

**The Meaning and Measurement of Poverty:
A Look into the Global Debate**

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Introduction: Defining Poverty—A Critical Debate

“We will spare no effort to free our fellow men, women, and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected (MDG 2000).” In September 2000, the international community issued a bold statement pronouncing the eradication of poverty as the number one development goal for the new millennium. Specifically, it set out to halve severe poverty by the year 2015. Coinciding with this commitment, the World Bank (henceforth, Bank) focused its 2000/01 World Development Report on exploring best practices for reaching this goal, repositioning poverty alleviation as the single greatest mission guiding the Bank’s policies and programs. At such a juncture, one may have reasonably assumed that a yardstick had already been established for measuring the magnitude of the challenge ahead and for assessing progress in the years to come. In fact, experts in the field have yet to agree upon a single definition of poverty that can be used to measure the number of poor people globally in a way that is both valid and consistent. Therefore, while poverty eradication has been named the primary challenge for the new millennium, how to measure and assess progress in this crucial area remains uncertain. This paper seeks to explore the main approaches to poverty measurement currently under consideration by the international community. Specifically, income poverty, human poverty, capabilities deprivation, and participatory approaches will be discussed, highlighting the advantages and drawbacks of each method.

For some twelve years, the Bank has calculated and published global estimates of the poor based on what is widely known as the “\$1/day” poverty line. While economists within the Bank argue that the numbers are accurate, a growing debate has emerged around the methodology employed to reach these estimates. As an institution whose main mission is poverty reduction, the Bank has a unique role in ensuring that its published global count of the poor can be used to measure progress in this area. Often quoted for advocacy purposes and in formal poverty research, addressing concerns regarding these estimates is of considerable practical significance. This paper will address the issues surrounding the Bank’s current \$1/day definition while paying particular attention to the alternatives that have been introduced to revise and update this measure for the purposes of establishing a universally consistent approach to measuring income poverty.

Arguably, however, a more fundamental issue is whether income deprivation is the most appropriate yardstick to measure poverty in the first place. It has become widely accepted among researchers that poverty may be defined in many ways, and that lack of access to basic services such as health and education may ostensibly be a greater cause of poverty and underdevelopment than income deprivation alone. Measures such as the Human Poverty Index (HPI) put forth by the United Nations Development Programme (UNDP) make an effort to address this issue and will be discussed as another potential method for measuring poverty.

Just as the debate over conventional approaches was gaining momentum in the late 90's, economist Amartya Sen introduced a detailed and novel approach to understanding poverty. In his book *Development as Freedom* (Sen 1999), Sen shifts the conceptual framework by defining poverty as a deprivation of human capabilities. Development, he asserts, is a function of people's ability to capitalize on their own capabilities as free human agents. To accomplish such a goal, people must be guaranteed essential rights and liberties. Therefore, poverty may at its core be defined as a deprivation of human capabilities whose solution is the introduction of basic freedoms. In sum, Sen puts forth, freedom is both the ends and the means of development. The merits and details of Sen's "capabilities approach" will be thoroughly examined in this paper, along with counterpoints addressing the challenges to operationalizing such a definition of poverty.

Finally, to round out the discussion of possible poverty definitions, the paper will end where it began at the doorsteps of the World Bank. In an effort to address criticisms of being an "outside-in" actor—a reputation gained throughout the 90s with its emphasis on structural adjustment policies that detracted from the priorities of the poor—the Bank has revived its efforts to include the poor in the development process. To inform the WDR 2000/01, the Bank published a large-scale, albeit hurried, participatory study of what it means to be poor based on interviews with thousands of poor people in 47 countries around the world (Narayan 1999). Founded on the premise that "the poor are the true poverty experts," the Bank's "Voices of the Poor" study sought to draw connections and partnerships with the poor in order to include their perspectives in the process of developing a comprehensive, functional, and effective definition of poverty. What emerged was a multidimensional conception of poverty, with income deprivation and food

insecurity joining powerlessness, social exclusion, and insufficient access to basic services as the most important factors describing their reality. This paper will look into each of these factors more explicitly and will discuss the issues surrounding the implementation of this definition.

Income Poverty Measurements

Absolute vs. Relative Poverty

Like all statistical indicators, poverty measurements are not just a technical matter but are also a reflection of the social concerns and values attached to the subject in question. What it means to be poor and who defines it is a topic that researchers and policymakers from a cross-section of disciplines have grappled with over many years. In dealing with this issue, there are two broad concepts that have emerged: that of absolute poverty and that of relative poverty.

While absolute poverty refers to the set of resources a person must acquire in order to maintain a “minimum standard of living,” relative poverty is concerned with how well off an individual is with respect to others in the same society. In theory, therefore, while an absolute poverty line is a measure that could, adjusting for price fluxes, remain stable over time, a relative poverty line is one that could be expected to shift with the overall standard of living in a given society.

In reality, however, terms such as “absolute” are much less definitive than may seem suggested. As far back as 1776, Adam Smith recognized the relativity of absolute measures by defining “necessaries” as “not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for credible people, even of the lowest order, to be without.” More recently, Townsend (1992) defined economic poverty as a deprivation of income that may enable people to “play the roles, participate in the relationships, and follow the customary behavior which is expected of them by virtue of their membership in society.” Surely, what is “indecent” or “customary” in society is much less objective a measure than what may, for example, be biologically necessary to maintain physical nourishment. Yet, such definitions were devised to guide the construct of an absolute minimum standard of living. It is easy to see, then, how the process of agreeing upon a single measure of absolute income poverty on an

international level—in the face of multiple cultures with multiple norms—could yield so much debate with regards to such subjective perceptions of what is “necessary” and “minimum.” Indeed, this has been the challenge.

The Bank’s \$1/day definition, conceived of as an absolute poverty line based on international standards, has been met with much controversy in recent years by those who question not only the methodology utilized to obtain such a standard, but also the adequacy of the standard itself.

