

# Chronic poverty: meanings and analytical frameworks

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## Abstract

This paper provides an overview of the meaning of 'chronic poverty', and identifies frameworks for analysing it. In the first section, the major frameworks for conceptualising, defining, explaining, and measuring poverty in its broader sense are reviewed in brief, and related to the study of chronic poverty. It is suggested that research undertaken by the Chronic Poverty Research Centre (CPRC) should focus on poverty in its broadest, multi-dimensional sense, and that those who are chronically poor are likely to be poor in several ways, not only in terms of income. At the same time, the analysis of money-metric and other quantitative indicators are the primary means by which study of chronic poverty is presently undertaken, and will continue to have an important role to play in research. Our understanding of chronic poverty is also likely to draw upon notions of both absolute and relative poverty, vulnerability, social exclusion, and capabilities and freedoms, as well as upon subjective assessments by the poor themselves.

In the third section, the characteristics of chronic poverty are presented. Long duration is identified as both necessary and sufficient for poverty to be considered chronic. It is hypothesised that chronic poverty will also often be multi-dimensional and severe. It is proposed that a five-tiered categorisation of the poor be adopted – *always poor*, *usually poor*, *churning poor*, *occasionally poor* and *never poor* – and that transitions between different levels over time be closely monitored. It is suggested that the tightest possible definition of chronic poverty would be intergenerationally transmitted (IGT) poverty, which, while it may or may not be severe, is likely to be relatively intractable, and therefore is likely to escape current poverty reduction efforts. In this way, IGT poverty is both a *characteristic* and *cause* of chronic poverty. The subsection on IGT poverty draws upon the literature surrounding the intergenerational transfer of different capitals: human, social-cultural, social-political, financial/material and environmental/natural. An analysis of the ways in which severity and multi-dimensionality are often characteristics of chronic poverty, and a brief review of the relevance of the World Bank's *Voices of the Poor* studies to an understanding of chronic poverty, conclude this section.

The chronic poor, it is argued, are a heterogeneous group. There are several sets of people who are particularly susceptible to chronic poverty, and that are likely to experience multiple and overlapping vulnerabilities. These groups include those experiencing deprivation because of their stage in the life cycle, those discriminated against because of their social position in the community or household, those with health problems and impairments, and people living in remote rural areas, urban ghettos and regions where prolonged violent conflict and insecurity have occurred.

In the fourth section, the causes of chronic poverty at different levels of analysis are explored, and analytical frameworks for their understanding are laid down - quantitative panel data analysis; livelihoods analysis; freedoms; social and political exclusion; and policy analysis frameworks, which include consideration of avoiding the negative impacts of development which help to extend and deepen poverty for the poor. The final two sections bring together the preceding work and discuss the implications of our initial understanding of chronic poverty for future research.

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## Abbreviations

CBO	community-based organisation
CPRC	Chronic Poverty Research Centre
HDR	Human Development Report (UNDP)
IGT	Intergenerational transmission of poverty
KIDS	Kwazulu-Natal Income Dynamics Survey
NGO	Non-governmental organisation
UNDP	United Nations Development Programme
VOTP	Voices of the Poor Study (World Bank)
WDR	World Development Report (World Bank)

## 1 Background

The Chronic Poverty Research Centre (CPRC) is a group of universities, research institutes, consultancies and NGOs from Bangladesh, India, South Africa, Sri Lanka, Uganda and the United Kingdom. It was founded on the premise that there is an inadequate understanding of the characteristics of, and processes surrounding, the 900 million who will be living in poverty in 2015 if the international development targets are fully achieved – those likely to have benefited least, or suffered most, from contemporary development efforts, for whom emergence from poverty is therefore most difficult. There is evidence that the majority of these people live in sub-Saharan Africa and South Asia, especially in rural areas. A significant proportion of these people are likely to be *chronically poor*, i.e. they will have been poor over a long period and/or since birth.

A number of terms have come into usage to identify those who experience poverty most intensely. Among the most common are ultrapoor (Lipton 1996), core poor, poorest of the poor, destitute (e.g. Kozel 1999), highly dependent poor (Wood 2000) and declining poor. Such distinctions have deep historical roots – in 18th century France commentators distinguished the *'pauvre'* from the *'indigent'* (Hufton 1974), and Iliffe's (1987) 'history' of the African poor distinguishes structural poverty from conjunctural poverty. The CPRC focuses on the 'chronically poor' in order to draw attention to those for whom emergence from poverty is most difficult. It is a means of examining the durational aspect of intensity of poverty, the dynamics of intergenerational transmission of poverty, as well as the interaction between duration and other aspects of poverty intensity, namely severity and multi-dimensionality.

This is an important area for research because it draws attention in a deep and dramatic way to the heterogeneity of the absolutely poor in today's world, and to the possibility that they will be better served by a more differentiated policy and market framework than exists at present. The research will address the problems of those among the poor for whom it is hardest to enable, include, reach, or provide.

The CPRC has articulated four interconnected objectives.

1. To challenge existing ideas about poverty and enhance the understanding of policymakers and other researchers about the processes that underpin chronic poverty.
2. To increase attention paid to the chronic poor in development policy and action, thus sensitising the policy community and ensuring sustained commitment to chronic poverty reduction.
3. To produce policy lessons and operational methodologies that make policy more effective in assisting the chronic poor.
4. To strengthen the capacities of researchers and research/advocacy organisations to document, analyse, and develop high quality policy recommendations about chronic poverty.

In order to undertake comparative work, a common understanding of the concept of 'chronic poverty' must be pursued. CPRC partners may choose to give different meanings to 'chronic poverty' in different settings, when appropriate and necessary. Indeed, while quantitative work requires tight definitions, qualitative work is likely to use broader and more varied meanings – as well as meanings determined by the chronically poor themselves – that permit assessment and interpretation but not necessarily measurement. However, it is both possible and necessary to agree upon a common point of departure.<sup>1</sup>

This paper provides an overview of the meaning of 'chronic poverty' and frameworks for analysing it (**Figure 1**). In the first section, the major frameworks for conceptualising (defining and explaining) and measuring poverty in its broader sense are reviewed in brief, and related to the study of chronic poverty. Frameworks for understanding and measuring chronic poverty, with a focus on its characteristics, causes, and the units of analysis to which it can relate, are then laid out. The focus of the paper is conceptual; methodological issues are largely left for the Chronic Poverty Research Toolbox.<sup>2</sup>

## **2 Frameworks for understanding and measuring poverty**

A number of poverty frameworks may be useful for understanding and measuring chronic poverty. As there are several good, up-to-date reviews of poverty concepts (e.g. Kanbur and Squire 1999; Lok-Dessallien n.d.; World Bank 2000 (Ch.1)), detailed arguments are not reproduced here.

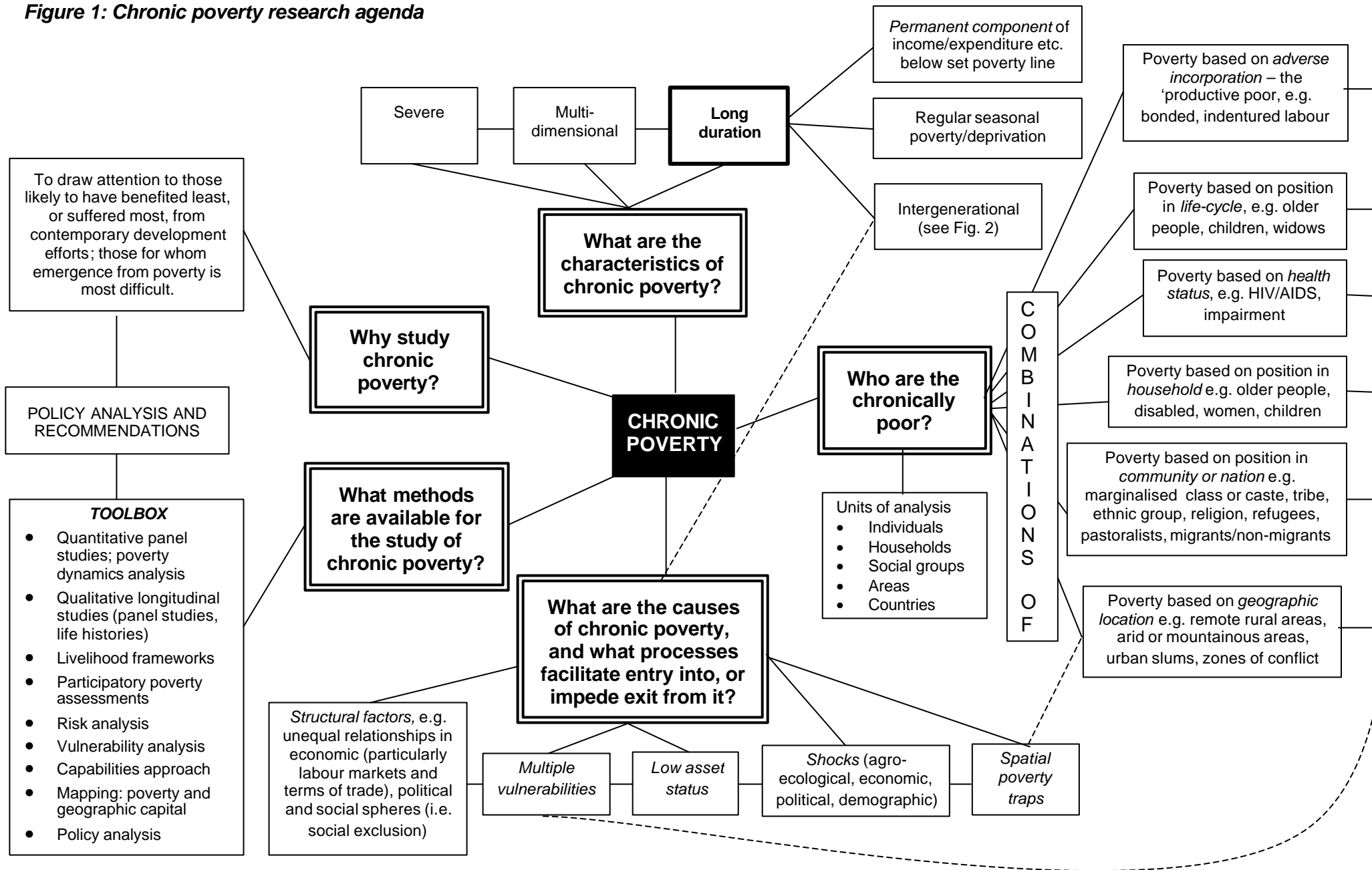
### **2.1 *Material poverty, money-metric measurement approaches and multi-dimensional concepts of poverty***

Material and physiological approaches view poverty as a lack of income, expenditure or consumption, and money-metric approaches that measure these deficiencies are commonly used by economists for quantitative analysis. These approaches permit precise measurement and comparisons over time and between regions (see McKay 2001 for a review). In recent years, however, poverty has been viewed in a more holistic sense, based at least in part on the increased credence given to the views of the poor themselves. As Bevan and Joireman (1997:316-7) argue, 'while poverty everywhere involves people experiencing very real material and other deprivations, the concept of poverty is used to cover a wide-ranging set of interrelated life-chances which vary and are valued differently in the diverse cultures and sub-cultures of the world'.

On this basis, the notion of what constitutes 'basic needs' has expanded to encompass not only food, water, shelter, and clothing, but also access to other assets such as education, health, credit, participation in political process, security and dignity. The 1995 Copenhagen Social Summit was the first major international gathering to mark the expansion of the concepts of poverty and well-being and by 2000 the World Bank (2000) was describing poverty in terms of material deprivation, low levels of education and health, exposure to vulnerability and risk, and voicelessness and powerlessness. Multi-dimensional approaches capture the full range of deprivations that constitute poverty, and may give 'voice' to the poor, but they lack the precision and comparability of income/consumption measures.

