"Smoke and mirrors"
The science of poverty measurement and its application when measuring human progress

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http://sds.ukzn.ac.za/files/Wp%2057%20web.pdf

What is poverty

- Absolute
- Relative
- Subjective
- Multidimensional

- ...poverty can be defined objectively and applied consistently only in terms of relative deprivation. Individuals, families and groups can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have living conditions and amenities which are customary, or at least widely encouraged or approved in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities (Townsend, 1979:31).

John Finnis

- Life - survival, health, and reproduction.

- Knowledge including understanding, education, and also aesthetic experience.

- Meaningful Work and Play

- Friendship and other valued kinds of human relationships

- Self-Integration (inner peace)

- Authentic Self-Direction (participation, self-determination, practical reason)

- Transcendence 'peace with God, or the gods, or some non-theistic but more-than-human source of meaning and value.'

Martha Nussbaum

- Life

- Bodily health

- Bodily integrity

- Senses, thought, imagination

- Emotions

- Practical reason

- Affiliation

- Other species

- Play

- Control over one's environment

Ravi Kanbur: Why we disagree

- Those that operate in a paradigm characterised by a high level of aggregation (global, regional or national), in which with appropriate reforms, competitive markets will function efficiently over the medium term to produce sustainable reduction.

- Those concerned with lower levels of aggregation (urban/rural, men/women, marginalised areas), and see markets as inherently inefficient at least for the poor, and thus unable to deliver improvements to the deprivation felt by those who are poor at critical points in their life course.

- Aggregation
- Market structure
- Time horizon

Booth and Orshansky

National Archives

SSA History Archives

Food and food items

- Food
  - Less than 800 Kcal/3 348 Kj, we die
  - Less than 1 500 Kcal/6 279 Kj, we weaken
  - More than 3 000 Kcal,/12 558 Kj, we become obese
  - A portion of cornflakes (137 Kcal) + low fat milk (124 Kcal) = 261 Kcal
  - One idli (156 Kcal) + sanbar (90 Kcal) + coconut chutney (45 Kcal) = 291 Kcal
  - A slice of white bread (110 Kcal) + two poached eggs (140 Kcal) + two slices of bacon (90 Kcal) = 340 Kcal

- Non-food
  - Basket
  - Scaling up
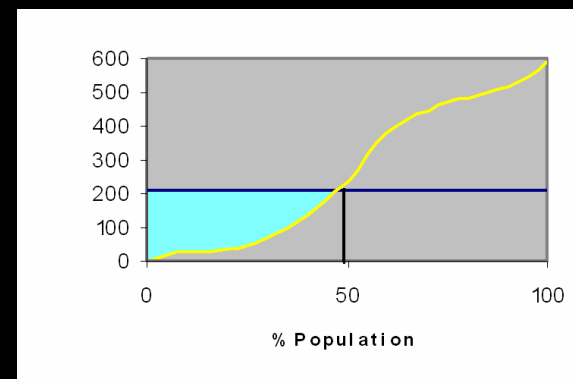
South Africa: Poverty amidst Plenty

- South Africa's per capita GNI (PPP$11,710 per annum) means that it one of the 50 wealthiest nations and among the 35 largest economies in the world
- With a population of some 16 million people living on less than PPP$2, South Africa is also the 16th largest out of the 67 countries for which poverty measurements are reported and the 5th largest in sub-Saharan Africa
- Some 10 million people caught in poverty traps and unable to escape poverty
- One of a handful of countries that experienced a decline in its HDI and ranked 125th of 175 countries in 2008, down from 93rd in 1992
- Life expectancies at birth are among the 30 worst in the world
- South Africa is among 10 of 68 countries that have made least progress towards the attainment of MDG Four (reduce child mortality)