According to the latest Bank figures, 1.2 billion people live on less than \$1/day and approximately 2.8 billion people live on less than \$2/day. While these facts rightly draw reactions of great concern among the public, equally worrisome is the often misunderstood meaning of these figures. There is significant confusion about the interpretation of the Bank’s definition, with many believing that \$1/day is measured in nominal exchange rate terms (Nye 2002; Reddy 2002). In actuality, however, the \$1/day definition reflects what is known as “purchasing power parities,” or PPPs, essentially basing the poverty line as the equivalent of what a person could buy with one dollar in the United States. It is important to note, therefore, that the \$1/day definition does not reflect “how far a dollar could go” in local currency, but rather is an indication of what a dollar could purchase in the United States adjusted for differences in domestic price levels by what is known as the World Penn Tables (Lipton 1996). In light of this understanding, it is difficult to comprehend by any subjective measure what the Bank considers a feasible “minimum” standard for subsistence and how it has reached its conclusions. The debate around this subject will be elaborated on further in the following sections.

Constructing the \$1/day Poverty Line

To review, absolute poverty refers to the minimum set of resources needed to survive while relative poverty refers to an individual’s life situation in relation to others in the population. Absolute poverty, then, is designated as the line below which existence becomes a matter of acute deprivation, hunger, premature death and suffering (Schwartzman 1998). As such, it is defined by 2 fundamental characteristics: 1) the sharp division of the income status of poor vs. non-poor, and 2) the acceptance of income (or consumption) as central to the understanding of poverty (Ghellini). While both

characteristics lead to imperfect descriptions of reality (for all practical purposes, a person living on \$3/day may also be considered poor), they are nonetheless useful for demarcating a baseline for measuring poverty on a population level and evaluating changes in the situation based on a comparable and universal standard.

Recognizing the merits of establishing a common measure to evaluate consumption poverty across countries, the Bank devised what is known as the “\$1/day poverty line” in 1990. Rather than accepting national poverty lines that would treat poverty as a relative concept, the Bank adopted a method whereby all persons could be evaluated equally based on a single threshold of real consumption (Ravallion 2002). While it is acknowledged that the \$1/day definition is a conservative estimate, Ravallion argues that it was chosen by the Bank in an effort “to measure global poverty by the standards of what poverty means in poor countries (Ibid).”

To convert the \$1/day estimate into local currency, the latest PPP exchange rates for consumption are used. It is important to note that the PPP exchange rates reflect the average price levels for *all* commodities in the market (weighted by their share in international expenditure) rather than the small subset of commodities that are likely targeted by the poor for subsistence (Nye 2002). The poverty line is then converted into local currency using consumer price indices and applied to income or consumption data made available by household surveys on the national level (Ravallion 2002).

Problems with the \$1/day Poverty Line

While Deaton points out the virtues of the PPP/Bank approach to defining an international poverty line—namely, that it is simple, easy to remember, and applies to all countries—he also rightly references the problems that inevitably make the numbers obtained by this method less useful than one might desire (Deaton 2000). Specifically, he details two issues. At the international level, the appropriateness of the current utilization of PPP exchange rates (both in theory and in practice) is brought into question. At the national level, he points to the growing discrepancies between the Bank’s household surveys (used to obtain data on income/consumption) and those obtained from national accounts. Upon evaluation of these two problem areas, he calls into question the Bank’s assertion that economic growth necessarily reduces poverty (Deaton 2000).

Though the \$1/day poverty line has retained its name for the sake of simplicity, in actuality it was revised in 1993 (from the original estimate devised in 1985) to \$1.08/day to adjust for inflation (Chen and Ravallion 2000). Deaton points out that it is somewhat surprising that given world (and U.S.) inflation from the period covering 1985 to 1993, the Bank's poverty line should change by only 8 percent (Deaton 2000). He subsequently explains that, as is so often the case, the devil was in the details. In practice, the updated figures were based on country poverty lines that were converted back to international dollars, thus distorting the real level of inflation over the stated time period due to the strengthening of the PPP international dollar relative to the currencies of the poor countries for whom the line was created (Deaton 2000). What's more, Deaton notes, the PPP numbers obtained in 1993 came from a different source (International Comparison Project covering 110 countries) than those originally gathered in 1985 (World Penn Tables covering 60 countries). Even proponents of the Bank's methodology (Chen and Ravallion 2000) acknowledge the large changes in poverty counts that came with the revised PPP estimates even for the same country in the same year, using the same survey data.

Secondly, Deaton notes that while the simplicity of \$1/day poverty line has created a language that is easily understood by most in the field, it may also have the disadvantage of masking the conceptual differences present in making international comparisons of well-being (Deaton 2000). As such, the figure may be misleading and fraught with interpretive difficulties. The cost of subsistence for a poor person living in Calcutta, for example, may vary significantly from that of a poor person living in Sao Paulo. This would not be taken into account by the PPP exchange rate in its current form since this rate gives the price of all commodities in the world market under the assumption that all goods are traded freely without tariffs, barriers, transportation costs or other conditions (Deaton 2000). What's more, it does not recognize potential for substitution by the poor nor does it adjust for variances in local staple foods (a staple in one country may be a luxury in another).

More recently, Deaton's points concerning the validity of Bank poverty data have been brought into added scrutiny by Reddy and Pogge. In a detailed paper entitled, "How *Not* to Count the Poor (2002)," Reddy and Pogge (henceforth, RP) argue that the Bank's figures are so flawed that they can neither be considered accurate nor relevant.

Specifically, they name three methodological deficiencies as rationale to support this conclusion.