Research undertaken by the CPRC will focus on poverty in its broadest, multi-dimensional sense – indeed, as discussed below, it is hypothesised that those who are chronically poor are likely to be poor in several ways, not only in terms of income. We may well try to construct 'easy to use' devices that identify chronically poor households through the multi-dimensionality of their poverty (e.g. households that experience food insecurity every year, with all/most children never having attended school, and with low levels of assets) and can be adapted to fit different contexts. At the same time, CPRC research will make use of money-metric and other quantitative indicators for three main reasons. First, these will be more likely to be available across time as well as countries and communities, in a relatively comparable form. Second, policy-makers commonly want quantitative evidence to guide policy choice. Third, quantitative, money-metric

**Figure 1: Chronic poverty research agenda**



analysis will be useful as researchers attempt to determine the communities and localities particularly vulnerable to chronic poverty, before undertaking more in-depth, qualitative case studies. Ultimately, it may be that quantitative indicators other than income or consumption (e.g. capitals, assets or undernutrition) are more appropriate for the analysis of poverty and more particularly *chronic* poverty.

## **2.2 Absolute and relative poverty**

Poverty is usually viewed as either a form of *absolute* deprivation or *relative*, but significant, deprivation. Absolute poverty is perceived as subsistence below the minimum requirements for physical well-being, generally based on a quantitative proxy indicator such as income or calories, but sometimes taking into account a broader package of goods and services. Alternatively, the relatively poor are those whose income or consumption level is below a particular fraction of the national average. Relative poverty encourages an analytical focus on income inequality trends.

As the 'poverty lines' defined by national statistical offices in developing countries generally refer to absolute poverty, a large part of CPRC quantitative research will focus primarily on absolute poverty. In countries where researchers distinguish between the 'poor' and the 'ultrapoor' by examining the depth of deprivation, then two (or more) absolute poverty lines may be used. At the same time, data and concepts drawn from other regions – in particular transition economies and the 'developed' countries of the North – will require researcher engagement with notions of relative poverty.<sup>3</sup>

Adopting a multi-dimensional understanding of poverty introduces further possibilities for relativity. The amount of education needed to avoid falling into poverty is likely to increase over time, other things being equal. Exposure to more varied or more industrial risks is likely to require increased health expenditure to maintain the same level of health. Thus if the 'social wage' does not increase correspondingly, similar levels of real private disposable income would mask an increase in poverty (or literally ill-being). Indeed, as Sen (1999:89) notes, "*relative* deprivation in terms of *incomes* can yield *absolute* deprivation in terms of *capabilities*", depending on a person's ability to convert income into well-being, which is in turn based on, for example, health status, age, gender, and differences in social or ecological environment (ibid.:70-1).

## **2.3 Subjective poverty assessments**

The 'subjective' approach to understanding and measuring poverty argues that poverty and ill-being must be defined by 'the poor' or by communities with significant numbers of poor people. Meanings and definitions imposed from above are seen as disempowering poor people and removing their right to create and own knowledge. The ideas behind these studies originated out of work by NGOs on participatory rural appraisal (Chambers 1994) which were developed into participatory poverty assessments (Robb 1999) that sought to understand the multi-dimensional, interlocking nature of poverty in ways useful to policy making. The *Voices of the Poor* (VOTP) series (Narayan *et al.*, 1999, 2000), based on work in a total of fifty-eight countries in the developing and transitional world, have provided a rich picture of both the differences and similarities of poor people's experiences around the world. Through detailing and analysing the poor's descriptions of material and psychological well- and ill-being; powerlessness, vulnerability and coping strategies; relationships with state and civil society institutions; and gender relations and social fragmentation at the household and community level, the VOTP series has contributed to the generation of researchable ideas at both local and comparative levels.<sup>4</sup>

These studies unreservedly confirm the multi-dimensional nature of poverty. Indeed, it is emphasised by many that wealth and well-being are not identical, due to the



loneliness, lack of respect or insecurity that many wealthy people experience. The VOTP studies also confirm the ineffectual, corrupt and exclusionary nature of many state institutions in relation to the poor; the vulnerability associated with seasonality in both rural and urban areas; and the justifiable fear among the poor of serious illness, disability or death within the household. As noted in Narayan *et al.* (2000:89), ‘... multiple factors – loss of income coupled with cost of treatment and the transformation of a wage earner into a dependant – make injury and illness common triggers of impoverishment’. Security of assets, conceived of in the broadest sense (e.g. material assets, particularly land; environmental and common property resources; human capital including health and education; and social capital) tends to be the central concern, rather than income *per se*. Less intuitive but as important, both NGOs and schooling get mixed reviews by the poor in terms of their outreach, quality and relevance to their livelihood strategies.<sup>5</sup>

## **2.4 Capabilities and freedoms**

These approaches are based on Amartya Sen’s work and see poverty as a lack of *capabilities*, both intrinsic and instrumental (e.g. income, education, health, human rights, civil rights etc.) that permit people to achieve *functionings* (the things they want to do) and *beings* (the states of existence they want to experience). Such an approach is commonly used in relative terms (such as through the Human Development and Human Poverty Indices in the UNDP’s *Human Development Reports*), but also can be used in absolute terms if one is brave enough to define a minimum set of capabilities that people ‘need’ or to which they have a right (see Doyal and Gough 1991). Recently, Sen (1999) has extended the concept to argue that development is about the pursuit of five freedoms – political freedoms, economic facilities, social opportunities, transparency guarantees and protective security; this concept is discussed further below.

Through its recognition of the relationship between the means and ends of poverty reduction, the capabilities approach makes strong and explicit links between human agency, poverty and public policy (necessary to ensure *entitlements*), and as such is useful for understanding the processes surrounding chronic impoverishment and escape from poverty. It will be applied below to the understanding of the range of policy reforms which may be needed to provide an enabling environment for the chronically poor.

## **2.5 Vulnerability**

It can be argued that what poor people are concerned about is not so much that their level of income, consumption or capabilities are low, but that they are likely to experience highly stressful declines in these levels, to the point of premature death. This approach suggests that poverty can be seen as the probability (actual or perceived) that a household will suddenly (but perhaps also gradually) reach a position with which it is unable to cope, leading to catastrophe (hunger, starvation, family breakdown, destitution or death). The literature on food security (and insecurity) is particularly helpful in aiding the understanding of how vulnerability arises and strategies to reduce its impacts. Maxwell (1989 cited in Maxwell and Frankenberger 1992) has explored the linkages between poverty, vulnerability and undernutrition and identifies the situations in which transitory and chronic food insecurity can occur.

Ellis (2000a) notes that vulnerability has a dual aspect of external threats to livelihood security (e.g. climate, market collapse, theft) and internal risk management and coping capability (determined by access to a range of assets), and makes the important distinction between *ex ante* risk management strategies, and *ex post* coping strategies. However, vulnerability is generally measured as variation after the fact – “needed are indicators that make it possible to assess a household’s risk beforehand – information

both on the household and on its links to informal networks and formal safety nets”, taking into account physical assets, human capital, income diversification, and participation in informal and formal networks, safety nets and credit markets (World Bank 2000).

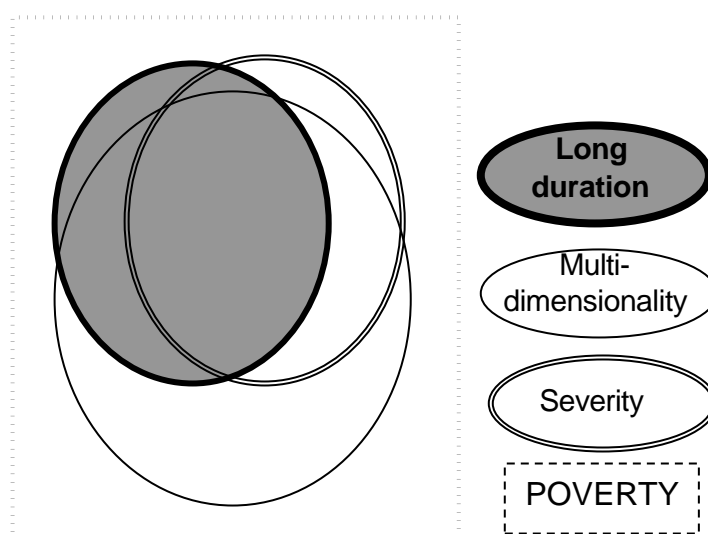
Recent research by Pritchett *et al.* (2000) has demonstrated that vulnerability can be quantitatively important. In an Indonesian sample with a headcount poverty rate of 20%, an additional 10-30% of households were determined to be vulnerable to poverty (at even odds of at least one episode of poverty in three years). Thus, 30-50% of the population is vulnerable to poverty, with significant differences across groups missed by measures of deficits in current consumption and expenditure. It will be important for CPRC researchers to engage with these issues of vulnerability, both in terms of differential vulnerabilities to shocks leading to spells of poverty, as well the manner in which vulnerability interacts with risk aversion to hinder escape from poverty, through, for example, adverse incorporation (Wood 2000).<sup>6</sup>

### 3 What are the characteristics of chronic poverty?

The defining feature of ‘chronic poverty’ is its extended duration. Poverty that is both severe and multi-dimensional but does not last a ‘long’ time, is by its nature not chronic.<sup>7</sup> However, it is hypothesised that duration, multi-dimensionality and severity of poverty build upon each other. Thus, while those in severe income poverty at any given time are not necessarily chronically poor, the chronically poor are likely to be experiencing severe and multi-dimensional poverty (**Figure 2**). Further, duration (as well as multi-dimensionality) can be considered as a specific type of poverty severity in itself.

It is important to emphasise that these relationships are empirical, and need to be discovered; it is likely that the degree of chronic poverty varies substantially from one society to another as well as over time. It will also vary depending on the measures used: thus the longer the interval between studies the less likely that *some* people will

**Figure 2: Intersecting characteristics of chronic poverty**



still be poor (or not poor); others, however, could be expected still to be poor if the theoretical reasons for their poverty are so well entrenched as to be immovable within the developmental possibilities of a given situation e.g. poorly educated, low caste women in remote rural areas in India.

In the next two sub-sections the focus is on income/consumption poverty, before moving back to a more multi-dimensional discussion. This reflects the emphasis of work to date on chronic poverty; few researchers have applied a multi-dimensional analytical approach to panel data sets, for example (but this is an analytical method that CPRC may wish to pursue). The extent to which this can be done, and what it tells us about the chronically poor will be explored through country studies and revisiting existing data sets where possible.

### **3.1 Duration of poverty**

The primary focus of CPRC is poverty that lasts for an extended period of time. In the literature such chronic poverty is usually contrasted with transitory, transient or temporary poverty. This means that in terms of poverty dynamics (Yaqub 2000a and b) our major interest is in the *spells approach* which focuses on transitions (or the lack of transition) from one welfare status to another e.g. from being poor to being non-poor. At times CPRC research may use a *components approach* that distinguishes between the relative contribution that structural factors and idiosyncratic factors make to a household's poverty. However, the use of a components approach will be to understand the causes of poverty and chronic poverty but not to identify the chronically poor.<sup>8</sup>

The spells approach is relatively easy to understand its operationalisation presents problems. How long a period has to elapse for an individual or household to be regarded as being in chronic poverty? In practice how this is defined often depends on the available data. But as a starting point we propose that a period of five years would be reasonable. This is an arbitrary criterion but it has at least three arguments in its favour.

- (i) Five years is perceived as a long period of time, in an individual's lifespan, in many cultures.
- (ii) There is commonly a five year gap between data collection exercises when panel data is created (see Aliber 2001 for an important example).<sup>9</sup>
- (iii) The limited empirical findings available indicate that people who have been poor for five years or more have a high probability of remaining poor for the rest of their lives (Corcoran 1995).

Note that for particular purposes it may be appropriate to consider chronic poverty over significantly shorter (e.g. seasons of the year) or longer (e.g. a life cycle) time horizons.

