

1.2 Conceptions of poverty

Of the problems to be ameliorated, poverty is perhaps the most basic. Indeed, despite the huge differences surrounding the idea of development, what exactly it means and how it is to be achieved, there is general agreement (except from the post-development school - see Section 1.3 below) that it must include tackling poverty. The World Bank, for example, has endorsed this view for the last ten years, since it stated in its *World Development Report 1990* that 'Reducing poverty is the fundamental objective of economic development' (p.24). This commitment has now translated into targets like that in Box 1.1.

Income measures of poverty and development

Note that poverty applies to individuals and households, whereas development also refers to large-scale processes of change at societal level (see Chapter 2). The World Bank target of 'Reducing by one half the proportion of people in extreme poverty by 2015' requires a criterion for deciding if an individual or household is poor. The World Bank does this in economic terms, by measuring a person's income and establishing a 'poverty line' which represents an income level below which a person is held to be in extreme poverty. The global target for reducing poverty uses a single poverty line for the whole world, so that those in extreme poverty are those whose

income is less than US\$1 per day (measured in '1985 PPP dollars' - i.e. adjusted for 'purchasing power parity' - see Box 1.3 below). It is then possible to think of measuring the proportion of the population of a country below that poverty line - or estimating it, since there are enormous difficulties associated with direct measurement of individuals' incomes on a large scale.

The corresponding indicator used by the World Bank as a measure of the development of different countries is **gross national product (GNP)**. GNP uses market valuations, and is in practice a measure of national income; GNP per capita gives an indication of the average material living standard of a nation's people.

An increase in GNP per capita could mean development in that it implies an increase in prosperity or economic well-being and hence less poverty. However, as will be discussed further

Gross national product (GNP) and gross domestic product (GDP): GNP is the total income available for private and public spending in a country, while GDP measures the size of the economy. However, both are defined technically in terms of output. GDP is clearly and simply an *output* measure, defined by the World Bank as the 'total final output of goods and services produced by an economy'. In the case of GNP, output is used to define a measure of *income*. Thus GNP is 'the total domestic and foreign output claimed by residents of a country⁵ in one year. What they 'claim' is also their income; thus GNP is a measure of national income and GNP per capita is a measure of the average income of each member of the population, including what they may earn or receive from abroad. GNP and GDP are of course closely related. The GNP of Nigeria, for example, is the output produced in Nigeria (its GDP), less whatever is 'claimed' by foreigners (repatriated profits, migrant workers' earnings, etc.), plus what Nigerians earn outside the country (remittances from abroad, returns on investments abroad).

in Chapter 3 (on the approach to poverty via the idea of *entitlement*), a measure such as GNP per capita has limitations in this regard (see also Box 1.3). GNP per capita is a measure of *average income* based on *market valuations*, and hence there are several ways in which the measure fails to give a full indication of the incidence of poverty. Being an average, GNP per capita says nothing about the distribution of wealth between rich and poor. Also, in general, GNP as an indicator underestimates both subsistence and collective goods, whereas it overvalues whatever is commercialized, individualized and organized.

Note that the idea of who is poor is different in different societies, and is likely to depend on value systems as well as economic factors. As Rahnema explains:

"For long, and in many cultures of the world, poor was not always the opposite of rich. Other considerations such as falling from one's station in life, being deprived of one's instruments of labour, the loss of one's status or the marks of one's profession..., lack of protection, exclusion from one's community, abandonment, infirmity, or public humiliation defined the poor.

(Rahnema, 1992, p. 158)

Rahnema also points out that '*Global poverty* is an entirely new and modern construct' (ibid., p.161; my emphasis). The idea of measuring poverty at the level of entire nations and hence labelling certain countries as poor on the basis of their GNP per capita is also quite new. Rahnema suggests that while in many pre-industrial societies poverty applied to certain individuals and generally did not carry any implication of personal inadequacy, with the advent of global consumer society 'entire nations and continents were led to believe that they were poor, and in need of assistance, only because their per capita income was below a universally established minimum (ibid., p. 162).