First, they assert that while the Bank's \$1/day definition may be simple to understand in abstract terms, the reality is that the line was chosen arbitrarily and corresponds to no clear and meaningful underlying conception of poverty (RP 2002). In other words, the \$1/day definition has no specific interpretation in relation to the resources that are needed by the poor to meet basic requirements such as nutrition or shelter. In their view, defining the poor as those living under a dollar a day has neither practical significance nor application for poverty policies and programs. It cannot be interpreted as a line below which basic needs have not been met. RP reject Ravallion's statement that the \$1/day line was chosen by the Bank "to measure global poverty by the standards of what poverty means in poor countries" for two main reasons. First is that the international poverty line does not correspond with those of poor countries in any consistent way. A cluster sample of official poverty lines for poor countries reveals that some countries' lines are far below the level chosen while others are far above (RP Reply 2002). Moreover, the estimation is too dependent on the year for which the comparison is made and on the PPP conversion factors used to be of any relevance (RP Reply 2002).

The second error presented by RP involves the failure (as also mentioned by Deaton) of PPP estimates to accurately describe national currency equivalents through space or time. Lacking inter-spacial and inter-temporal comparability, the calculation of global poverty estimates based on current PPP exchange rates becomes an annual exercise in futility and imprecision.

The third error named by RP refers to the Bank's method of extrapolating and imputing data that is not available to describe national income/consumption levels when conducting calculations. Incorrect extrapolation from limited data likely leads to mistaken inferences and conclusions about the level and severity of global poverty. While it is acknowledged that it is impossible to know the direction and extent of the gap between the Bank's estimates and those that may have been arrived at using a sounder methodology, RP conduct some alternative calculations that *suggest* that the biases may have led to a considerable underestimation of world poverty counts (RP 2002).

Possible Solutions

While most national governments use relative measures of poverty for domestic purposes, the United States has systematically calculated poverty estimates based on an absolute poverty line (Fisher 1997). For this reason, some researchers have suggested that the U.S. experience serve as a model for updating and revising methodologies for an international poverty line.

In 1990, a Congressional committee asked the National Academy of Sciences/National Research Council to conduct a study of the official U.S. poverty line and offer recommendations for its revision. A detailed report entitled “*Measuring Poverty: A New Approach*” was officially submitted and published in 1995. While not all the recommendations of the study panel were implemented, the report no less continues to serve as an important guide for improving poverty statistics in the U.S. and may effectively serve the same purpose for international statistics as well.

Comprised of leading experts in the field from a cross-section of disciplines, one of the first issues tackled was the consideration of what constituted a reasonable goal for the report and for subsequent improvements in the poverty line. From the outset, the study panel decided that it was unreasonable to target a complete change in the use of an absolute poverty line based on income deprivation (although further research into more multidimensional models was encouraged for possible implementation at a later date) (Citro 1995). “Our goal is not to develop the ideal poverty measure on which everyone would agree (which surely does not exist),” the authors stated, “but to propose a measure that is a marked improvement over the current one (Citro 1995, p.22).” The same goal may equivalently be put forth for examining and improving the international poverty line.

In their deliberations, the U.S. study panel decided upon 3 guiding principles that would inform the “adoptability” of an updated poverty line: 1) public acceptability, 2) statistical defensibility, and 3) operational feasibility. These principles may also be used to effectively guide improvements in the international line.

The “relativity of absolute poverty” was a concept that was recognized from the very first days of constructing an official poverty threshold in the U.S. In a January 1965 article, Mollie Orshansky, the first architect of the U.S. poverty line, wrote, “if it is not possible to state unequivocally ‘how much is enough,’ it should be possible to assert with

confidence how much, on an average, is too little (Orshansky 1965).” In the same vein, the 1990 U.S. study panel concluded that they would not aim to determine what was “enough” for an average U.S. family, but rather would seek to establish what could be defined as inadequate to meet basic needs. In their conception, basic needs included food, clothing, and shelter. While it was agreed upon that the poor require other needs as well (e.g. healthcare, transportation), a specific set beyond that which was universally agreed upon raised too many questions about the consideration of “necessity.” To deal with this challenge, a small amount was calculated in by means of a multiplier applied to the “basic needs” of food, clothing and shelter (Citro 1995). In sum, the panel experts recommended that the updated U.S. poverty line be defined as the level of income below which the basic needs of food, clothing and shelter (in addition to a set amount for other necessities) could not be met.

Such an approach would be a marked improvement with regards to RP’s first stated concern of developing an international poverty line based on a meaningful conception of poverty. By generally defining the *characteristics* of what may be considered basic needs (for example, food consumption measured by a certain caloric intake) for the poor while leaving open the specific identification of the commodities required (e.g. rice, wheat, etc.), the international poverty line would become a standard that engenders clear and specific meaning for those working on issues of poverty. Rather than an arbitrary line that lacks definition, the new measure would provide the public with a set of measures that *means something*, and the same thing, for all people in all places. Specifically, the line would be interpreted as the number of people who could not afford a certain set of basic needs for survival, defined generally to accommodate local tastes and customs (e.g. rice-eating vs. wheat-eating regions).

Having defined the characteristics of a bundle of goods necessary for subsistence, the next task would be to revise the method by which the PPP exchange rate is applied to reflect the goods most likely to be purchased by the poor. As RP point out, the overwhelming majority of goods represented by the PPP index are of no use in the exercise of determining poverty statistics (RP 2002). The poor have no access and no use for most of the luxuries included in the index nor do they reflect the prices that the poor would most likely have to pay for them. A greater effort, therefore, should be put into narrowing the

scope of goods represented by the index and in collecting more accurate data as to the real consumer prices of goods relevant to the needs of the poor (RP 2002). What's more, greater attention must be paid to the problem of urban bias when constructing consumer price indices. Often, those collecting consumer price information find it difficult to access markets in rural areas and therefore are left with incomplete or insufficient data from these localities. The indices used to convert PPPs, therefore, likely do not reflect the real prices paid by the rural poor. Indeed, it is thought that the prices paid by the poor in general are much higher than those that are suggested by general consumption PPPs (RP 2002). The issue of urban bias may potentially compound this problem.