Another problem relates to whether those identified as the chronically poor have to be 'always poor' over the selected period or 'poor on average' over that time. CPRC will classify both the 'always poor' and the 'usually poor' (**Figure 3**) as experiencing chronic poverty while recognising that a case can be made that the 'always poor' should be of particular interest for research and action. This in a way combines the two concepts of chronic poverty discussed above.

A third issue concerns the degree to which the severity of poverty should influence the identification of the chronically poor. Analytically, we must take a deep interest in the ways in which the duration and severity of poverty inter-relate. In terms of policy and action then there is a clear case that when we identify those who are chronically poor and chronically ultrapoor we should ensure that we prioritise research on the latter group: they are the most likely to be experiencing horrendous deprivation and the least likely to benefit from public policy or market driven change.

This would suggest CPRC work should concentrate on two groups:

- people who are chronically poor in terms of both duration and severity – i.e. whose average incomes are well below the poverty line for an extended period (we can argue further about whether this should be 50% or 75%, and over what time period);
- people whose incomes (or capabilities or multiple dimensions of deprivation) have been below a ‘poverty line’ over an extended period of time.

This concentration would exclude those who are fluctuating around the poverty line. However, the extent to which recurrent ‘spells’ of poverty – sometimes called ‘churning’ around the poverty line – can be considered as a form of chronic poverty is important. Should those who experience seasonal fluctuations, for example those whose income falls below the poverty line for a month (or two or three months) every year, be considered chronically poor? How frequent, lengthy and numerous do the spells need to be? Or, in terms of the component approach, at what point does a change in welfare shift from being a divergence from the norm (a transitory component of poverty) to being part of the norm (a permanent component of poverty)? If a group ‘churns’ over a long period of time, this would also justify research effort, as such people are clearly unable to effect an escape from poverty. However, in most situations this group should merit less research priority from the CPRC than the ‘core’ chronic poor identified above.

Jalan and Ravallion (2000) have explored these issues with reference to a six-year panel of rural households in China for which there is expenditure data. They utilise a four-tiered categorisation of poverty. Building on their work, but modifying it and using some terms differently, we propose a five-tier category system for CPRC work (**Figure 3**). This recognises:

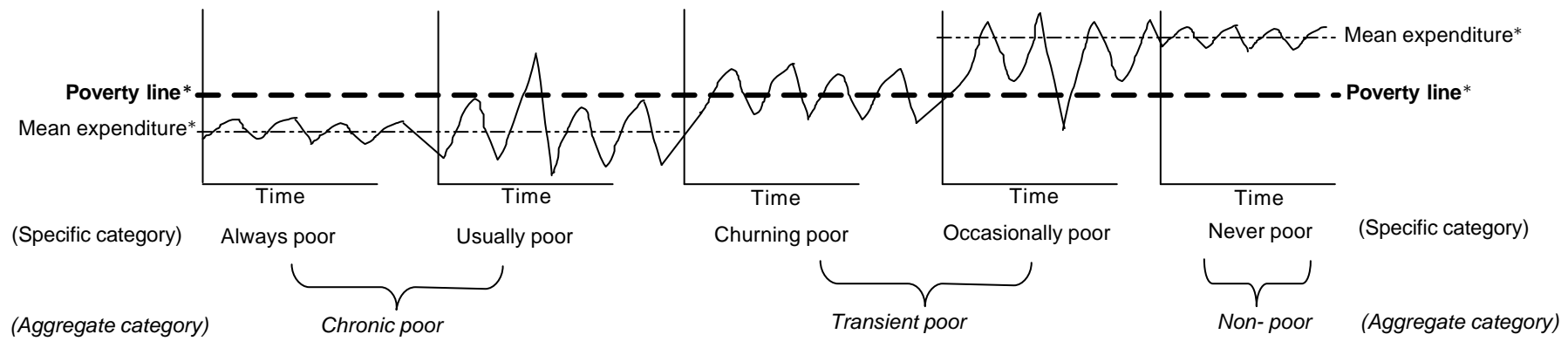
- *Always poor* – expenditure or incomes or consumption levels in each period below a poverty line
- *Usually poor* – mean expenditures over all periods less than the poverty line but not poor in every period
- *Churning poor* – mean expenditures over all periods close to the poverty line but sometimes poor and sometimes non-poor in different periods
- *Occasionally poor* – mean expenditures over all periods above the poverty line but at least one period below the poverty line
- *Never poor* – mean expenditure in all periods above the poverty line

These categories can be further aggregated into the *chronic poor* (always poor and usually poor), the *transient poor* (churning poor and occasionally poor) and the *non-poor* (the never poor, continuing through to the always wealthy).

**Figure 3** does not consider the severity of poverty but, as is recognised throughout this paper, this is an important factor for understanding chronic poverty and poverty dynamics. We can incorporate this, at least partly, by specifying how far below or above the poverty line household mean expenditure (or income or consumption) is. **Figure 4** illustrates *always severely poor* and *always wealthy*, and this can be extended (e.g. *usually severely poor*, *occasionally severely poor* etc.)

Clearly such conceptualisations are wedded to the drawing up of poverty lines. They can be extended, however, to poverty indices (combining several measures), to poverty scores (based on scoring how many dimensions of poverty a household experiences during each period) or qualitative assessments (based on rigorous specifications of the characteristics that would lead to a household being placed in a certain category).

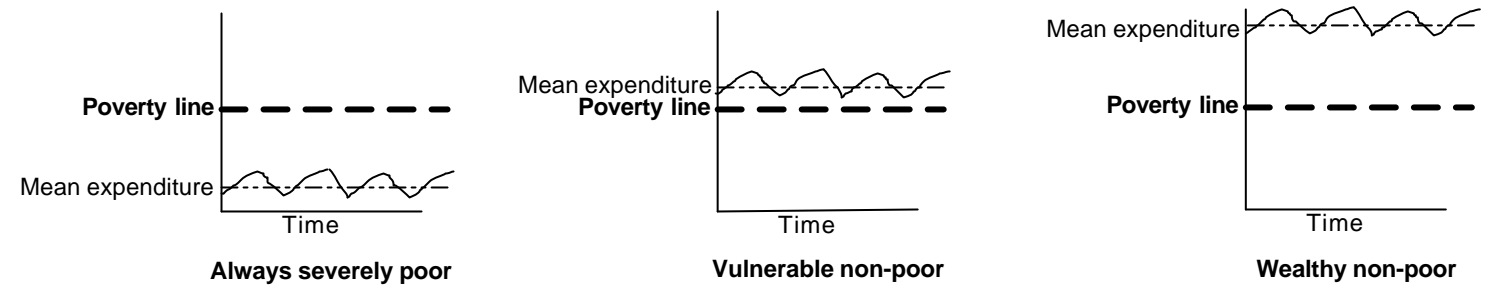
**Figure 3: The chronic poor, transient poor and non-poor – a categorisation**



\*Depending on data availability poverty could be assessed in terms of household expenditure, income, consumption, a nutritional measure, a poverty index, a poverty score or a assessment of assets/capitals.

Source: Adapted from Jalan and Ravallion (2000). Note that terms are used with different meanings than in Jalan and Ravallion.

**Figure 4: Categorising the poor in terms of duration and severity of poverty – some examples**



Understanding the processes that create and maintain chronic poverty will require not merely categorising poverties but examining the factors that are associated with transitions between categories. Both theoretically and empirically there are a vast array of household trajectories depending on household specific factors (especially vulnerabilities) and broader economic, social, political and environmental factors. **Table 1** illustrates the type of transition matrix that can be utilised to summarise such changes. It has been assembled from 'recall' data collected for other purposes by one of the authors (Hulme). This provides a useful means for summarising a large volume of findings, may permit us to pursue national and international comparisons, and could be helpful in testing the feasibility or unfeasibility of making generalisations about policy and action to tackle chronic poverty. Interestingly, what also comes out of this review of 'old notes' is the significance of ill-health in the processes that create and maintain chronic poverty.

Four further issues emerge from the literature in this field, and relate to the broader literature on socio-economic mobility and immobility. Each issue has particular implications for policy.

- Within any specific context is there a critical level of income or assets which, once an individual or household falls below it, an escape from poverty becomes impossible?<sup>10</sup> Or, is there a critical threshold of time in poverty after which emergence from poverty becomes less likely? Yaqub (2000a:18) reports that in the USA people who have been in poverty for more than four years have a 90% probability of remaining poor the rest of their lives.<sup>11</sup>
- Are the factors associated with transient poverty similar to those underpinning chronic poverty i.e. 'similar, but to a greater degree'? Or are the processes surrounding chronic poverty qualitatively different? Different poverties may require different policy responses (see Muller, 1997).
- While mobility out of and into income poverty may be quite dynamic, as many panel datasets have shown, is mobility in terms of other dimensions of poverty much less dynamic? For example, do some of the chronic poor achieve an income above the poverty line while retaining low levels of health status, literacy, social and political participation, security and dignity? Thus, can chronic multi-dimensional poverty coexist with transient shifts out of income poverty? Under which circumstances might the opposite be true – e.g. persistently low income but shifts in and out of other forms of poverty?
- Are the correlates of exits from poverty the converse of correlates of chronic poverty status? Studies based on widely differing areas have indicated that the correlates of entries to and exits from poverty differ from those of poverty status (Baulch and McCulloch 1998; Bane and Ellwood 1986).

### **3.2 Intergenerational poverty**

The tightest possible definition of chronic poverty would be intergenerationally-transmitted (IGT) poverty (**Figure 5** and see Moore's forthcoming CPRC Working Paper). A generation could be set at 15 years. While it may or may not be severe, IGT poverty is likely to be relatively intractable, and is therefore likely to escape current poverty reduction efforts. In this way, IGT poverty is both a *characteristic* and *cause* of chronic poverty. The issue of IGT poverty can be broken down into two related questions.

First, what exactly is transferred across generations such that poverty is transmitted? A large proportion of the relevant literature focuses on *human capital*, particularly surrounding parental investment in children's education (and the trade-offs between