We can already see some of the inadequacies of using income as the sole way of measuring poverty (or development). One point is that what is regarded as poverty may differ relative to the

norms of each particular society. A second is that income measures only one dimension of well-being, so that a broader view would take it to form only part of any definition of poverty (or vision of development). This latter point may be broadened further to consider poverty itself as only one aspect of the problems confronting humanity, but one which cannot be separated from the others. Below, I discuss each of these three points in turn. There are, however, a number of other dimensions to the debate on how to characterize and measure poverty, which are summarized in Box 1.4.

Relative poverty and social exclusion

One of the best known discussions of the notion of *relative* poverty comes from a work on poverty in Britain at the end of the 1970s by Peter Townsend:

"Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diets, participate in the activities and have the living conditions and amenities which are customary, or at least widely accepted and approved, in the societies to

Box 1.4 Dimensions of the poverty debate

The conceptual complexity can be understood as a series of fault lines in the debate about poverty. There are nine of these:

Individual or household measures. Early measurement of poverty... was at the household level, and much still is. Other analysis disaggregates to the individual level, so as to capture intrahousehold factors and different types and causes of deprivation affecting men, women, children, old people, etc.

Private consumption only or private consumption plus publicly provided goods. Poverty can be defined in terms of private income or consumption (usually consumption rather than income, in order to allow for consumption smoothing over time, e.g. by managing savings), or to include the value of goods and services provided publicly, the social wage.

Monetary or monetary plus non-monetary components of poverty. So-called money-metric measures are often used, because they are either regarded as sufficient on their own or seen as an adequate proxy for poverty. However, there is a clear fault line between definitions of poverty which are restricted to income (or consumption) and those which incorporate such factors as autonomy, self-esteem or participation. [...]

Snapshot or timeline. Many surveys and poverty assessments report the incidence of poverty at a point in time. However, there is a long history of thinking about poverty in terms of life cycle experience..., seasonal stress, and shocks (illness, drought, war). In both North and South, there has been increasing attention to understanding movement in and out of poverty...

Actual or potential poverty. Some analysts include as poor those who are highly sensitive to

shocks, or not resilient. Small-scale pastoralists exposed to the risk of drought are a common example: current income may be adequate, but vulnerability is high...

Stock or flow measures of poverty. The definition of poverty as income focuses on the flow of material goods and services. An alternative is to examine the stock of resources a household controls. This may be measured in terms of physical or monetary assets (land, jewellery, cash), or in terms of social capital (social contacts, networks, reciprocal relationships, community membership... [Entitlements may derive not just from current income, but also from past investments, stores or social claims on others (including the State).

Input or output measures... [P]overty measured as a shortfall in income essentially captures an input to an individual's capability and functioning rather than a direct measure of well-being. Writing about poverty has often assumed, wrongly, an automatic link between income and participation, or functioning, in the life of a community.

Absolute or relative poverty. The World Bank currently uses a figure of \$US 1 per day (in 1985 purchasing power parity dollars) for absolute poverty. The alternative has been to define poverty as relative deprivation, for example as half mean income, or as exclusion from participation in society...

Objective or subjective perceptions of poverty. The use of participatory methods has greatly encouraged an epistemology of poverty which relies on local understanding and perceptions. For example, exposure to domestic violence may be seen as important in one community, dependency on traditional structures in another.

(Extracted from Maxwell, 1999)

which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities."

(Townsend, 1979, p.31)

This notion has been attacked by those who argue that people in industrialized countries

should not be regarded as poor if, for example, they are unable to afford a television or refrigerator or a few toys for their children, so long as they are able to maintain a minimum level of nutrition. Conversely, there may be objections to setting a poverty line at a higher level in industrialized countries so as to take account of the fact that a minimum of consumer goods is necessary to take part in 'ordinary living

patterns' in those countries compared with less developed countries, on the grounds that this downgrades the needs of those living in poorer countries.