To deal with inadequacies of the current PPP exchange rate, Deaton proposes two possible solutions. The first, in line with RP's proposition, is to abandon the current method of basing poverty levels on a general PPP exchange rate, and rather to create a PPP exchange rate that applies specifically to a relevant bundle of goods that meet the needs of the poor. As such, the resulting prices would give greater meaning to the line that is established (Deaton 2000). Deaton notes, however, that this method does not necessarily address the underlying index number issues, and therefore, he also proposes a second method. Alternatively, he suggests, the 1993 poverty lines could be updated to the present and checked against national poverty counts for accuracy (Deaton 2000). In cases where the numbers are clearly questionable, the first method could be employed. Once a set of PPP poverty lines have been locally validated and adjusted as necessary, they would remain fixed over time to provide researchers with an unchanging target against which progress, or the lack of it, could be measured. This would have the clear benefit of freeing poverty estimates from the fluctuations of world commodity prices which, Deaton notes, "effectively change the *definition* of PPP exchange rates," and whose "shifting basis is an embarrassment, not an advantage (Deaton 2000)." While RP welcome Deaton's proposal as offering a consistent basis for assessing poverty by providing a fixed target, they emphasize the need to incorporate both of his proposals by defining an underlying conception of poverty (*vis-à-vis* specification of a basic needs commodities bundle) while concomitantly fixing a relevant PPP exchange rate for the purposes of comparison over time and space (RP Reply 2002).

Human Poverty Measurements

“National wealth might expand people’s choices. But it might not. The use that nations make of their wealth, not the wealth itself, is decisive. And unless societies recognize that their real wealth is their people, an excessive obsession with the creation of material wealth can obscure the ultimate objective of enriching human lives.”

--United Nations Development Programme

UNDP’s Human Poverty Index (HPI)

While income/consumption measures continue to serve as an important tool for the evaluation of global poverty, it has been widely recognized that income-generation programs are not sufficient for poverty alleviation. Rather than concentrating on the main objective of development, “to create an enabling environment for people to enjoy long, healthy and creative lives,” the focus on economic growth often ends up taking the driver’s seat, leaving people behind. The poor are frequently the most marginalized though they are the ones in greatest need of economic opportunities. The Human Poverty Index (HPI), created by the United Nations Development Programme (UNDP) in 1997 to incorporate into their Human Development Reports (HDRs), aims to ameliorate this problem by creating people-centered indicators to measure the depth of deprivation across countries.

To measure human poverty, the HPI creates a composite index using three main indicators: a short life, lack of basic education, and lack of access to public and private resources.

The first deprivation relates to survival and measures the vulnerability to death at an early age. In developing countries, the index represents the percentage of people expected to die before the age of 40. In highly developed industrialized countries, the index represents the percentage of people expected to die before the age of 60.

The second aspect of the index relates to knowledge by measuring the percentage of adults in the country who are illiterate. In an age marked by the globalization of ideas and technology, being excluded from the world of reading and communication can often mean disproportionate disadvantages in the marketplace and decreased economic opportunities.

The final dimension of the index relates to overall standard of living. Difficult to capture in a single measure, this dimension is represented by the combination of three

variables: the percentage of people with access to health services and to safe water, and the percentage of malnourished children under five.

The overall HPI is then published for each country in addition to country-specific Human Poverty Profiles which provide a more comprehensive breakdown of the HPI indicators in addition to other country-specific human poverty indicators.

Understanding Poverty Using the HPI

It is true that on average, countries with higher incomes tend also to have higher life expectancy, higher literacy rates, and greater access to private and public services such as healthcare and water. With this said, some might ask, “Why not simply continue to concentrate efforts on improving income-based poverty measurements since it is an established method that also reflects progress in human development?” The answer is that while it is true that countries with higher incomes tend to have higher rates of human development, the association is far from causal. In fact, inter-country comparisons have shown that less than half of variations in life expectancy or child mortality may be explained by income. Variations in adult literacy may be explained by an even smaller percentage (Moez 1997). So although there is a definite correlation between material wealth and human well-being, the relationship breaks down in too many instances to be used as a sound methodology for describing success stories in both areas. The HPI offers an alternative for countries to measure poverty based on indicators of human welfare that aid in understanding the impact of economic investments on human development and poverty alleviation.

Significantly, therefore, the HPI was created in an attempt to promote a human development rather than economic development focus on poverty. Though some interesting efforts are being made to combine economic and social indices to measure poverty (see Collicelli for example), the HPI index does not aim at this end. In fact, many advocates in the field continue to discourage such efforts (see, for example, McNicoll and May), claiming that the more immediate need is to more effectively describe the severity of poverty within each area (economic, social, etc.) rather than to merge data that may ultimately preclude us from fully understanding any of the dimensions. Rather than expending resources (both time and money) on coming up with a single poverty measure,

many proponents of the HPI tend to view it as a supplement to income poverty measurements. Indeed, in its 1997 Human Development Report, the UNDP noted significant divergences when considering the two kinds of poverty (income vs. human) within regions, particularly “in the Arab States, where income poverty was reduced by 4 percent by 1993 but human poverty was still 32 percent, and in Latin America and the Caribbean, where human poverty has been reduced to 15 percent but income poverty is still 24 percent (UNDP 1997).” It is argued, therefore, that the measures can be used simultaneously to paint a more detailed picture of poverty and better inform efforts such as the World Bank’s Poverty Reduction Strategy Papers (PRSPs) in developing national development programs.

As such, the HPI is presented as an overall index of human poverty by country as measured by the indicators stated previously. In addition to the overall index number, individual indicators are often provided separately to inform policymakers on the specific gaps in human development at the national level. While in one country, illiteracy may be the main contributor to a low HPI, in another it may be inadequate access to health services. Pinpointing the holes in the development process is key to establishing priorities and securing effective poverty alleviation strategies.