**Table 1: Factors reported as leading to a change in the poverty status of households in Bangladesh**

**PRESENT STATUS**

<b>STATUS TEN YEARS AGO</b>		<i>Always Poor</i>	<i>Usually Poor</i>	<i>Churning Poor</i>	<i>Occasionally Poor</i>	<i>Never Poor</i>
	<i>Always Poor</i>	<ul style="list-style-type: none"> <li>Continued landlessness</li> <li>Few assets</li> <li>Continued poor health status</li> </ul>	<ul style="list-style-type: none"> <li>Increased local demand for casual labour</li> <li>Remittances from daughter in garment factory</li> <li>Improved health status</li> </ul>	<ul style="list-style-type: none"> <li>Acquired a secure low paid job</li> <li>Inherited small plot of land</li> <li>Mature child now working as rickshaw driver</li> <li>Remittances</li> </ul>	<ul style="list-style-type: none"> <li>A combination of events – head of household acquired secure job, son got casual work and wife's microcredit was successful</li> </ul>	<ul style="list-style-type: none"> <li>No case found</li> </ul>
	<i>Usually Poor</i>	<ul style="list-style-type: none"> <li>Head of household's health deteriorated</li> <li>Husband died</li> <li>Cheated out of land</li> <li>A run of mini-problems</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of low level of assets</li> <li>Continuation of vulnerability blocks opportunity to accumulate</li> </ul>	<ul style="list-style-type: none"> <li>Child matures and gets casual work</li> <li>Remittances from daughter in Dhaka</li> <li>NGO microcredit increases wife's earnings</li> </ul>	<ul style="list-style-type: none"> <li>Son acquires secure job with moderate pay</li> <li>Increased crop productivity</li> </ul>	<ul style="list-style-type: none"> <li>No case found</li> </ul>
	<i>Churning Poor</i>	<ul style="list-style-type: none"> <li>Death of husband</li> <li>Land washed away by river and had to migrate</li> <li>Serious long term illness of head of household</li> </ul>	<ul style="list-style-type: none"> <li>Son becomes a heroin addict – stops working and steals from family</li> <li>Major defraud by a bogus foreign employment contractor</li> <li>Daughter loses job</li> </ul>	<ul style="list-style-type: none"> <li>Asset level continues at same level</li> <li>A mixture of good events (son gets job) and bad events (wife is constantly sick)</li> </ul>	<ul style="list-style-type: none"> <li>Head of household gets a secure job</li> <li>Both sons get casual labour on a regular basis</li> <li>Allocated khas land by local government</li> </ul>	<ul style="list-style-type: none"> <li>Inheritance of land</li> <li>A combination of good events (daughter gets garment factory job, head is able to lease more land)</li> </ul>
	<i>Occasionally Poor</i>	<ul style="list-style-type: none"> <li>Terminal illness of household head accompanied by sale of land to pay medical bills</li> <li>Catastrophic bad investment in a trading venture</li> </ul>	<ul style="list-style-type: none"> <li>Terminal illness of head of household</li> <li>Dowry payments for two daughters</li> <li>A sequence of several problems in close proximity</li> </ul>	<ul style="list-style-type: none"> <li>Health of husband and wife deteriorates</li> <li>Burning down of house</li> <li>Apparent land salinisation</li> </ul>	<ul style="list-style-type: none"> <li>Assets level continues at roughly the same level</li> <li>A mixture of good events and bad events</li> </ul>	<ul style="list-style-type: none"> <li>Successfully establish new business</li> <li>Saved, bought land, now secure income</li> <li>Son and daughter both got jobs with NGOs</li> </ul>
	<i>Never Poor</i>	<ul style="list-style-type: none"> <li>Terminal illness, sale of assets for medical bills, death of household head, widow cheated out of land</li> </ul>	<ul style="list-style-type: none"> <li>Terminal illness of head of household and asset depletion</li> </ul>	<ul style="list-style-type: none"> <li>A combination of several factors – ill health, bad investments, flooding</li> <li>Loss of secure job due to public sector retrenchment</li> </ul>	<ul style="list-style-type: none"> <li>Godown burns down with contents</li> <li>Bad investment</li> <li>Head of household ageing and no son</li> </ul>	<ul style="list-style-type: none"> <li>Asset level continues</li> <li>Bad events are more than offset by good events</li> </ul>

education and work) and health and nutrition. Investments in the human capital of children are affected by the time and income to which the carer has access; the education of the carer; the gender of both the child and the carer; the birth position of the child; and the number of siblings in the household (Bouis *et al.* 1998, Kabeer 2000, Weir 2000, Yaqub 2000b). In some cases, the presence of an inheritable disease or impairment, or communicable disease, will also come into play in IGT poverty. In the past this may have been on a limited scale, but with HIV/AIDS it is reaching 'epidemic levels' in some countries.

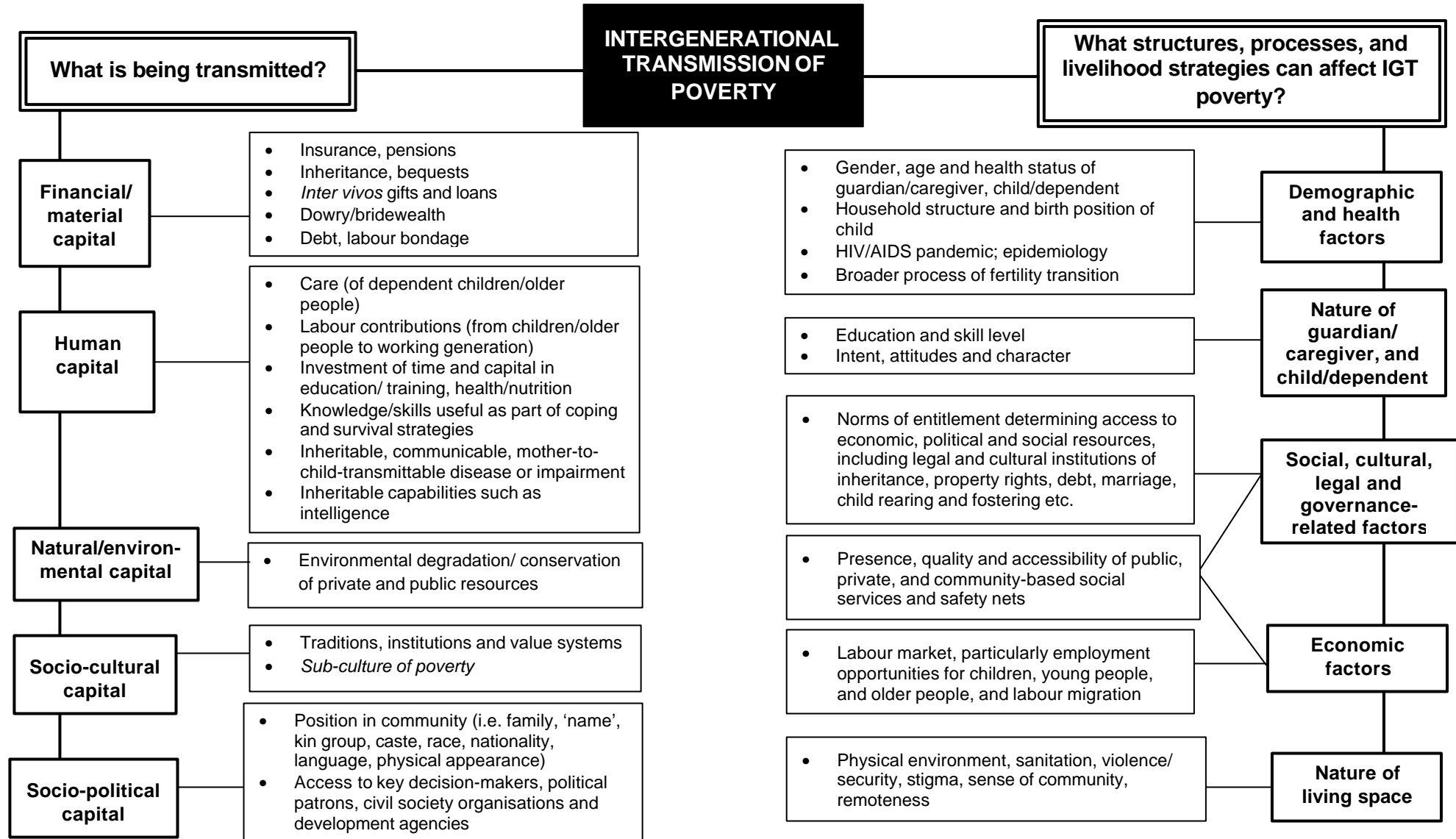
*Financial and material capital* can also be transferred between generations (within both kin groups and countries), through bequest and inheritance from older generations to the young, and, in some forms, through pensions and insurance from working generations to both older and younger people. Effective mechanisms that transfer assets across generations, along with other social safety nets, are likely to be important approaches to chronic poverty reduction (see Collard 2000 as well as papers on pensions by Charlton and McKinnon, Barrientos, Müller, and Simonovits in the same JID issue). Debt (negative inheritance) can also be transferred, and cycles of debt and, in some areas, bonded labour remain effective mechanisms of IGT poverty. In South Asia ILO estimates indicate that several tens of millions of people are bonded labourers and that many of these inherited this status from their parents. It is in the USA (see **Appendix 1**) that the most detailed empirical studies of the IGT of poverty have been conducted. These indicate that low levels of parental economic resources and human capital effects are strongly correlated with children's incomes and wealth.

Parental characteristics and intentions are also undoubtedly related to investments in children. This is related to the much more controversial literature surrounding whether there is a *culture of poverty*, as expounded by Lewis (1959) – that poverty is perpetuated through the inherent socio-psychological, political and economic traits of the poor themselves. More broadly, the extent to which personal traits such as intelligence, managerial ability or diligence are factors in movements in and out of poverty remains hotly debated (Yaqub 2000b), more so as the scientific understanding of genetic endowment expands. The historical antecedents of these issues led to notions of the 'deserving' and 'non-deserving poor'. In the US the culture of poverty debate has recently focused on the perverse incentives poor people derive from dependence on welfare – reluctance to supply their labour at low wages, teenage out-of-wedlock births, and the general low levels of aspirations associated with continued welfare use (Corcoran, 1995 – see Appendix 1). Few of the studies on which this paper is based address this question. Gaiha has suggested that the chronically poor exhibit certain 'innate' characteristics such as poor management skills (Gaiha 1989). Any such conclusion would need to be based on a more reflective and probably qualitative research approach which would situate such characteristics sociologically and historically.

The literature on coping strategies provides an alternative, more positive, more agency-based way of seeing the culture of poverty. It is likely that the coping and survival strategies passed on from one generation to the next actually facilitate survival in the midst of bad or deteriorating conditions, keeping the poor from destitution or death, but at the same time often helping to reproduce the conditions that obstruct escape from poverty. In situations of significant socio-economic change (e.g. emergence of HIV/AIDS, transition from a communist to market economy, structural adjustment), transmitted coping strategies may be particularly problematic within the new context. This nexus between structural poverty and the IGT of coping strategies will be an important issue with which the CPRC will engage, in order to help determine the means by which policy can best deal with chronic IGT poverty.



Figure 5: Intergenerational transmission of poverty



There is also a literature arguing that the degradation of the *environment* and the exhaustion of *natural resources* – both public and private goods – adversely affects the livelihoods of future generations (Markandya and Mason 2000). This set of issues is particularly relevant to the spatial analysis of chronic poverty. The chronically poor living in rural areas face specific resource constraints because of the livelihood strategies of earlier generations, particularly those based on state-promoted resource-intensive (e.g. water, land, trees, chemicals) agricultural strategies. In urban areas environmental degradation generally takes the form of pollution which may create higher financial costs for future generations (such as having to buy water because local ground water has been contaminated) or human capital costs (such as ill-health caused by earlier hazardous waste disposal in residential areas).

The second major question is, what are the likelihoods that a child born into poverty will suffer as a poor child, become a poor adult, and pass poverty on to her or his own descendants? This again relates particularly to the significant body of literature surrounding economic and social mobility – i.e. the likelihood of a person moving upwards or downwards from the socio-economic position into which s/he is born. For the CPRC the processes surrounding the entry to and exit from poverty and chronic poverty comprise a central theme: which people, under which circumstances, are unable to escape poverty, and why?

### **3.3 Severity and 'ultrapoverty'**

People who live far below consumption poverty lines are likely to require several strong poverty 'interrupters' to emerge from poverty within a generation; for example, higher casual wages *plus* access to several years of post-primary education *plus* access to meaningful transfers such as pensions and child allowances *plus* land redistribution. It is hypothesised that a significant proportion of people experiencing chronic poverty are severely poor, and that those suffering extreme poverty have a high probability of experiencing chronic poverty. Global comparisons of severe poverty (and pithy media soundbites) have been facilitated by the '\$1 a day' measure – developed by taking the median of the ten lowest poverty lines in the world. In 1998, South Asia accounted for approximately 44% of people living on less than \$1 a day, and sub-Saharan Africa accounted for about 24%. About 46% of the population of sub-Saharan Africa and 40% of South Asians fall below this measure of extreme poverty.

At the country level, poverty lines that take into account the distance of poor people from national poverty lines (the poverty gap) and the degree of income inequality among poor people (the squared poverty gap), can be calculated. The proportions of people in relative extreme poverty (those living at less than one-third of the national consumption average) in sub-Saharan Africa and South Asia are not radically different from those living on less than \$1 a day (51% and 40% respectively). However, using this measure, share of population in extreme poverty soars in other regions: Latin America and the Caribbean (6.5% living on less than \$1 a day, but 51.4% consuming less than one-third of average national consumption); Europe and Central Asia (2.0% and 25.6%); and the Middle East and North Africa (0.5% and 10.8%; World Bank 2000). Across and within countries – particularly across the rural-urban divide and along gender lines – differentials are often much wider.