Nevertheless, this notion of relative poverty has gained widespread acceptance. Thus the World Bank uses a figure of US\$14.40 per day (in 1985 PPP dollars) to calculate the numbers in poverty in industrialized countries (rather than the \$1 per day for the world as a whole). This figure was the official United States income poverty line, calculated in terms of the minimum required to obtain what is needed to participate in the everyday life of US society. Another common measure is the percentage whose income is below half the median income level in a particular country.

It is also possible to interpret Townsend's ideas in terms of a broader notion of the 'resources' 'commanded' by a person or household than just income. Thus Amartya Sen puts forward a view of poverty which derives from the idea of failure to be able to take a full part in human society but which sees this as a matter of lack of choice or capability rather than simply material living standards (see e.g. Sen, 1983, 1985; see also Chapter 3 for an expansion of Sen's arguments into the notion of entitlements).

A particularly graphic description of what is meant by poverty as lack of choice (see also Figure 1.2) was given almost thirty years ago by Denis Goulet:

"The prevalent emotion of underdevelopment is a sense of personal and societal impotence in the face of disease and death, of confusion and ignorance as one gropes to understand change, of servility towards men whose decisions govern the course of events, of hopelessness before hunger and natural catastrophe. Chronic poverty is a cruel kind of hell, and one cannot understand how cruel that hell is merely by gazing upon poverty as an object."

(Goulet, 1971, p.23)

A related idea is that of **social exclusion**. This concept originated in France but is now applied throughout the industrialized North and its applicability for the South is a matter of debate (see e.g. de Haan, 1998). De Haan argues that social exclusion is a useful concept for two main reasons. First, it points up the multi-dimensional character of deprivation in that exclusion can have various causes (which often reinforce each other), such as unreliable employment, gender, ethnicity, disability or ill health, and lack of opportunities for participation, as well as low income. Second, it focuses on processes: on 'the mechanisms and institutions that exclude people' (de Haan, 1998, p.10). This makes it clear that deprivation is not simply an attribute of particular people but that different societies have their own ways of defining people out.

Social exclusion: "the process through which individuals or groups are wholly or partially excluded from full participation in the society in which they live" (European Foundation, 1995, p.4).

Bauman discusses the way 'the poor' are defined in similar vein, as follows:

"No society we know of was ever free of a category of people who were seen by the rest as incapable, for whatever reason, of eking out a living by their own efforts; of living as the rest do. It is a social decision to classify people in such a way. Since it has little to do with who those people are, or even what they do, the expectation that 'the poor' will always be with us' can hardly be faulted. Each society constitutes and perpetuates itself through setting and prompting certain standards it expects every member to follow, and those standards can only be made visible if some people are seen to fail to meet them. Such people can then be declared a 'problem' which the rest of society must and should cope with.



Figure 1.2 Are these people 'poor'? Labourers in the open-cast Serra Pelada gold mines in northern Brazil have a regular though very low income, working a 12-hour day carrying 120-lb sacks up 200-foot ladders with considerable risk of injury or work-induced illness. How much choice do they have?

The poor of different times and places differ between themselves in virtually every aspect of their condition, just like the societies of which they are part. Who is cast in this way depends not on how the poor live, but on the way society as a whole lives.. The treatment reserved for the poor, the way in which pity and condemnation are mixed, is a matter for society at large

rather than for the poor themselves; a reflection of the standards a given community holds dear and is bent on cultivating."

(Bauman, 1999, p.20)

Many studies of social exclusion in the North concur with previous discussions of poverty in attributing it mainly to unemployment, so that solutions concentrate on job creation (or the

French term 'insertion' in the sense of insertion into the labour market and hence into the community). However, Bauman argues that modern industrial society is essentially a consumer society and that those unable to contribute to market demand are increasingly blamed, 'accused of flaunting the values by which 'decent' people live', with the result of 'shifting the people living below the poverty line from the realm of moral responsibility to that of law and order' (Bauman, 1999, p.21).