Social Indicators in 2000

Index	Turkey	Algeria	South Africa	Chile	Mexico	Malaysia
HDI Rank	85	106	107	38	54	59
Life expectancy (years)	69.8	69.6	52.1	75.3	72.6	72.5
Adult literacy	85.1	66.7	85.3	95.8	91.4	87.5
Combined enrolment	62	72	93	78	71	66
GDP per capita ($)	6974	5308	9401	9417	9023	9068
HDI Value	0.742	0.697	0.695	0.76	0.796	0.782
Population (2000) (m)	66.7	30.3	43.3	15.2	98.9	22.2
< $2 PPP poverty line	18	15.1	35.8	8.7	37.7	na
% pop using improved water	83	94	86	94	86	na
% 1yrs immunised for measles	80	83	82	96	95	88
Infant Mortality	38	50	55	10	25	8
Under 5 Mortality	45	65	70	12	30	9
Gini Coefficient	41.5	35.3	59.3	56.6	53.1	49.2

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# Long term poverty trends: African population
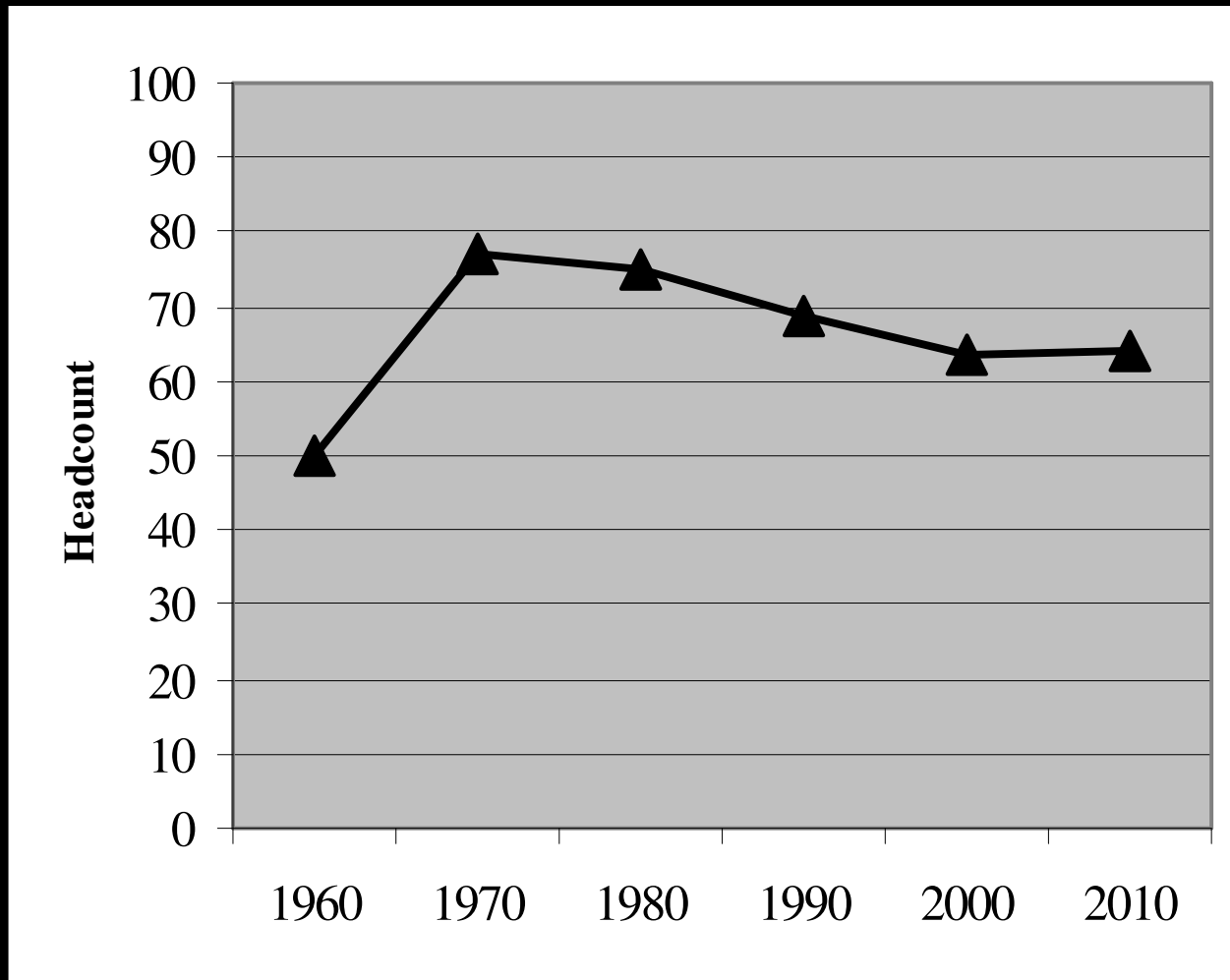
Measuring poverty using official statistics