Adapting the HPI to Local Priorities

In addition to breaking down the overall HPI composite number, the UNDP recommends that individual countries and regions include measures that more accurately reflect local priorities. Similar to that which is currently done with the Human Development Index (HDI) in which African countries include information on HIV/AIDS, the HPI could include country-specific information on unemployment or other measures that significantly affect poverty. To make the HPI relevant for program development at the national and sub-national levels, each country should adopt additional indicators that can be published alongside the overall HPI in its country-specific Human Poverty Profile. In this way, the overall HPI can serve as a basis for cross-country comparison of human poverty while other indicators that may be of local importance can also be evaluated and monitored on a regular basis. Such a method would increase the overall usefulness and

versatility of the HPI and corresponding Human Poverty Profiles as tools for poverty analysis.

Another way to improve the value of the HPI is for countries to provide disaggregated data to differentiate the poverty levels of particularly vulnerable groups. For example, data may be broken down by geographical region, gender, ethnicity, or rural-urban residence. This information could better inform policy by addressing potential inequalities between social groups and regions. It may also serve as an advocacy tool with which organizations supporting more vulnerable groups may press for increased resources.

Strengths and Weaknesses of the HPI

The advantages to the HPI are numerous. In the first hand, it serves as an important reminder that eradicating poverty cannot be done by economic growth alone. The deviances between measures of income poverty and those of human poverty confirm the need for the international community to adopt a broader definition that encompasses a more comprehensive conceptualization of deprivation including both economic and social factors. Assessed simultaneously, headcount measures of the poor based on the international absolute poverty line alongside statistics indicating the depth of human poverty within countries will keep policymakers mindful of the importance of advancing economic and social agendas concurrently. What's more, variances between the two measures provide strong support for the conclusion that policies focused solely on economic growth do not necessarily improve the welfare of the poor. Having both measures can serve as a "checks and balances" system of the impact of various economic and social programs at the population level.

User-friendly in its presentation and simple in its methodology, the HPI has the added advantage of accessibility to experts and non-experts alike. In a field where partnerships between the poor and non-poor, government and non-governmental organizations are crucial for effective program implementation, the HPI serves as an important tool for communication about the scope of poverty within countries. It also provides a clear benchmark with regards to the progress that is made on an annual basis and the distance that is left to go.

Simple and easy-to-understand information about the levels of human poverty in the world may also serve to mobilize the public, catalyze the financial support of donors, and increase the political will of governments. By presenting data on human poverty in the aggregate as well as by specific indicators (e.g. illiteracy, health, etc.), the HPI helps facilitate the determination of priorities within countries while still providing a basis for overall comparisons between countries. This may assist advocates in specific sectors to push harder for resources in underserved areas to effectively direct resources where they are most needed.

Finally, a major advantage to non-monetary indicators of poverty is that they are less sensitive to wide fluctuations in the market that can cause problems when using income-based measures.

On the downside, however, unlike measures based on an absolute poverty line, the HPI does not provide a headcount of the number of people below a certain threshold. Rather, it only gives the overall incidence of poverty as measured by the three components in the composite. In other words, one might be able to say that “25% of a country’s population is affected by the forms of human deficiency that are included in the HPI measure,” but may not be able to give a corresponding number of people as in the headcount method. With accurate demographic information, however, one may be able to calculate headcounts.

Another concern with the HPI is that of composite measures in general. One should always be aware of weighting issues when indicators are combined to give an overall measure. No matter how much effort is put into ensuring that weights appropriately represent the overall circumstances within a population, such methods are inevitably imperfect and should be recognized as such. Furthermore, presenting human poverty by an overall index number can cloud the effects of inequalities within social groups (e.g. gender, ethnicity, SES). While one possible remedy is to provide disaggregated estimates of the HPI, this practice has yet to be widely adopted by countries due to the scarcity of available resources.

It is also important to note that the HPI has its limitations when assessing short-term progress in poverty alleviation. Since two of the three components of the index (namely life expectancy and adult literacy) are factors that only make improvements in the

time span of years, the HPI becomes a less effective tool for short-term analyses. To reduce the effects of this limitation, however, individual countries can add short-term indicators to their poverty profile. Though imperfect, this adaptation can assist by providing a basis for evaluation throughout the development process.

Finally, some critics ask, “Why are only 3 indicators included in the HPI?” In reality, there are both advantages and disadvantages to this fact. One benefit is that it keeps the measure simple to understand and keeps policymakers focused on the main issues contributing to human poverty. Also, the presence of too many indicators could lead to a confounding effect. For example, infant mortality is already reflected in life expectancy, so having both would lead to a redundancy in the overall measurement. On the other hand, additional indicators could provide a more detailed account of other important causes of poverty that perhaps should not be overlooked. The reality is, however, that there are limits to what kind of information can be included based on the consistency and quality of existing data. As more information becomes available on a regular basis through surveys or rapid assessments, the issue of whether to update the HPI to include an increased number of indicators may become more relevant.

Sen’s Capabilities Approach

Refining the HPI: Poverty as a Deficiency of Capabilities

In concept, the HPI was largely developed by economist Amartya Sen in conjunction with his colleague and college friend Mahbub Ul-Haq. Having accepted the position to develop the UNDP’s human development reports in 1989, Ul-Haq insisted that Sen work with him to broaden the informational basis of the reports to promote a people-centered approach to development. At the time, Sen was refining his ideas with regards to human capabilities, and this was clearly reflected in the overall aim of the HPI as well as its, albeit imperfect, choice of indicators to measure poverty. This section will give a more detailed account of the genesis of Sen’s ideas, focusing particularly on the substance and foundation of the capabilities approach, its gaps and the debates surrounding how best to operationalize this method.