How the concept of social exclusion applies in different cases in the South clearly depends on what defines participation in particular societies. 'The poor' are those unable to participate in whatever way, and although they 'differ between themselves' they may still be regarded as a threat to social order as much as an object of humanitarian concern.

Dimensions of deprivation and of development

As the idea of social exclusion begins to suggest, poor people exhibit a variety of problems which go well beyond low income and which tend to feed off each other. The same can be said for poor neighbourhoods or regions, or even poor countries, though as noted above to define the whole of a country as poor is problematic in many ways. Boxes 1.5 and 1.6 give contrasting vignettes describing a 'poor' neighbourhood in a Northern city and a 'poor' city in a Southern country. Note that both are journalistic accounts rather than the results of academic studies. Both are very different from the traditional Northern image of the poverty of the unemployed, as in the Depression of the 1930s, and from the rural poverty of the mass of the populations of Africa and South Asia. Still, it is clear that in all these cases the poor suffer from a variety of deprivations which reinforce each other.

An alternative approach to the characterization of poverty is to concentrate on measuring the various dimensions of deprivation separately and then put them together. The United Nations Development Programme (UNDP) has followed this approach to develop a series of composite measures.

On the one hand it has produced the Human Development Index (HDI) and a number of variants. The basic HDI is an average of indices of what the UNDP considers to be the three most important aspects of human development: the health of a population, measured by life expectancy; its educational attainment; and its material standard of living, measured by GDP per capita (in PPP dollars; see Box 1.3 above).

More recently the UNDP has also produced a Human Poverty Index (HPI), again with variants. In a similar way, the HPI is an average of three (or four) measures of deprivation: vulnerability to death at a relatively early age, deprivation in knowledge, and lack of decent living standards. Interestingly, the UNDP has developed two different HPIs, one for industrialized countries and one for developing countries. Different standards for what constitutes deprivation are used in the two cases; thus for developing countries the first index is based on the proportion of the population not living beyond the age of 40, whereas for industrialized countries the age of 60 is substituted; for developing countries poor living standards are measured by lack of access to health services and to safe drinking water, whereas for industrialized countries an income measure is used. In addition, for industrialized countries a fourth measure, of social exclusion, as indicated by the level of unemployment, is also included.

There is a clear contrast between the main indicators of poverty and of development used by the World Bank and the UNDP. While the former concentrates on income measures, the latter has a broader view of poverty (and development) as multi-dimensional. The policy implications of the two are also different. Whereas the Bank stresses labour-intensive economic activities, the UNDP would give more emphasis to developments in the social services like education and health.

Poverty as part of the global 'crisis'

You may have noticed that the deprivations suffered by the inhabitants of the locations depicted in Boxes 1.5 and 1.6 go beyond the dimensions

Box 1.5 Poverty in the UK

The 1980s and early 1990s saw the birth of a poverty in this country (UK) which was not simply on a scale that had not been seen for more than 40 years but which was also of a kind that simply had never been seen here at all. This new poverty is complex...

Those communities live under immense pressure, and it is for that reason that significant numbers of those who live there have been shovelled into crime and prostitution and drugs and alcoholism and child abuse, into a life of ruthless self-interest. How else do you survive?...

So what has changed? At its simplest the poor are buried under layers of aggravations. The first layer is the historically familiar one; they suffer material hardship. During the 1980s they were forced out of work and their benefits were cut, over and over again; those who clung on to unskilled or part-time work saw legal safety nets removed so that their low pay fell even lower.

But that is traditional poverty. The other layers under which they are being crushed are new.

The most damaging of these is the war against drugs, which is inflicting enormous harm on the very people it pretends to be protecting...The key point now is not so much the narcotic effect of the drugs black market but its economic importance. If you are a 16-year-old school-leaver on one of those estates with no qualifications and no hope of a decent job, and if you want life to provide you with the income and the status and stimulus which other adolescents will find in college and career, there is an obvious way forward... [Y]ou get on your bike and start dealing and you slip into a vortex of criminality and violence.