However, it is likely that severity is not only reflected by the poverty gap in a single index, but by the number of dimensions in which deprivations are experienced, and the poverty gaps within each dimension. The trade-offs people are willing to make between different aspects of poverty (e.g. income for health; nutrition for education) are likely to be an important aspect in the severity of poverty, but are difficult to measure (World Bank 2000). Similarly, people's time preferences in terms of poverty can be both an

important indicator, as well as determinant, of poverty severity (i.e. the very poorest are not able to forego present consumption, while the less poor may be able to forego personal consumption now in order to invest in the education of self or children, reducing poverty in the long term).

Indeed, the long duration of poverty in itself can be viewed as an aspect of severity of poverty – it is on these issues that understanding poor people’s perceptions and strategies will be vital. While severity is typically a technical term relating to the depth of income/consumption poverty, it may be possible, in part through consultations with the poor, to develop more multi-dimensional indicators of depth and severity, drawing when possible upon existing qualitative research.

### **3.4 Perceptions of chronic poverty**

Participatory approaches to poverty assessment have become common in recent years, as discussed above. While duration of poverty is not dealt with specifically in the VOTP studies, there are several sections which are of particular interest to the understanding of chronic poverty. First, there is a discussion on the categories of poor people as used by the poor themselves, often touching upon the different causes of poverty, affecting different vulnerable groups (Narayan *et al.* 1999:28-9). In Swaziland, distinctions are made between the ‘temporary poor’ and ‘new poor’. In Ghana and Uganda, distinctions between different poor groups were made primarily on the basis of degrees of dependence. The poorest people in Ghana were described variously as:

‘chronically hungry ... extremely poor, the perennially needy and the pathetic. This category was divided into two broad groups, first is “God’s Poor,” a group which includes factors for which there is no obvious remedy—disability, age, widowhood, and childlessness. The second group is the “resourceless poor”; this includes ... immigrant widowers and other landless poor’ (ibid.:28-9).

A second relevant finding relates to the different way in which the newly poor in transitional countries approach poverty, as compared with that of the poor in developing countries. It is noted that while all the statements gathered “reflect insecurity and material deprivation”, the Eastern European and Central Asian respondents “are filled with disbelief and demoralization, and are much more likely to make comparative statements contrasting the better past with the intolerable present” (Narayan *et al.* 1999:34). Expressing an intense shame and humiliation often qualitatively different from that of the poor in developing countries, the newly poor in transitional countries compare their standard of living both *diachronically* (with their earlier standard of living) and *synchronically* (with that of others) as an attempt to:

‘psychologically mediate their experience ... [This is] a way for respondents to *externalise* the responsibility for the current situation. That is, by pointing to specific events that impoverished everybody, by citing examples of those worse off than they, or the criminality and duplicity of the wealthy, respondents feel that at least to a certain extent their impoverishment was not the result of personal failings, but of events utterly beyond their control, such as the transitions associated with “independence,” or in some cases, with other shocks such as the earthquake in Armenia ...’ (ibid.:57).

According to Narayan *et al.* (1999), although they continue to battle against poverty, the long-term poor in developing countries tend to be relatively accepting of their poverty as compared to the new poor in the transitional countries. The comparison generates important questions surrounding the comparative psychological effects of chronic, transient and new poverty in different contexts and on different generations, and the manner in which these relate to poor people’s sense of vulnerability and their coping strategies.

However, there is a paucity of research on *chronically* poor people's perception of their own poverty, which the CPRC will seek to correct through engaging with participatory research and other appropriate social research approaches (see the Chronic Poverty Research Toolbox). An example of this comes from India. Commonly, researchers have believed that the low incomes of casual labourers are due to a lack of employment opportunities or ill-health. However, the labourers themselves report that the key factor is the nature of casual work: it is so physically demanding that after two or three days a 'rest' has to be taken, and income lost, because of physical exhaustion.

### **3.5 Multi-dimensional poverty**

As discussed above, deprivation and ill-being are characterised by factors beyond poverty of income or consumption. It is likely that a significant if not a major proportion of the chronically poor are poor in several ways and that mobility, viewed in terms of multi-dimensional ill-being, is less dynamic than income mobility. Until now studies have always measured income or occupational mobility, on the rationale that greater income or change in occupational status is central and changes in other dimensions follow. However, 'intensity of poverty' may make mobility on *any* dimension more difficult, given the reinforcing nature of the different dimensions. Interventions geared to improvement on only one dimension may easily be brought to nought by the lack of impact on others. Wresinski's definition of extreme poverty is relevant here:

'A lack of basic security is the absence of one or more factors that enable individuals and families to assume basic responsibilities and to enjoy fundamental rights. Such a situation may become more extended and lead to more serious and permanent consequences. Extreme poverty results when the lack of basic security simultaneously affects several aspects of people's lives, when it is prolonged, and when it severely compromises people's chances of regaining their rights and reassuming their responsibilities in the foreseeable future' (Wresinski, 1987, quoted in Wodon, 2000:3).

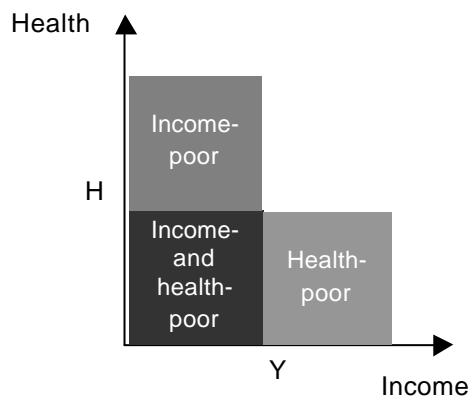
The cumulative lack of basic securities makes it extremely difficult for the poor to emerge from chronic poverty *by themselves*. In addition to the plurality of aspects of life affected by poverty, the chronically poor share a history of deprivation which may be transmitted across generations through economic, social and cultural isolation, or adverse incorporation which results in similar socio-economic and psychological consequences. While policy makers might object to the resulting vagueness of definition,

'there is something fundamentally true about a multi-dimensional approach to poverty, and the adequacy of this approach is more evident when one considers extreme poverty rather than poverty.... it does provide a faithful representation of the situation of many poor individuals and households around the world. If the situation of these households was one of financial deprivation only it could be ... dealt with through public transfers...' (ibid.).

Beyond helping in designing appropriate safety nets, a multidimensional approach to poverty can also be used to prevent the intergenerational transfer of poverty.

The WDR 2000/1 raises the issue of whether 'alternative aggregation rules' are needed to measure the multiple dimensions of poverty (World Bank 2000:22). In this scenario, people would either be poor if they are poor on any one dimension, or if they are poor on all (or a critical number of) dimensions. Since these dimensions relate to *assets* (human, financial, social and natural capital), and 'generally households with the fewest assets are most likely to be chronically poor' (ibid.:140), using multidimensional measures of poverty may be the best starting point for delineating the chronically poor.

**Figure 6: Aggregating the multiple dimensions of poverty**



Note: H is the threshold defining the health-poor, and Y that defining the income-poor.

Source: World Bank (2000: 22).

For example, those experiencing income and health poverty are a more logical focus for CPRC work than the income poor or the health poor (**Figure 6**).

Multiple dimensions have been used by the UNDP to create human development and human poverty indices to describe the level of development or poverty status of national populations. However, they have not been used to characterise the poverty of different groups among the population. Examining the feasibility of household or group level composite indices will be a methodological and analytical challenge for the CPRC.

### 3.6 *The chronic poor - a heterogeneous group*

The chronic poor are a heterogeneous group whose deprivation can stem from many different factors (see **Section 5**). Commonly they reside in remote rural areas or zones of violent conflict and insecurity, experience social discrimination, lack social networks, are disadvantaged because of impairments and have been displaced or relocated. Levels of knowledge about the chronic poor vary greatly. For example, the numbers of refugees and the problems that they face is reasonably well known and is (at least partially) regularly monitored. By contrast, the numbers of disabled people in developing countries and their needs, problems and means of support remains a major omission in the literature on poverty in developing countries (Yeo 2001).

Initial research reported in other CPRC research working papers in this series<sup>12</sup> has identified a number of categories of individuals, households and social groups who are particularly likely to suffer chronic poverty.

- Those experiencing deprivation because of their stage in the life cycle e.g. older people, children and widows.
- Those discriminated against because of their social position at the local, regional or national level e.g. marginalised castes, ethnic, racial or religious groups, refugees, indigenous people, nomads and pastoralists, migrants.
- Household members who experience discrimination within the household e.g. female children, children in households with many other children, daughters-in-law.
- Those with health problems and impairments e.g. HIV/AIDS sufferers, people with mental health problems.
- People living in remote rural areas, urban ghettos, and regions where prolonged violent conflict and insecurity have occurred.

Commonly, the chronic poor experience several forms of disadvantage at the same time: these combinations keep them in poverty and block off opportunities for escape. An obvious example are low caste widows living in remote areas in India: their poverty is sustained through the interaction of gender, caste and age discrimination and geographical location.

Few studies have attempted to identify and quantify the chronic poor at the national level. A notable exception is Aliber's (2001) '...rough order of magnitude estimate...' for South Africa (**Table 2**). He divides those experiencing chronic poverty into a number of identifiable categories and estimates that in 2000 between 18% to 24% of households were living in (or '...highly susceptible to...') chronic poverty. With the onslaught of AIDS this figure could extend to 24% to 30% of households by 2010. While Aliber points out the problems of such estimates this analysis provides an indication of the way in which a clearer idea of 'who' the chronic poor are might be gained.

**Table 2: Preliminary estimates of numbers of chronically poor households and individuals in South Africa, with base year = 2000**

<b>Category</b>	<b>Households</b>	<b>Individuals</b>	<b>2005</b>	<b>2010</b>
Rural poor	1,000,000			
Female-headed	767,000			
Disabled	38,000			
Elderly	378,000			
AIDS orphans		371,000	1,000,000	1,900,000
AIDS families	60,000		320,000	540,000
Former farm workers	300,000 – 600,000			
Migrants		250,000 – 500,000		
Street homeless		20,000 – 100,000		
Total*	1.6 – 2.1 million	641,000 – 971,000		

Source: Aliber (2001).

\* Totals are not simple additions as some households/individuals are counted under two or more categories.

## **4 What are the causes of chronic poverty?**

### **4.1 Little pictures and big pictures**

To raise awareness of chronic poverty and influence policy the CPRC must deepen the understanding of why chronic poverty occurs. Clearly there will be no single explanation and choices will have to be made about which factors to examine and the analytical frameworks to use.

In terms of 'causes' a vast range of factors are identified in the literature (**Table 3**). Analytical frameworks focus on specific sets of these factors and examine the ways in which they interact to explain the incidence and nature of chronic poverty. These frameworks can range from the simple (such as environmental determinism, which argues that poverty is the result of too many people living on poor lands that are unhealthy for humans) to the highly complex (such as theories of globalisation e.g. Castells 2000 that attempt to weave all of these factors, and more, into an analysis that goes from the micro to the macro level). The frameworks that CPRC needs will have both an analytical dimension (why things are the way they are) and a normative dimension (how things could be done better i.e. to reduce chronic poverty) that permits prescription.