Equality of What?—Foundations of the Approach

It was after his departure from Cambridge in the early 60's that Sen began to focus intently on applying his interest in social choice theory to his research in economics. During a one-year visit to Berkeley in 1964-65, he expanded his scope of study to include interdisciplinary applications of social choice theory and political philosophy to his earlier works on poverty, famines, and deprivation. Sen notes that this time was a welcome departure "from the rather sterile debates that the contending armies were fighting at Cambridge [over economic thought] (Sen 1998)." In developing his research interests, Sen says it was his late wife, Eva Colorni, who encouraged him to apply his work to issues of practical import: "She was deeply humane (with a great passion for social justice) as well as fiercely rational (taking no theory for granted, subjecting each to reasoned assessment and scrutiny)." Sen goes on, "Eva was very supportive of my attempt to use a broadened framework of social choice theory in a variety of applied problems: to assess poverty; to evaluate inequality; to clarify the nature of relative deprivation; to develop distribution-adjusted national income measures; to clarify the penalty of unemployment; to analyze violations of personal liberties and basic rights; and to characterize gender disparities and women's relative disadvantage (Sen 1998)." As Sen published on these subjects throughout the 70's, his core understanding of deprivation as defined by a deficiency of capabilities began to take shape. It was not until 1979, however, in his landmark lecture entitled "Equality of What?" delivered as part of the Tanner Lectures on Human Values at Stanford University, that Sen finally presented a crystallized framework for what has widely come to be known as 'the capabilities approach.' In numerous publications and lectures thereafter, Sen continued to elaborate on his thesis. The latest of these notable efforts came in his 1999 book *Development as Freedom*, in which he lays out a compelling argument for understanding poverty in terms of "the lives people can actually lead and the freedoms they do actually have (p.92)."

Before delving into the particulars of Sen's capabilities approach, however, it is worth taking some time to understand its foundations. In conceptualizing poverty, Sen takes a fundamental departure from traditional welfare economics (utilitarian) and opulence (income-based) approaches. In practice, he faults these approaches for being only indirectly connected to the outcome of well-being. It is important to note, therefore,

that Sen's arguments are based on the premise that increasing a person's ability to realize a life that she values is the ultimate goal of development. As such, "inequality of incomes can differ substantially from inequality in several other 'spaces' (that is, in terms of other relevant variables), such as well-being, freedom and different aspects of the quality of life (including health and longevity) (Sen 1999, p.93)." Utilitarian views of 'happiness' or 'desire-fulfillment' to define well-being are further burdened by what Sen refers to as 'physical-condition neglect' and 'valuation neglect' (Sen 1985). These issues will be discussed later in more detail.

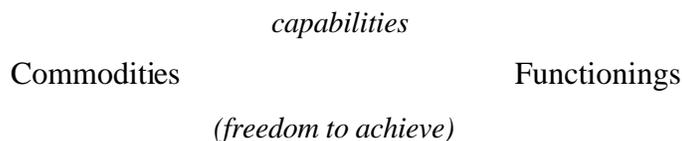
Sen's definition of development, then, is unequivocally based on the notion that inequalities should be defined beyond the realm of economy. Embedded in this idea lies the deeper query of how to conceptualize justice. In dealing with this issue, Sen draws relevant insights from Adam Smith's examination of the requirements needed for fairness in social justice (Smith 1776) and John Rawls's notion of 'justice as fairness' which, according to Rawls, should be judged by placing oneself in a hypothetical 'original position' (Rawls 1958). The following sub-sections will highlight the debate regarding distributive justice, or more explicitly, will answer the question "Equality of what?" To serve as a basis for comparison, the distinctive roles of commodities, capabilities and functionings will first be established. The next three sub-sections will compare Sen's approach to that of opulence, utilitarianism, and finally the Rawlsian theory of distributive justice.

--Commodities, Capabilities and Functionings--

According to Lancaster (1966), commodities may be defined in terms of their characteristics. In other words, the value of a commodity may be determined by the various desirable properties secured when a person utilizes the commodity in question. Under this conception, food, for example, may enable a person to satisfy hunger, give eating pleasure, or provide support for entertainment.

At face value, the link between a commodity's characteristics and the benefits it may yield seem inherent and an adequate basis for comparison between individuals. Upon closer analysis, however, it can be said that the characteristics of a good do not necessarily

inform us of its utility. Sen (1985) gives an excellent example of one such incongruent situation by examining the differences in food utility between a healthy individual and another who suffers from a parasitic disease. Because the infected person suffers from a condition that detracts from food absorption mechanisms, she will require a greater intake of this commodity than her counterpart who is healthy and absorbs food at normal rates. To maintain equal levels of nourishment, therefore, the two individuals would have to consume different levels of the food commodity. Sen uses this example to illustrate the presumptiveness of measuring well-being by equality of commodities distributed. It is not the amount of commodities acquired that is significant, but rather the level of functioning a person may obtain given the use of that commodity that is important. What's more, in order to transfer an available commodity into a functioning, a person must have the capability to do so (in this case, good health). A functioning, therefore, is defined by Sen as "an achievement of a person: what he or she manages to do or to be (Sen 1985, p.7)." Capabilities are essentially seen as the intermediaries needed to convert commodities into functionings. Commodities have no intrinsic value in the absence of an individual's capability to convert the goods into achievements. The relationship between commodities, capabilities, and functionings may be simply illustrated as follows:



--Capabilities vs. Opulence--

Proponents of the opulence approach to measuring poverty stress the important role of increased income as a means toward the attainment of valued functionings. Income, it is argued, serves as an enabling factor, allowing individuals to enhance their well-being in a number of areas of personal value such as food, clothing and shelter. On a practical level, money metric measurements are also preferred since they permit useful poverty comparisons at the international level.

Critics of the opulence approach, however, assert that its assumption concerning the direct relationship between inputs of income and outputs of human development are too large to accept in theory or in practice. Indeed, the staunchest opponents of the income approach would argue that it is not even sufficiently correlated with consumption (though the two are often presented interchangeably) since quantification of the latter may be altered by substitution, smoothing, inequalities in distribution, and economies of scale. Sen makes several important points with regards to these issues.

In the first place, Sen reiterates his central argument that development must be viewed as the realization of functionings based on the values of the individual, determined by her choices, and brought about by the freedom to utilize her capabilities. In such a model, commodities are only of worth inasmuch as they are actually converted (or have the freedom to be converted) into achievements at the individual level. Sen states that “the conversion of commodity-characteristics into personal achievements of functionings depends on a variety of factors—personal and social (Sen 1985, p.17).” This conversion process is of primary importance in Sen’s framework for assessing poverty.