Consider, also, what has happened to the classic escape route offered to the poor by state education. Ask social workers how they get on nowadays when they call headteachers to plead for a place for difficult children on their books. The doors to the escape route are shut.

There are still residents' groups and community leaders bravely struggling to hold things together but they are trying to turn a tidal wave with a teaspoon. It is not just that neighbours may no longer help each other; frequently, they do not even know each other. It is not just that

the physical fabric of the estates is collapsing into a mess of brambles and broken windows, there is effectively no one there any more to reverse the decline. The old stability has gone and, with it, the familiar faces and the bonds between them. More than that, they have been replaced by absentee landlords who have only the slightest interest in the physical condition of the houses and in the community around them.

The point of all this is that poverty is not just about being short of money. Take material hardship, combine it with the black market in drugs, close the door on education, kill off the community, add a dozen different other aggravations and you end up with a recipe for deep damage - physical, emotional, social, spiritual damage. When the government looks at the notorious single mother and thinks that the answer is to offer her a job and to threaten her benefit, it ignores the obstacle course of other problems that lie in her path. She may be clinically depressed, simply unable to find the emotional will to cope and/or she may be a heroin addict and/or she has no one to look after her child, who is probably asthmatic and/or she may be terrified to leave her house because she knows it will be burgled (some of the estate gangs specialize in "total burglaries" where they take everything, even the carpets and the hot-water tank) and/or she is scared of being assaulted by some neighbour she fell out with and/or she has unpaid fines and she knows the courts will take whatever extra she earns and/or, and/or. Take the 18-year-old boy who is told that he will lose his welfare if he does not accept the dead-end work he is offered. Why should he play that game when there is a crack cocaine supermarket offering ready, steady career prospects on his doorstep? Take any of those men, women or children who have become so alienated and angry and self-destructive and bad that they may not want to behave in a rational, self-interested way. It does not matter how much you manipulate benefits or rewrite regulations, it's like curing cancer with Elastoplast. The damage is deep, much more complicated than it appears at first sight, much more difficult to reverse.

(Extracts from 'There is nothing natural about poverty', Nick Davies, *New Statesman*, 6 November 1998)

Box 1.6 Poverty in a Brazilian city

Since the second world war the Brazilian Amazon has been the destination of one of the largest migratory waves anywhere this century. Twenty years ago 6 million people lived there; now the figure is 19 million, and growing...

"It is total chaos," said Gilberto Siqueira, a former planning officer of Rio Branco, Acre's capital. "In 1991, when the last census was taken, 40% of urban homes were without running water and 88% had no sewage pipes - more than twice the national average."

Acre, a densely forested region bordering Bolivia and Peru, is the most remote Amazon state and its social problems the most acute. In 1970 Rio Branco was a town of 36,000. Now it is an ugly urban sprawl housing more than 250,000. The roads are full of potholes and you are never far from the stench of sewage.

Bishop Moacyr Grechi, who has served in the diocese for 26 years, said: "When I got here I would leave all the windows of my house open. I could walk through any neighbourhood, no problem. People would be playing dominoes on the street. There were no beggars. Now a family doesn't go out at night for fear of getting robbed."

The city - the 25th largest in Brazil - has the 10th highest violent crime rate. "Proportionately, Rio Branco is the most dangerous city in the Amazon. If the other cities don't manage themselves properly, they will become like us," warned Gercino da Silva, Acre's chief justice.

Mr Da Silva's efforts to crush the three death squads blamed for more than 100 murders in recent years have put a price on his head. The federal government pays for 24-hour armed protection.

"The death squads are run by policemen and taxi drivers. They kill in the shanty towns and think they are doing society a favour," he said.

The medical statistics are chilling: more than 10 per cent of Rio Brancans have the hepatitis virus and the public health services are so poor that not even half the children are vaccinated against it.

Perinatal mortality is the second highest cause of death in the state. In several towns blood transfusions are done without testing the blood. And it has the highest number of leprosy cases in Brazil - about one per thousand - close to levels in India.

