenous social group that has been marginalized through colonization. Most generally, perhaps, we need to think about poverty in terms of powerlessness – or the inability to make meaningful choices and to lead a fulfilling sort of a life. All of the factors I have been talking about relate to this fundamental concern. This is where literacy is so important, too – because being literate enables people to cope much better with the state, perhaps actually to participate in running public affairs, and, generally, to be able to make meaningful choices.

And what is it that makes people poor?

Well, we know from lots of research that poverty – whether understood in terms of income alone, or in the much broader sense that I have suggested is necessary - is very often associated with being dependent upon particular types of jobs. Being in a family that depends upon a single, illiterate or only poorly literate, adult member who carries on daily-paid casual labour, whether in the country, or in the town, is commonly associated with being poor. Those who are casually employed have little or no security and may go for long periods without work when they have no income. In the rural societies that still account for a large share of all the poor people in the world those who have only very small plots of land – who are commonly the great majority - are in a very similar position to the casual labourers, and they will probably depend heavily for their livelihoods on casual laboring jobs in any case. When these households are headed by women, who have been widowed – perhaps as a result of HIV – or deserted, then things are likely to be even worse. And the fortunes of all such households, whether female-headed or not, are likely to depend a great deal upon the health of the adult workers. We know from detailed research that what drives people into chronic poverty – poverty that endures over a significant period of time – is very often episodes of ill-health, that deprive people of income and at the same time make for significantly increased costs that lead them to sell off such assets as they possess, and, often, to incur debts that become crippling. They get into a downward spiral from which it is very difficult ever to recover.

And what makes a difference – what brings about the reduction of poverty?

These are some of the most important conditions that make people poor. Being poor or becoming poor is not, in general, because of choices that people make, but because of the circumstances in which they find themselves. The sort of economy that is growing and as it grows generates more secure jobs, so that fewer people depend upon casual

labour, is very likely to make for less poverty. But much depends upon whether or not 'good jobs' are created – and one of the very worrying aspects of the growth of many 'developing' countries at the moment is that relatively few such jobs are being created. India, for example, is said to be suffering from 'jobless growth' because there are actually fewer people in secure jobs now than there were five years ago, in spite of the country's very high rates of growth. People have to depend upon a whole variety of casual and irregular wage work, or upon self-employment. Indeed, in India, about half of all livelihoods are based upon self-employment.

Isn't this a good thing? Isn't self-employment better than casual work? Doesn't it show enterprise, and mean that people have a fair chance of improving their life-chances? Well, possibly so. But we know that quite a lot of the time self-employment, whether in agriculture or outside it, really is the last resort for poor people. They are definitely 'reluctant entrepreneurs'. And what happens sometimes to the self-employed is that they exploit their own bodies quite ruthlessly, drawing down their physical reserves in order to make a living. This is one of the reasons why the micro-finance projects that have been seen as being 'the answer' to problems of poverty are not necessarily as effective as many have hoped – and can even mean that poor people are actually subjected to a lot of self-exploitation, as they struggle to make repayments of interest and principal.

In sum, economic growth is essential for the reduction of poverty. But it needs to be economic growth that generates productive and reasonably stable employment. It needs to be supported by the public provision of education that equips people to take on more productive work – and to deal effectively with the state so that they can secure what they are entitled to as citizens, from the state. Hence the second MDG: 'Ensure that by 2015, children everywhere, girls and boys alike, will be able to complete a full course of primary schooling'. And it needs to be supported by the public provision of basic health care, so that poor people have greater protection against those episodes of ill-health, and their consequences, that we know are so

crippling for them. The MDGs concerned with child health and maternal health, and that aimed at combating HIV/AIDS, all relate to this further, vital, aspect of the tackling of poverty. And in all of this, MDG 3, about promoting gender equality and empowering women – ‘Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015’ – is of fundamental importance. Female literacy pays very high dividends, we know, in terms of children’s health and education, and in terms of civic action. Gender equality is of basic significance in the fight against poverty.