Table 2.10:   Poverty measures from 1993-2008

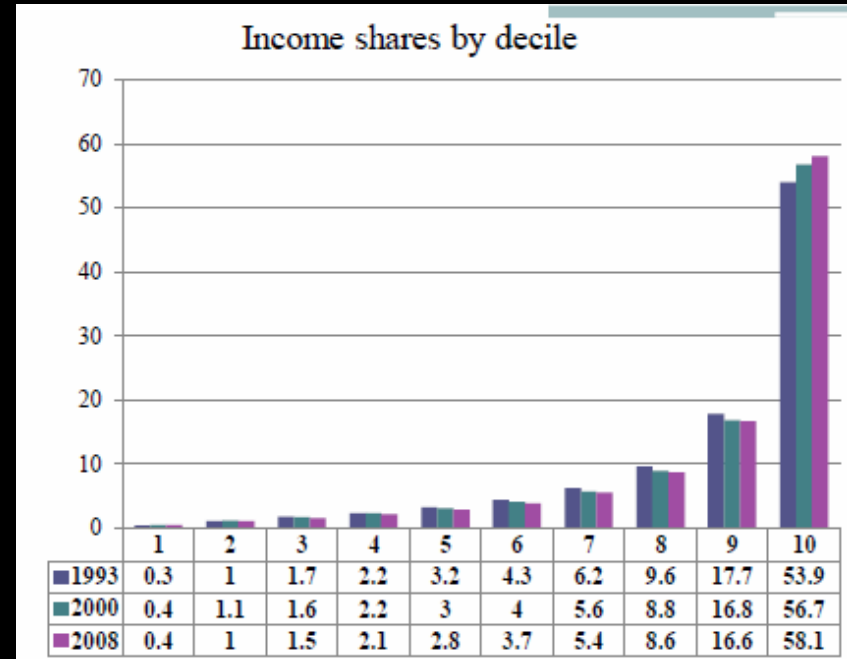|	Population	Poverty line = R949			Poverty line = R515		
		p0	p1	p2	p0	p1	p2
1993	40 147 932	0.72	0.47	0.36	0.56	0.32	0.22
2000	42 357 140	0.71	0.45	0.33	0.54	0.29	0.19
2008	48 687 000	0.70	0.44	0.32	0.54	0.28	0.19