This is not to say that Sen does not recognize lowness of income as a significant cause of poverty. Indeed, he acknowledges, “lack of income can be a principal reason for a person’s capability deprivation,” and “a strong predisposing condition for an impoverished life (Sen 1999, p. 87).” Having accepted this fact, some might wonder “why all the fuss” with regards to his claims in favor of a capability approach. Sen gives the following arguments in support of his framework:

- 1) Capabilities emphasize deprivations that are *intrinsically* important rather than income which is only of *instrumental* significance;
- 2) There are several factors that influence capability deprivation; income deficiency is only one of many important causes of poverty;
- 3) The relationship between low income and low capability is subject to variability between communities, families, and individuals.

Sen views his third argument of particular practical import when considering the aims of public actions and the formulation of policy with regards to poverty and inequality.

First, Sen (1999) notes, the relationship between income and capability may be strongly affected by age (e.g. the needs of the old vs. the young), by gender and social roles (e.g. maternity and culture-dependent family responsibilities), by location (e.g. proneness to flooding, drought, violence), by epidemiological concerns (e.g. endemic diseases), and by other factors that a person may or may not have any control over. In comparing populations, therefore, these parametric variations must be taken into account.

Second, there can be what Sen refers to as a “coupling” of disadvantages when it comes to income deprivation and capabilities deprivation for certain populations. For example, the handicapped or the elderly, by their very condition, may have a reduced ability to earn income while at the same time have a compromised ability to convert whatever income they do make into functionings. These “conversion difficulties” have important policy and program implications.

Third, intra-household distribution of income raises further concerns with regards to the actual conversion of goods (income) into well-being for all members. The literature on this subject has grown significantly in recent years in search for a greater understanding of gender disparities in health outcomes. It has been found that in many contexts, there is a systematic “boy preference” for resource distribution within the family that affects girls at a young age and throughout their development into womanhood. Sen notes that such biases can be more readily checked using the capability approach (e.g. in terms of mortality, morbidity, undernourishment, medical neglect, etc.) than by the household level income assessments that are currently used.

Fourth, Sen tackles the issue of relative deprivation in low-, middle-, and high-income countries. Importantly, “relative deprivation in terms of incomes can yield absolute deprivation in terms of capabilities. Being relatively poor in a rich country can be a great capability handicap, even when one’s absolute income is high in terms of world standards (Sen 1999, p.89).” A person in a rich country may therefore need more commodities than her counterpart in a poorer country to achieve the same social functioning. Pioneered by Adam Smith (1776), this concept was later explored by “relativist thinkers” such as Townsend and Runciman among others.

--Capabilities vs. Utilitarianism--

Utilitarianism is concerned with the identification of a person's interests and its subsequent fulfillment. Though the term 'utility' has come to take on copious meanings in its modern form, the two main claims to utilitarianism remain the centrality of 'happiness' and 'desire fulfillment' as core indicators of well-being. Sen is particularly critical of the utilitarian view of pleasure in that it precludes adequate space for valuation in the process of understanding personal states and conditions. Sen (1985) asks us to consider the following two propositions:

- A) *'I desire X, and so I value it,' and*
- B) *'I value X, and so I desire it.'*

The distinction between these two statements is a foundational one. In A), well-being is determined by an emotional or mental state. In B), well-being stems from the presence of a valued circumstance. Ultimately, Sen's approach is concerned with valuation and the role of choice and non-choice factors in determining capability.

According to Sen, utility has two main characteristics: 1) it is fully grounded in the mental attitude of a person, and 2) it does not take into consideration a person's valuation of one type of life over another. The former he describes as 'physical-condition neglect,' the latter as 'valuation neglect.'

To be clear, then, a solid distinction is drawn between desiring and valuing. The functioning view of well-being is preferred over the utilitarian in part because it avoids what Sen refers to as 'premature fixity'. An undernourished, overworked landless laborer may rank high on a utilitarian scale though his objective measure of well-being might score low in terms of achieved functionings. This may be attributed to several factors including, 1) he is naturally an optimist and has a "sunny" outlook on life, 2) he has become used to hardship and has therefore developed adaptive preferences, or 3) a combination of both. Should a person in such a situation be considered "well" simply because he has managed to preserve a high level of happiness? Sen finds this suggestion problematic. In fact, given the *choice* or *freedom* to select a particular life, it is likely that

this person would opt for an alternative. Nor should one infer by the level of this individual's happiness that he would not value the removal of his deprivations (e.g. undernourishment) if it were a serious possibility. The contingency of well-being on desires that are not rooted in either objective (specification of necessary functionings) or participatory (determination of *the good life* by the individual) methods should therefore be rejected as counter to any meaningful or realistic notion of well-being.

In practice, it is worth noting, the failings of the utility approach are further multiplied by the distorted picture that is provided when using subjective interpersonal comparisons of psychological well-being.

--Capabilities vs. Rawlsian Theory of Distributive Justice--

Among those who have challenged the relativist utilitarian method of defining well-being is one of the foremost contemporary philosophers, John Rawls. Rawls challenges the notion that well-being should be defined at the individual level by the relativistic notion of 'happiness' or 'desire-fulfillment,' and instead asserts that it is the duty of society to ensure that a basic, objective standard be established to measure the *opportunity* for an individual to attain *the good life* (the life that an individual may deem as valuable and which may contribute to personal happiness). Significantly, Rawls does not attempt to define *the good life*. Like Sen, Rawls leaves the definition of *the good life* up to the individual, to be based on his or her own valuations. Rather, Rawls's position is formulated from his notion of 'justice as fairness,' which establishes a universal conception of justice. First, it states, "each person participating in a practice, or affected by it, has an equal right to the most extensive liberty compatible with a like liberty for all;" and second, "inequalities are arbitrary unless it is reasonable to expect that they will work out for everyone's advantage (Rawls 1958)." At its foundation, then, Rawls's notion of justice is expressed as a complex of three main ideas: liberty, equality, and reward for services contributing to the common good.