At a grand level, research on chronic poverty can be viewed as research on the failure of 'development' to deliver improved livelihoods. With the 'collapse of communism', ideas about the success and/or failure of development are integrally linked to the

evolution of capitalism. Thomas (2000:43), albeit with many caveats, has attempted to summarise the debates about development into four main positions:

- Neoliberal theories positively elaborating on the development of capitalism
- Theories arguing that development is necessary alongside capitalism (e.g. removing barriers to participation, social development)
- Structural and people-centred development alternatives to capitalism
- Rejection of development (post-development and post-modernist thinking)

**Table 3: 'Causes' of chronic poverty**

<b>Economic</b>	<p>Low productivity          Lack of skills          'Poor' economic policies          Economic shocks          Terms of trade          Technological backwardness/lack of R&amp;D          Globalisation</p>
<b>Social</b>	<p>Discrimination (gender, age, ethnicity, caste, race, impairment)          High fertility and dependency ratios          Poor health and HIV/AIDS          Inequality          Lack of trust/social capital          Culture of poverty</p>
<b>Political</b>	<p>Bad governance          Insecurity          Violent conflict          Domination by regional/global superpowers          Globalisation</p>
<b>Environmental</b>	<p>Low quality natural resources          Environmental degradation          Disasters (flood, drought, earthquake etc)          Remoteness and lack of access          Propensity for disease ('the Tropics')</p>

Given CPRC's independence, components of our research can come from any of these positions. However, the bulk of our work is likely to fall within the middle two bullet points (which still span vast ideological and theoretical ground) as:

- (i) our original proposal explicitly critiques the radical neoliberalism of the 1980s and 1990s for failing to tackle chronic poverty, and
- (ii) the post-development literature is often theoretically unclear and normatively and prescriptively weak.

While this helps locate our work in terms of the big picture we shall need more specific frameworks to analyse the conditions of specific groups of poor people. There are a

wide range of possible frameworks – and these can be mixed and matched in a number of variants. In the following section some of the most commonly used contemporary frameworks are identified and briefly explored.

## 4.2 Analytical frameworks

### 4.2.1 Quantitative panel data set analysis

Analysis of quantitative panel data sets has so far been the main means by which researchers have investigated the existence, extent and causes of chronic poverty. Again, as noted in McKay's forthcoming CPRC working paper, this 'can take two forms: panel data, where some or all of those surveyed in the first round are surveyed again in subsequent rounds; and repeated cross sections, where a new sample is selected each time.' The former provides a means of understanding poverty dynamics, down to the level of the household or individual, whereas the latter provides a means of trend analysis to the level of geographic area, social group or 'community'. McKay (2001) also notes that due to the practical difficulties surrounding undertaking repeated panel data collection over long periods of time, most panel data sets either span a short period of time, or have few data points. Therefore, 'most panel data is not suitable for addressing life cycle aspects of poverty dynamics at the individual household level. Information on life cycle experiences of individual households will generally be more effectively captured using retrospective techniques with a qualitative focus'.

While generally drawing upon income/consumption data, quantitative analysis of chronic poverty can also draw upon other measures of poverty and deprivation. Child anthropometric data, generally collected in national longitudinal household surveys, may be of particular use, as it can provide both an accurate representation of present household well-being as well as a proxy for retrospective data.

Many of those researchers who have analysed longitudinal quantitative data have been able to crosstabulate chronic poverty with various other poverty indicators and personal characteristics, including income and expenditure (Chaudhuri and Ravallion 1994, Gaiha 1989); ethnicity (Blee 1996, Devine *et al.* 1992, Rodgers and Rodgers 1993); access to land, labour, and other assets (Chaudhuri and Ravallion 1994, Gaiha 1989, McCulloch and Baulch 2000); levels of education and skills (Gaiha 1989, Jalan and Ravallion 1998, McCulloch and Baulch 2000, Rodgers and Rodgers 1993); health (Jalan and Ravallion 1998); household structure and life cycle effects (Devine *et al.* 1992, Jalan and Ravallion 1998, McCulloch and Baulch 2000, Rodgers and Rodgers 1993); food security (Braun 1995, Chaudhuri and Ravallion 1994, Jalan and Ravallion 1998); and geography, climate and ecology (Gaiha 1989; Jalan and Ravallion 1998). These crosstabs can indicate correlates, if not always clearly causes or consequences, of chronic poverty. Direction of effect and the interference of unobserved variables are difficult to detect.

Few researchers, however, have attempted to take the analysis further and understand the potentially different causes of chronic and transient poverty through quantitative analysis. A significant exception is Carter and May's (1999) analysis of the South African KIDS data (**Table 4**).

Based on dynamic quantitative data on assets and entitlements (based as much on social, political, and cultural status as economic status) the authors examine a set of distinctions between various groups of the poor. The distinction between the *structural poor*, with a set of assets expected to yield a sub-poverty living standard and who may or may not temporarily escape via 'positive shocks', and the *stochastic poor*, pushed



**Table 4**      **Decomposing poverty transitions in South Africa**  
**(% surveyed households)**

	Poor in 1998	Non-poor in 1998
Poor in 1993	<p><b>23% chronically poor, of which:</b></p> <ul style="list-style-type: none"> <li>• 14% dual entitlement failures</li> <li>• ?~86% in poverty trap</li> </ul>	<p><b>11% got ahead, of which:</b></p> <ul style="list-style-type: none"> <li>• 46% stochastically poor in 1993</li> <li>• ?~54% structurally poor in 1993</li> </ul>
Non-poor in 1993	<p><b>18% fell behind, of which:</b></p> <ul style="list-style-type: none"> <li>• 30% chronic poor, but fortunate in 1993</li> <li>• ?45% stochastically poor in 1998</li> <li>• ?9% new structurally poor</li> </ul>	<p><b>46% never poor, of which:</b></p> <ul style="list-style-type: none"> <li>• ?19% dual positive shocks and vulnerable</li> <li>• ?~81% structurally non-poor</li> </ul>

Source: Carter and May 1999, based on KwaZulu-Natal Income Dynamics Survey.

below the poverty line by negative livelihood shocks (i.e. unexpected, permanent in the asset base or set of entitlements), is paramount. In the context of only two data points indicating poverty ‘spells’, the approach reveals the extent to which someone’s poverty consists of a ‘permanent component’ (i.e. structural asset/ entitlement failure) or a ‘temporary component’ (i.e. stochastic asset/entitlement failure), suggesting who is likely to be chronically poor in the longer term.

#### 4.2.2 Livelihoods analysis

This has become common for both academic and policy-related work, and has already been introduced in this paper in **Section 3.2** on IGT poverty. A number of summaries are available (see Chronic Poverty Research Toolbox for details) but Ellis’ (2000b:30) approach is widely utilised (**Figure 7**). Increasingly, academic researchers are dropping the misleading prefixes (‘rural’ and ‘sustainable’) that are associated with the livelihoods methodologies used by aid donors. At its core, livelihoods analysis proposes that the way in which a household meets its present and future needs, and pursues its aspirations, must be seen holistically and dynamically. By examining the full set of ‘assets’ at a households disposal the factors that shape the well-being or ill-being of its members can be understood at the micro-level in great detail (Murray 2000) or at a meso-level through sample surveys of settlements and comparative aggregate analysis (Ellis 2000b:200-230). This can shed light on the ways in which household members, businesses, ‘civil society’, and state action interact to create, maintain or reduce poverty and vulnerability.

As Murray (2000:118) notes, as household livelihoods often transcend both sectoral and geographical boundaries, it is important that livelihoods research “transcend local ‘communities’ in order to comprehend both intra-household relationships and significant inter-household social relationships”. Factors such as migration, absentee landlordism and other livelihood diversification strategies (particularly relevant to Southern Africa but variously applicable to many regions) often require an understanding of the multiple livelihoods of people living in different locations from various socio-economic strata. Particularly through an understanding of historical context and the interactions between macro and micro levels, an awareness of the livelihoods of the urban not-so-poor, for

**Figure 7: A framework for micro policy analysis of rural livelihoods**

<b>A</b> Livelihood platform	<b>B</b> Access modified by	<b>C</b> In context of	<b>D</b> Resulting in	<b>E</b> Composed of	<b>F</b> With effects on
<i>Assets</i>  Natural capital Physical capital Human capital Financial capital Social capital	<i>Social relations</i>  Gender Class Age Ethnicity	<i>Trends</i>  Population Migration Technological change Relative prices Macro policy National economic trends World economic trends	<i>Livelihood strategies</i>	<i>Natural resource (NR) - based activities</i>  Collection Cultivation (food) Cultivation (non food) Livestock Non-farm NR	<i>Livelihood security</i>  Income level Income stability Seasonality Degrees of risk
	<i>Institutions</i>  Rules and customs Land tenure Markets in practice	<i>Shocks</i>  Drought Floods Pests Diseases Civil war		<i>Non-NR-based</i>  Rural trade Other services Rural manufacture Remittances Other transfers	<i>Environmental sustainability</i>  Soils and land quality Water Rangeland Forests Biodiversity
	<i>Organisations</i>  Associations NGOs Local admin State agencies				

Source: Ellis (2000b:30).

instance, can contribute significantly to an understanding of both the political-economy and social context of poverty in rural areas.

The 'asset pentagon' (natural, physical, human, financial, and social capital) can be modified by the researcher so that alternative or additional concepts can be included. In particular, many critics have argued that the orthodox pentagon fails to incorporate power relations and that 'political capital' must be added. An example is provided in **Figure 4** which divides social capital into socio-cultural and socio-political capital. Participatory research has highlighted the importance of physical security (McIlwaine and Moser 2001). **Table 5** illustrates the way in which 'assets' might be elaborated and of their significance for chronic poverty.

#### 4.2.3 *Freedom*s

Throughout the 1980s and 1990s Sen's work has encouraged researchers to examine the 'entitlements' and 'capabilities' of those experiencing deprivation. His recent work (Sen 1999) takes these ideas forward and proposes that poverty (and overcoming poverty) can be understood in terms of five freedoms (**Table 6**). Arguably, these permit a holistic analysis of all of the relevant social, economic, political and environmental factors that deepen the appreciation of the mutually reinforcing ways in which private, civil and state action can improve individual, group and social welfare. Operationalising this framework is a contemporary task: **Table 6** provides a starting point for relating freedoms to chronic poverty. An advantage of this framework as a starting point is that politics and governance receive adequate and explicit attention. Some would no doubt criticise the strong commitment to market economics that is also implicit in the framework.

#### 4.2.4 *Social exclusion*

In Europe, the concept of poverty has recently been supplanted by 'social exclusion'. As the concept initially emerged from within a welfare state context, and as exclusion presupposes inclusion, debates continue regarding the applicability of social exclusion approaches to poverty in developing countries which have never had a functioning comprehensive social welfare system.<sup>13</sup> Thus, the paradigm, in its tightest sense, might be of particular use in studying chronic poverty in developing countries such as Sri Lanka and South Africa, which do have social welfare systems from which certain people find themselves excluded. At the same time, as de Haan (1999) discusses, the concept has been (even within welfare states) usefully extended to encompass the multi-dimensional, relational aspects of deprivation and poverty – i.e. people are excluded not only from publicly provided services but from a broad range of social, political and economic institutions, and as a result experience lack of capabilities and entitlements. Social exclusion may therefore be a useful starting point from which to understand the politics surrounding chronic poverty, perhaps especially where chronic poverty is based on the discrimination of a particular social group or 'underclass'.