The delinquent gangs in the shanty towns kill fewer people than the health service, said Tiao Viana, one of Acre's most eminent doctors. "You can't expand a city without expanding the public health services," he said. "You need to develop everything together - infrastructure, health, education."

Acre's proximity to Peru and Bolivia has put it on the drug trafficking route. Dr Donald de Fernandes, who works with addicts in Rio Branco, estimates that half the adolescents use cocaine.

[One] neighbourhood, Montanhaes, was rain-forest until a year ago, when homeless people chopped down the trees to build huts.

Most of them have little chance of securing work. Many can barely sign their name - the illiteracy rate is 49 per cent, way above the national average. Most of the shantytowns have no running water, no tarred roads and no sewerage, and the only way to get electricity is to wire the shack up illegally to a nearby pylon.

(Extracts from 'Seed of hope in Amazon's urban jungle', Alex Bellos, *The Guardian*, 4 December 1998)

of ill health, poor educational attainment and low material standards included in the UNDP's HDL. For example, their neighbourhoods are subject to a high degree of violence and to dangerous levels of pollution. It is unclear whether these should be included as aspects of poverty. What is incontrovertible is that many of the world's poorest people also suffer directly from the consequences of social disintegration and environmental destruction, which together with poverty itself form the 'threefold human crisis' which according to Korten (1995) is affecting the world more and more deeply.

Korten's description of this 'crisis', written in 1995, depicts the three elements as reinforcing each other and spiralling out of control. The following brief extracts give a flavour of his view of the situation, which he argues requires radically new approaches not least from private corporations, not noted for their development activity:

"Even in the world's most affluent countries, high levels of unemployment, corporate downsizing, falling real wages, greater dependence on part-time temporary jobs without benefits, and the weakening of unions are creating a growing sense of insecurity...The world is increasingly divided between those who enjoy opulent affluence and those who live in dehumanizing poverty, servitude and economic insecurity. ...

Evidence of the resulting social stress is everywhere: in rising rates of crime, drug abuse, divorce, teenage suicide, and domestic violence; growing numbers of political, economic and environmental refugees; and even the changing nature of organized armed conflict...

Environmentally, although there have been important gains in selected localities in reducing air pollution and cleaning up polluted rivers, the deeper reality is one of growing ecological crisis...The younger generation lives with the question of whether they may be turned into environmental refugees by climate changes that

threaten to melt the polar ice caps, flood vast coastal areas, and turn fertile agricultural areas into deserts."

(Korten, 1995, pp.19-21)

You may wonder whether Korten is portraying only one side of the picture. As noted in Table 1.1, there are considerable development achievements to balance against continuing deprivation and the other aspects of Korten's global 'crisis'. Certainly, this 'crisis' is continuing at the same time as high rates of GDP growth and optimism in capital markets. Whether, by the time you read this, these trends will be continuing, or will have been interrupted by a global economic downturn or new financial crisis, remains to be seen. Still, whether they add up to a global 'crisis' or not, it is clear that social dislocation and environmental degradation should be considered alongside poverty, if not as aspects of poverty, when assessing the problems which development has to address as we enter the twenty-first century.

1.3 The end of development?

At the start of this chapter I cited thinkers of the post-development school who regard development as having failed and the 'era of development' as being over. If the 'global threefold crisis' is as serious *as* Korten suggests, then, given that development has been such a dominant concept during the very period when the crisis has been building up, there is some force to the suggestion that development has failed. Alternatively, as several of the post-development school suggest, development was a 'hoax', never designed to deal with humanitarian and environmental problems, but simply a way of allowing the industrialized North, particularly the USA, to continue its dominance of the rest of the world in order to maintain its own high standards of living.

Some use stronger language still. Alvares (1994) argues that 'development' is 'a label for plunder and violence, a mechanism of triage' (p.1). Using the metaphor of triage, with its implication of dividing a damaged population into those