Source: Own calculations using data from SALDRU 1993, IES 2000 and NIDS 2008 data sets
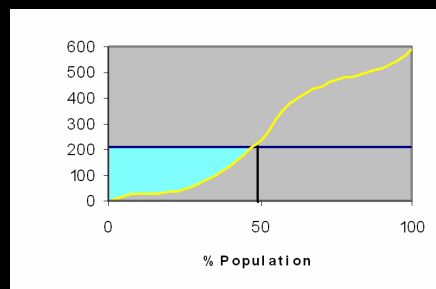
The urban population increased by 9.5m swelling the numbers of urban poor by 4.7m while the number of rural poor declined by 770 000
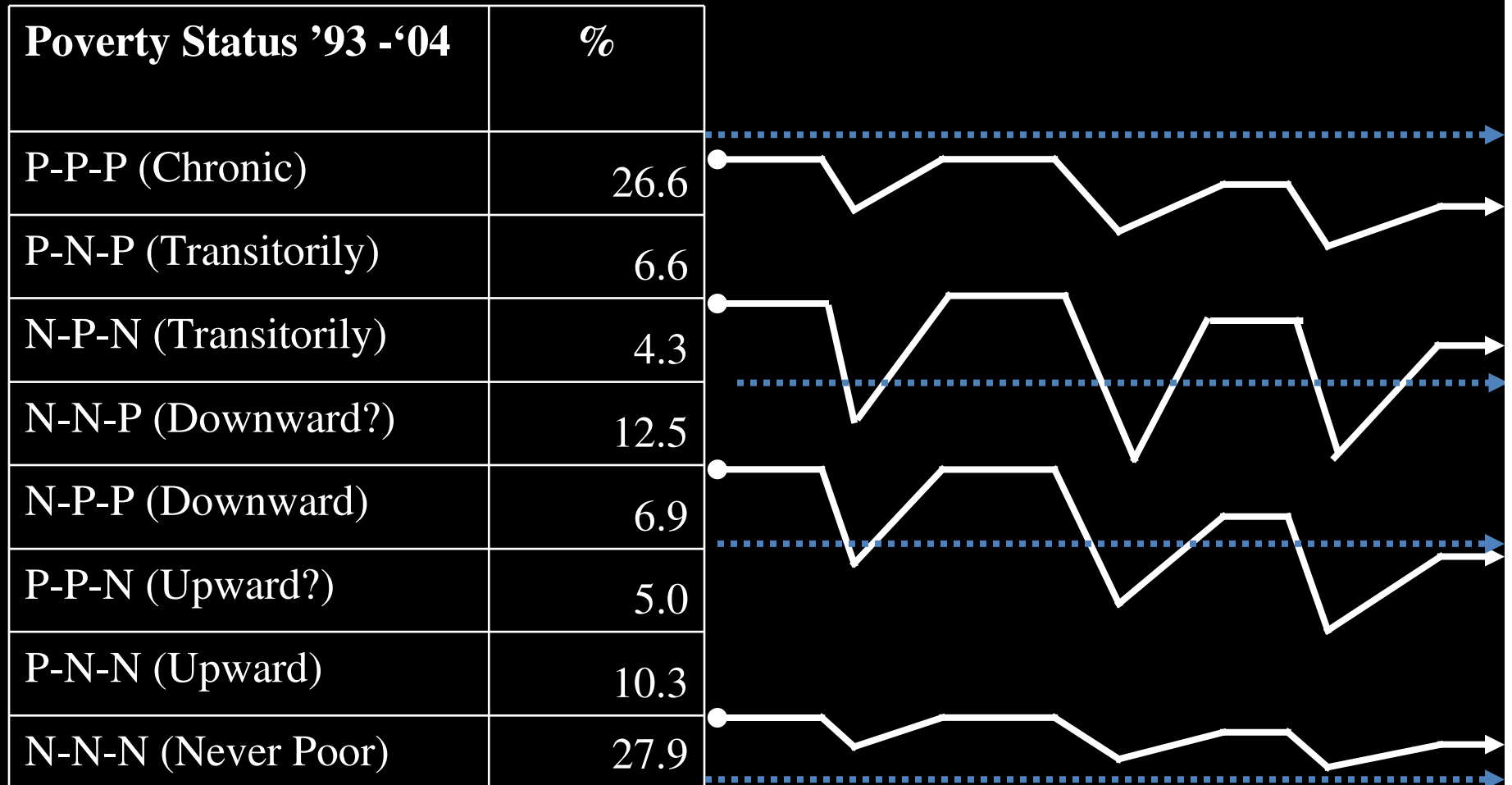
Inequality