A distinction between socio-political and socio-cultural exclusion may help to steer analysis towards two important sets of issues: the politics of persistent poverty (by comparison with the politics of poverty as a whole), and the renewed debates around cultures of poverty and related concepts of coping strategies. Both analyses would pick out key *institutions* in the sense of 'rules in use'. Socio-political analysis would focus on the institutional mechanisms and processes which keep poor people either excluded or adversely included in subordinate, constraining positions. It would also seek out institutional developments (like the institutionalisation of political parties and inter-party competition) which might open windows of inclusion. Socio-cultural analysis would look at the more micro level of social relationships

**Table 5: 'Assets' and the chronic poor**

<b>Dimension of poverty/well-being</b>	<b>Characteristics of the chronically poor</b>	<b>Significance for the chronically poor, in terms of ease/difficulty of realisation or upward mobility</b>
<i>Physical assets:</i> land, livestock, house, other	<ul style="list-style-type: none"> <li>• Landless (or livestock-less, in pastoral contexts), near landless, marginal land; limited access to necessary inputs (e.g. labour, irrigation)</li> <li>• Physical assets few, of poor quality, vulnerable to theft</li> </ul>	<ul style="list-style-type: none"> <li>• Few opportunities to accumulate assets</li> <li>• Redistribution policies are increasingly rare and are usually poorly implemented</li> <li>• High likelihood of losing physical assets</li> </ul>
<i>Financial assets and substitutes:</i> income (trade, wages, rents, remittances, other); savings; investment; consumption	<ul style="list-style-type: none"> <li>• High or low variability around a low mean, depending on wider socio-economic context</li> <li>• Few opportunities for diversification that would permit income or asset augmentation</li> </ul>	<ul style="list-style-type: none"> <li>• Microfinance has been extended to some poor people but there has not been a microfinance revolution</li> <li>• The poorest rarely access microfinance institutions</li> </ul>
<i>Geographical capital</i>	<ul style="list-style-type: none"> <li>• Remoteness, marginality, lack of physical and social infrastructure, poor environment,</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities for migration out of marginal areas depend on other forms of social and economic capital</li> </ul>
<i>Health and nutrition assets</i>	<ul style="list-style-type: none"> <li>• Vulnerability associated with disease, impairment, age</li> <li>• Ultra-poor consuming &lt;80% of required calories but spending &gt;80% on food</li> </ul>	<ul style="list-style-type: none"> <li>• Ill health often has catastrophic impacts on other assets</li> <li>• HIV/AIDS reshaping health levels in many countries</li> </ul>
<i>Education and training assets</i>	<ul style="list-style-type: none"> <li>• Poor (or no) education</li> <li>• Few opportunities to develop new skills</li> <li>• Reliance on coping strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Difficulty of maintaining enrolment (in terms of cost and time), especially for girls, especially up to secondary/technical level</li> <li>• Key intergenerational exit route, but highly dependent on labour market</li> </ul>
<i>Social and political assets</i>	<ul style="list-style-type: none"> <li>• Vulnerability associated with age, disability, gender, caste, ethnicity, religion</li> <li>• High levels of dependence and adverse incorporation into patron-client relations; eroded or lacking positive socio-political networks</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-stranded patronage webs difficult to extricate oneself from, and are often passed on intergenerationally</li> <li>• Chronic poor generally have little or not voice in policy or governance</li> </ul>
<i>Security assets</i>	<ul style="list-style-type: none"> <li>• Vulnerability to violence, including domestic violence</li> </ul>	<ul style="list-style-type: none"> <li>• Very significant, but often not understood by researchers and policymakers</li> </ul>
<i>Psychological assets</i>	<ul style="list-style-type: none"> <li>• Effects of long-term poverty, involvement in activities perceived as degrading, and dependence on dignity, sense of self and risk aversion</li> </ul>	<ul style="list-style-type: none"> <li>• Labels (by public policy and by civil society) tend to stick over long periods and be transmitted intergenerationally</li> </ul>



**Table 6: Achieving the five freedoms for the chronically poor: implications for public policy**

<i>The five freedoms</i>	<i>Significance for the chronic poor</i>	<i>Difficulties in realisation</i>
Political freedoms	Democracy has demonstrated effectiveness in preventing economic disasters and famines	Role of organised opposition and extensive public debate is particularly important (e.g. about social opportunities).
Economic facilities	Market mechanism a basic arrangement for mutually advantageous interactions for all.	Efficiency contributions do not guarantee distributional equity. Social opportunities to participate in the market may be constrained. Asymmetries of information and power realised through unregulated functioning of markets.
Social opportunities	Basic education, elementary medical facilities, key resource (e.g. land for agriculture) availability.	Can be significantly enhanced by public policy on health, education, land reform. Human development is basic, not a luxury for rich societies only.
Transparency guarantees	Crisis tends to be unequally shared. Transparency of information about government and business necessary to create broad relations of trust in society as basis of economic security.	Greater transparency and open public discussion of critical issues is helped by press freedom, media independence, expansion of basic education especially for women, and enhancement of individual economic independence through employment especially for women.
Protective security	Access to private and community insurance and safety nets likely to be weak for chronic poor, so state-assured (i.e. not necessarily state-provided) safety nets very important.	Realising access to safety nets requires effective governance and/or politically educated citizens.

Source: adapted from Sen (2000).

and socialisation which transmit values, attitudes and behaviour within and between generations, with impacts on potential for exit from poverty, and which help to direct individuals towards or away from the 'mainstream' of society and resource them (or provide entitlements to them) in it. This level of analysis is always nested within wider societal and global processes which would also need analysis.

#### 4.2.5 A chronic poverty policy framework

An early task for the CPRC is to bring together elements of the above frameworks to create an appropriate policy analytical approach and method. Elements of particular significance for chronic poverty include: social opportunity, protective security, human rights and structures and processes for their implementation. Critical elements of policy analysis will focus on: political exclusion, inclusion and representation, and the role of brokers, interlocutors; the political economy of social solidarity; and poverty-focused institutional analysis. The sociology of knowledge and 'denial' about the poor and the chronically poor will also provide a background analysis of relevant international, national and local discourses which frame policy. These approaches to analysis will help develop an understanding of why particular policies are pursued or not pursued, and why some development paths may be followed despite clear signs that they are

antagonistic to the interests of chronically poor people, or even contributory factors in generating chronic poverty.

### **4.3 Units of analysis**

In any analysis of chronic poverty, it is important to differentiate whether one is referring to an individual, a household, a social group, a geographical area, or a country. As Yaqub (2000b) clearly details, 'whereas poverty trends focuses on inter-temporal changes in *aggregate* poverty of countries (or sub-groups thereof) in which households (or individuals) remain anonymous, poverty dynamics focus on inter-temporal changes in poverty of *specific* households (or individuals)'. While the CPRC is primarily concerned with dynamics rather than trends, trends analysis will be utilised when a clearly identifiable sub-group (e.g. older people, the disabled) is of particular interest. Commonly our research will involve discussions of poverty dynamics for different units of analysis (also see section on *Livelihoods analysis*).

#### *4.3.1 The household*

The household (usually defined as a group of people who 'eat from the same pot' and live in the same residential unit) has been the commonest unit of analysis for studies of chronic poverty to date. While much CPRC research will focus on this unit, it is increasingly recognised that well-being is stratified *within* the household, especially along lines of gender, age, and health status (Haddad *et al.*, eds., 1997; Miller, 1997). As noted above, in many regions girls in poor households are less likely than boys to receive adequate education and health care. Throughout their lives poor women perform a triple role – reproductive work (including frequent childbearing and responsibility for the care of the household), productive work (often highly physically burdensome), and community work – placing additional obstacles in the way of escaping poverty. Thus some women in poor, but not chronically poor, households, may be chronically poor – their poverty is lasting and hard to escape even when other members of the household improve their situation. The process through which changes in household composition – through marriage, divorce, birth, death and migration – affect mobility also is differentiated along lines of gender, age and health status. In addition (i) assumptions about the durability of households are often wrong (making it difficult to delineate 'who' is in the household) and (ii) many of the chronic poor may not be 'in a household' e.g. street children and the destitute. Qualitative fieldwork undertaken in country programmes will work on intra-household differentiation, relations and processes as well as their policy implications.

#### *4.3.2 Individuals*

Critiques of the 'homogeneous' household (see above) mean that some research will have to focus on the individual level – demanding data (about incomes, consumption, social conditions and relations, personal attributes and motivations) that relates to specific individuals. Commonly, we shall need data at both individual and household levels to understand important intra-household processes. The great advantage of the analysis of individuals is the ease of definition and identification. A disadvantage is that most development and poverty reduction interventions are aimed at 'the household' and policy-makers steer clear of the complexity of intra-household relations.

#### *4.3.3 Social groups*

Parts of the existing literature on chronic poverty focuses on specific groups of people. Sometimes these are 'real' groups and have a common social identity and associational forms (e.g. members of a caste, pastoralist communities). At other times these are groupings of people who have common characteristics but who do not share

a social identity and/or practice association (e.g. disabled people in rural areas, daughters-in-law).

In addition to people living in remote rural areas – often the homes of marginalised castes, tribes, ethnic groups, immigrants and pastoralists – vulnerable sub-groups identified in the literature include disabled people, older people, people living with HIV/AIDS, and women (particularly widows and female-headed households). It is likely that a significant proportion of the chronically poor are those who experience *multiple* and *overlapping* vulnerabilities.

A similar analysis applies to other groups – for instance, the elderly poor, who regularly become very poor at the end of their life due to marginalisation and ill health, and die without escaping poverty; and the disabled poor, whose experience of social-economic discrimination and physical impairment may be sufficient not only to make them poor but also severely to reduce the life chances of their children.

#### 4.3.4 Geographical Areas<sup>14</sup>

Inhabitants of specific regions – remote rural areas, urban slums, and ‘interstitial’ communities in particular – often endure a set of common vulnerabilities to natural hazards, pollution, agro-climatic shocks, conflict and instability, and infrastructural and social remoteness, particularly from markets, health centres and centres of political decision-making, increasing the susceptibility of the entire population to chronic poverty.

In these cases, chronically poor areas (in terms of poverty *trends* analysis) are likely to contain chronically poor people (in terms of poverty *dynamics* analysis). Within these *spatial poverty traps*, it is unlikely that individuals or households can reduce their poverty, and certainly not without a reduction being at the expense of others. Indeed, as detailed in the VOTP studies, “in several cases, poor people in urban areas, though actually poorer than those in comparable rural areas, are viewed as *less* poor because they have access to infrastructure and basic services” (Narayan *et al.* 1999:37); the stigma attached to living in a ‘place of the poor’ is an additional source of vulnerability for the poor. (See the forthcoming CPRC working paper by Bird, Hulme and Shepherd on remote rural areas for a more in-depth discussion of spatial poverty traps and ‘geographic capital’).

At the same time, it is important to recognise that in other areas, where lower levels of covariant risk coexist with higher levels of socio-economic inequality, an aggregate measure of high chronic poverty may mask significant mobility in and out of transient poverty. Put another way, in some poor areas not everyone who is poor will remain so for long.

## 5 Linking analysis to action

Research on chronic poverty will only have value if it deepens the understanding of why poor people stay poor and, in particular, sheds light on the ways in which those who will not benefit from efforts to achieve the international development targets might be ‘included’ in future development policy and action. However, to be policy relevant we shall constantly need to interrogate our findings with the question ‘what are the implications?’. At times this will be ‘public policy’ implications (for governments and official development agencies) but we can go beyond this and seek to influence a much broader set of actors – CBOs, NGOs, political parties, other researchers, the media and the private sector.



One possible way of interrogating our findings is to ask ourselves during and after each piece of research:

- What are the ‘drivers’ of poverty in this case - i.e. what are the key reasons that an individual or household has become poor? (These may include public policies and programmes, market developments and trends as well as more local or individual factors.) See Table 1 for some specific examples.
- What are the ‘maintainers’ of poverty in this case - i.e. what are the key reasons that an individual or household is staying poor? Note that the answers to the first and second questions may not be the same - the causes of entering poverty and staying in poverty are not necessarily the same.
- What are the potential ‘interrupters’ of poverty in this case - i.e. what are the key means through which exit from poverty can be facilitated for an individual or household? This may involved both removing some of the ‘maintainers’ of poverty (i.e. ill health, patron-client relations) as well as some ‘drivers’ to well-being (i.e. employment, credit, training).

In terms of substantive multi-dimensional analysis we have not yet moved very far beyond Chambers’ (1983:112) original model showing that income/asset poverty relates to ill-health, powerlessness, isolation and vulnerability. What is needed are qualitative and quantitative models which identify the key ‘drivers’ of poverty in particular situations – the original causes of being in or falling into poverty for individuals, households and regions; what the key ‘maintainers’ are – the factors which keep people in poverty over long periods; and the key ‘interrupters’ – the factors and actions which permit escape. These drivers, maintainers and interrupters may be single, sequential and/or combinations. The more chronic and intractable the poverty, the more likely it is that we should be looking for sequences and combinations of factors to enable escape from, or even further slide into poverty (see **Table 7** for an example).

**Table 7: Framework for the analysis of multi-dimensional poverty in Meena Bhil, Western India**

	<i>Single</i>	<i>Sequence</i>	<i>Combination</i>
<i>Drivers</i>	Land fragmentation	Land division Health/security shock Large number of dependants	Low geographic capital
<i>Maintainers</i>	Labour market <ul style="list-style-type: none"> <li>• Bonding</li> <li>• Low and uncertain wages</li> <li>• Insecurity</li> </ul>	Periodic unproofed drought Debt	Low quality basic services Poor reach Withdrawal
<i>Interrupters</i>	Land consolidation Skill upgrades	Voice/take control LBA, NLBA, WLSP* Health and education	Integrated livelihoods and rights + Remote area governance

\* LBA = Land-based activities; NLBA = Non-land-based activities; WLSP = Wage Labour Support Programme.

This framework has the advantage of identifying in a potentially simple way for policy makers the characteristics and causes of a complex phenomenon, which has not yet been adequately recognised at policy level.

## 6 Conclusion

This paper has reviewed the meaning of 'chronic poverty', and the analytical frameworks that might be used to understand it, to provide guidance to researchers on chronic poverty. A number of key points emerge.

1. The study of chronic poverty in recent years has tended to focus on quantitative measures of income, expenditure or consumption. Such an approach will play an important role in future research but must be complemented by work that takes a multi-dimensional view of poverty that is qualitative and that permits subjective assessment by poor people themselves.
2. Research should focus primarily on those who experience (or are likely to experience) poverty for extended periods of time (say 5 years or more) and the processes that keep them poor. While 'long duration' is the key criterion it can also be hypothesised that chronic poverty will often be multi-dimensional and severe. While poverty trends are of interest the prime focus is on the poverty dynamics of individuals, households and social groups. We propose that chronicity be primarily conceptualised by CPRC researchers as 'poverty spells'. However, at times an analysis of 'poverty components' may aid the understanding of casual factors and processes.
3. A five-tiered categorisation of poverty is proposed (**Figure 3**). This identifies the *always poor*, *usually poor*, *churning poor*, *occasionally poor* and *never poor*. The first two categories are *chronically poor*, the next two *transitorily poor* and the last one is *non-poor*. Charting the factors that are associated with transitions in the poverty status of a household will help us to understand the processes that create or erode chronic poverty and relate these to policy and action (**Table 1**).
4. A particularly important focus for research is on the intergenerational transmission (IGT) of poverty. This is both a characteristic and a cause of chronic poverty and can be examined in terms of the intergenerational transfer of capitals or assets.
5. The chronic poor are a heterogeneous group and must be studied at individual, household (intra and inter) and social group levels. They include those experiencing deprivation because of their stage in the life cycle, those who are socially discriminated against (within the household, community or nation), those with impairments and health problems, people living in remote rural areas, urban ghettos and regions where prolonged violent conflict or insecurity have occurred. Commonly, the chronic poor experience several forms of disadvantage at the same time – gender, age, ethnicity, location, among others.
6. While many causes (economic, social, political, environmental) of chronic poverty are identified in the literature we must also recognise that our work is located within the 'big picture' of views about what 'development' is. These range from those who equate development with capitalism to those who reject the idea of development entirely. CPRC work is likely to fall in the middle ground (which covers a vast ideological spectrum) about seeing development as 'adjusting' capitalism so that it is socially responsible through to structuralist and 'alternative' interpretations of development.
7. There are a variety of analytical approaches (and associated methods) that can be used. To gain a deep understanding of chronic poverty, that has policy relevance, CPRC work will often draw upon several frameworks to explore an issue or area or group. Panel data set analysis will be very valuable, but should be complemented by qualitative work (using 'livelihoods', 'freedoms' and/or 'social exclusion' frameworks). At times studies of specific policies will be required, drawing on

frameworks for 'policy analysis' and impact assessment. Research plans need to closely consider which mix of frameworks (and methods) is most likely to achieve research and policy goals. The Chronic Poverty Research Toolbox ([www.chronicpoverty.org](http://www.chronicpoverty.org)) examines methods in detail.

8. Research on chronic poverty will only have value if it deepens the understanding of 'who' is chronically poor and 'why' this happens. However, to be policy relevant our findings must be interrogated by the question 'what are the implications for action'? At times this will relate to state and donor interventions, but it also includes CBOs, NGOs, political parties, other researchers, the media and the private sector. The idea of simplifying policy findings into 'drivers', 'maintainers' and 'interrupters' of poverty is briefly presented.

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## Appendix: Why does growing up poor in the US hurt children's economic status? Findings from research using panel data

The notes below summarise a review of research on intergenerational transmission of poverty in the US. It is included because

- the datasets on which it is based are probably the best in the world
- the analytical frameworks considered are wide-ranging

Source: Corcoran, M. (1995) 'Rags to riches: poverty and mobility in the United States', *Annual Review of Sociology*, Vol. 21, 237-267

### Parental resources

- most of the effect of parental poverty is independent of the number of years of schooling received by the child
- poverty not just a proxy for the measured parental (family structure, size, maternal schooling, parental work) and neighbourhood disadvantages (i.e. there is more to it than that)
- there is some evidence for the negative impact of long-run low parental income on cognitive ability at age 5, as well as on stunting and wasting.
- men's adult cognitive abilities correlate with men's earnings, and effects of cognitive test scores have grown over time
- is reduced cognitive ability a result of inheritance or is it the effect of parental poverty?

### Family structure

- growing up in a 'non-intact' family leads to diminished adult outcomes because 'as children they had less access to parental economic resources, parental non-economic resources (involvement, supervision...), and community resources. This is consistent with the resources argument. But being raised in non-intact families significantly affects high school graduation and teenage fertility even after resources are controlled, suggesting support for sociological or psychological theories related to distress, socialisation effects, role models etc.' (p253)

### Welfare use i.e. use of welfare payments?

- effects of parental welfare use are consistently significant for daughters' welfare use, teenage out-of-wedlock births, and moderate for children's schooling; but there were no consistent findings for effects on son's labour supply and earnings.
- if measures of parental poverty and labour market opportunity are added together, the effects of parental welfare use are less significant. (There is a need to separate out parental poverty from welfare use effects – few studies do this. And to separate out short-run from long-run welfare use as users are different groups.)
- there is no evidence that going on welfare *does* alter values and attitudes (the modern version of the 'culture of poverty' argument.)
- there is mixed and inconclusive evidence on whether welfare benefits provide perverse incentives (i.e. to have teenage children for teenagers to have children?, to reduce labour supply etc)

### Neighbourhoods

- all the above models imply that neighbourhoods play a strong role in IGT. People also go to great lengths to live in the 'right' neighbourhood, indicating the importance they place on it...
- studies only allow a conclusion that 'growing up in "bad" neighbourhoods is bad for children, but we don't know what it is about bad neighbourhoods that matters. It could be neighbourhood poverty, neighbourhood welfare use, an inadequate tax based, poor public services, neighbourhood family structure, absence of middle class role models, or a host of other possibilities.' (258)

### Labour markets

- there little conclusive on effects of labour markets either. There has been no research on effects of macro-economic trends on IGTP. Less upward mobility could be expected in periods of slow growth.
- if children remain in neighbourhoods with limited job opportunities (and labour market conditions are correlated across time) this may explain a lot of IGP. Very little research yet on comparative labour market opportunities. Labour market opportunities (measured by expectations of earnings and local rate of unemployment) do matter, the question is how much compared to other explanations?

### Race

- 'Almost 80% of black children will live in a poor home for at least one year during childhood, and 25% of black children will be poor during most of their childhood years' (compared to 21% and 3% for white children). Big differences in welfare receipt and they are not narrowing over the years.
- Black children have far more background disadvantages, especially parental poverty and welfare use. When these are controlled there are still differences in men's wages, earnings and incomes. Even inner city employers reluctant to employ minority men.



## Endnotes

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<sup>1</sup> During the CPRC inception phase (October 2000 – March 2001), CPRC partners produced national and thematic overview papers, on which to base their subsequent research. This ‘meanings and measurement’ paper was initially drafted in order to provide a common point of departure and to facilitate the drafting of these overview papers. On the basis of the overview papers and subsequent discussion and debate, ideas surrounding the meaning of chronic poverty have evolved, resulting in the present paper. As our understanding of chronic poverty continues to develop, further papers on its characteristics, measurement, causes and solutions will be published. The present paper should be viewed as work in progress.

<sup>2</sup> For an up-to-date version of the Chronic Poverty Research Toolbox visit the CPRC website ([www.chronicpoverty.org](http://www.chronicpoverty.org)).

<sup>3</sup> In fact, the distinction may not be as rigid as is usually assumed. Taking a more participatory and/or a sociological approach to the understanding of poverty will mean studying the socio-economic structures within which poverty occurs and within which people do or do not move in and out of poverty. Socio-economic structures are not static, but evolve over time. The meaning of an absolute poverty line may change as structures evolve.

<sup>4</sup> It has also flagged up a number of methodological issues surrounding the ethics and practicalities of studying the poorest people, many of which will be highly relevant to the CPRC.

<sup>5</sup> Fascinatingly, the ‘Voices of the Poor’ are relatively muted about the interactions of the poor with the formal and informal private sector. Whether this is because the World Bank is their interlocutor – or because the state and NGOs are more problematic than the commercial sector – is unclear.

<sup>6</sup> Wood (2000:18-9) introduces adverse incorporation as a ‘dark side’ of social capital and social inclusion, suggesting that the poor often “are obliged to manage this vulnerability through investing in and maintaining forms of social capital which produce desirable short-term, immediate outcomes and **practical** needs while postponing and putting at permanent risk more desirable forms of social capital which offer the **strategic** prospect of supporting needs and maintaining rights in the longer term”.

<sup>7</sup> Should such ‘short’ poverty spells cause premature and/or preventable death they might be argued to be chronic, as the deceased experiences the most severe form of health poverty (i.e. death) over their many ‘lost years’. This is a philosophical issue we may wish to explore.

<sup>8</sup> The spells and components approaches produce different results in terms of identifying the chronically poor. “Gaiha and Deolalikar (1993) found that in rural India only one third of those with permanent [i.e. average] incomes below the poverty line (chronically poor by the components approach) were also in poverty all nine years for which data was available (chronically poor by the simple spells approach). Similar results were obtained for Pakistan (Baulch and McCulloch, 1999), and Ethiopia (Dercon and Krishnan, 2000)” (Yaqub, 2000b: 6).

<sup>9</sup> Of course the fact that someone is poor at two points in time five years apart does not necessarily mean that they are poor in all years in between – the latter is a much more stringent requirement.

<sup>10</sup> Chambers (1983) writes of ‘ratchets’, such as the loss of livestock, which cannot be reversed. Michael Lipton writes of a ‘Micawber threshold’, after a character in Charles Dickens’ *David Copperfield*.

<sup>11</sup> It will be important to disaggregate figures such as these by age, in order to determine the extent to which an additional year of poverty during childhood, for example, has a greater or lesser effect on one’s capability to escape poverty than an additional year of poverty in adulthood. See section 3.2 *Intergenerational poverty*.

<sup>12</sup> For up-to-date access to CPRC working papers visit [www.chronicpoverty.org](http://www.chronicpoverty.org).

<sup>13</sup> An additional concern is that in some countries (e.g. Bangladesh) the socially excluded might be the majority of the population.

<sup>14</sup> We should distinguish between the populations that live in specific areas and ‘communities’. It is common to describe the residents of an area as a community but this can give a very false impression of homogeneity and capacity to act as a social collectivity.