- The Gini coefficient rose from 0.66 in 1993 to 0.68 in 2000 and to 0.70 in 2008
- The poorest 10% of households received less than 0.5% of all income
- 90% of households received 55% of all income in 2000
- The income of the wealthiest group is 88 times greater than that of the poorest decile
- High inequality has persisted since the 1970's
- Wealth inequalities higher than income inequality
- Inequities are to be found in most human development outcomes

Income shares by decile

	1	2	3	4	5	6	7	8	9	10
1993	0.3	1	1.7	2.2	3.2	4.3	6.2	9.6	17.7	53.9
2000	0.4	1.1	1.6	2.2	3	4	5.6	8.8	16.8	56.7
2008	0.4	1	1.5	2.1	2.8	3.7	5.4	8.6	16.6	58.1

Inequality

- **Indicator**   **< poverty line**   **Top 10%**

Indicator	< poverty line	Top 10%
Food as a % of hhd exp	58.0%	14.9%
Energy, water & rates as a % of exp	16.3%	6.3%
Education as % of hhd exp	3.0%	7.6%
Monthly food exp. Per adult	R40.52	R436.88
Economic dependency rate	5.8	1.8
% of hhd members 15-64 emp	20.3%	80.5%
% of 13 year olds in Std 6 or higher	11.8%	62.0%
Average no of people per room	2.8	0.5

Chronic and transitory poverty

Poverty Status '93 -'04	%
P-P-P (Chronic)	26.6
P-N-P (Transitorily)	6.6
N-P-N (Transitorily)	4.3
N-N-P (Downward?)	12.5
N-P-P (Downward)	6.9
P-P-N (Upward?)	5.0
P-N-N (Upward)	10.3
N-N-N (Never Poor)	27.9

Reforms

- Grant payments have risen from 2.9% of GDP in 1994 and currently amount to 4.4%
- 15 million previously un-serviced people have been connected to a formal water supply since 1994
- Number of beneficiaries in receipt of grants increased from 2.9 million in 1994 to 13.4 million people by 2009
- 95% of children aged 7 to 13 years were in school
- Free health-care for pregnant women and children aged less than six years
- Public works
- Compulsory primary education
- Free schooling for selected schools
- Land reform
- Low cost housing
- Etc etc

What have we learnt?

- Despite its relative wealth and its adherence to much of the mantra of the 'Washington Consensus' (fiscal discipline, macroeconomic stability, openness to trade and the protection of property rights), South Africa's experience does not offer simple solutions to the problem of poverty eradication

- Instead its economy has proven to be inefficient in terms of its ability to translate what economic growth has taken place into the prosperity of its population

- High and growing inequality may be a constraint on achieving greater progress in human development

- Macro-economic stability alone does not guarantee poverty reduction

Lessons cont'd

- Delivery of services as a 'social wage' has expanded the *availability* of essential services. However *access* may be undermined by affordability and reliability.
- To the extent that they can be afforded, social grants make an important and direct contribution towards improvements in the quality of life
- Such grants have been found to benefit both the recipients and other members of their households.
- Cash grants work, even when unconditional
- But cash grants are not all that is required

Still more lessons

- Failure to attend to health care needs, especially those arising from HIV/AIDS constrains prospects of achieving a reduction in poverty
- Two thirds of respondents survey in South Africa reported a fall in household income as a result of their actions to cope with the impact of HIV-related illness including the direct loss of earners. Households reported increased expenditure on health, diverting income away from other requirements, potentially with significant opportunity costs
- Neglecting health care has long term social and economic repercussions

Implications for Stats SA (and other CSO's?)

- Monitoring human progress requires both conventional poverty measures and other indicators of well-being
  - Health
  - Assets
  - Subjective status
  - Women and children
- Monitoring human progress must be on-going
- Co-operation (& coordination of?) with other national data gathering exercises
- Links to research community
- Inequality matters

- "If the world is complex, or if the evidence is uncertain, or if legitimate differences in perspective and framework explain differences in conclusions, analysis must take these on board." (Kanbur 2001:16)