Extending this conception to the application of poverty and inequality, Rawls elaborates on his principle of 'justice as fairness' by introducing a practical set of 'primary goods' that must be secured by each individual in order to be considered "well." He views

them as a universal set of goods, both desired as well as required for the attainment of *the good life* by all peoples. In his *A Theory of Justice*, Rawls describes primary goods as the set of goods that “every rational man is presumed to want,” and that are needed for any goal to be achieved (Rawls 1971). They provide an “all-purpose means generally necessary for forming and rationally pursuing a conception of the good (Rawls 1982),” and include the following components: rights, liberties and opportunities, income and wealth, and the social bases of self-respect (Rawls 1971).

In Sen’s view, Rawls’s conception of primary goods is a step in the positive direction as it eliminates the impossible task of comparing ‘happiness’ across individuals and provides a defined minimum standard of that which may be considered ‘fair’ or ‘just’ in society. Departing from the utilitarian procedure of predetermining *the good life* as anything that ultimately leads to a happy state for the individual, Rawls’s notion defines a process whereby governments are responsible for ensuring a minimum access to *opportunity* for individuals to attain *the good life* by guaranteeing each person a basket of primary goods. What an individual achieves with these goods, however, is not the responsibility of the state; Rawls makes clear that each person has to take responsibility for his or her own preferences.

While Sen welcomes the introduction of the notion of rights and liberties into the debate about poverty and deprivation, he cautions against conceptions of development that do not include the freedom for a person to transform goods into valuable functionings. Poverty is not just a phenomenon that is based on the lack of opportunity to gain access to certain goods (as Rawls maintains), but also a reflection of the deprivation of capability freedoms that are denied a person to *convert* these goods into ends that are deemed valuable to that individual. In this respect, Rawls’s theory (though expanding a set of goods beyond income alone) is faulted for much the same reason as the opulence approach. Sen elaborates:

It is important to be careful, in this context, not to define ‘opportunity’ in the limited way in which it is often defined, e.g., whether the doors of a school are formally open to John (and not whether John can financially afford to go through those doors), or—going further—whether John can attend a certain school (but not whether John has the real opportunity

of using the facilities there, given his physical or mental handicap). A more plausible view of advantage has to be sought. Advantage may well be seen as a 'freedom' type notion (Sen 1985, p. 4).

Capabilities, Freedom, and Development

Sen's understanding of development is based on the foundational building blocks of individual freedoms. Capabilities, according to Sen's conception, are the substantive freedoms an individual may exercise to choose to ultimately live a lifestyle she has deemed valuable. These choices are made through the active determination of 'valued functionings' during evaluative and reflective processes. The result of having exercised one's choices, therefore, not only affords an individual the freedom to live a life that is chosen, but in essence, it is itself only viable through the exercise of utilizing one's rightful freedoms. Freedom, then, is both the ends and the means of development. Particular attention is therefore paid to the expansion of a person's 'capabilities set' as a means of realizing a life she has reason to value. The fact that a person will not necessarily make the choice to convert all capabilities into functionings does not belie the achievement of development in Sen's view, since the person's decision to deny utilization of the capability is by all accounts an act of freedom and an achievement by default in the development process. A decision to do nothing given a set of many options may still be considered a choice and a capability freedom as such. This idea is made clear by Sen's example of the affluent man who fasts by choice versus the man who starves due to lack of resources. While both have achieved the same functioning, the rich man does not have the same 'capabilities set' as the destitute man, and therefore, the two may not be viewed as equal in terms of their realization of freedom. Sen, in short, is concerned with the freedom of choice. "Fasting is not the same thing as starving," Sen points out, "Having the option of eating makes fasting what it is, to wit, choosing not to eat when one could have eaten (Sen 1999, p.76)."

While Sen believes that freedom should be available for utilization by all individuals, this does not mean that he places the onus of responsibility for the acquisition of such freedoms squarely on the shoulders of citizens. Sen recognizes the clear

challenges posed by authoritarianism, the vested interests of elitist class structures, gender inequalities, and so on. Institutions are critical to the implementation of Sen's framework for development and require the commitment of citizens and governments alike to adopt a system of inclusion, participation, and in short, democracy. This, of course, is no easy task, and is in itself a value-laden proposition. To support this need, however, Sen gives countless examples of the success of democracy in alleviating the plight of the poor and enhancing the quality of life for all peoples. I will not provide an exhaustive account of these examples (Sen 1999 for more detail), but among such examples, he highlights the success of Kerala in reducing fertility rates in India, an analysis of China's coercive "one child policy," the lack of compelling evidence for the "Lee thesis" that claims freedom hampers economic growth, among other useful proofs that amount to a forceful argument in support of democratic reforms as central to development.

Sen outlines five instrumental freedoms that must be present to catalyze the development process: 1) political freedom, 2) economic facilities, 3) social opportunities, 4) transparency guarantees, and 5) protective security:

Political freedom "refers to the opportunities that people have to determine who should govern and on what principles, and also includes the possibility to scrutinize and criticize authorities, to have freedom of political expression and an uncensored press, to enjoy the freedom to choose between different political parties, and so on (Sen 1999, p. 38)."

Economic facilities refer to an individual's ability to utilize economic resources and have access to markets for the purposes of generating income for consumption, production or exchange.

Social opportunities refer to the availability of basic services for human development such as health and education. This not only affects a person's private life (e.g. through decreased morbidity, mortality, etc.), but also impacts an individual's ability to participate effectively in other aspects of society such as its economic and political activities (e.g. through literacy and awareness).

Transparency guarantees make reference to the level of trust in society. That a person can interact with institutions and government with assurances that such transactions have been conducted honestly and lucidly is a necessary for establishing an integrated

system in which all members participate and invest their capital (human and material) toward progress in development.

Finally, protective security recognizes that even in a democratic system, there will be groups that are more vulnerable to economic adversity than others. The freedom of protective security establishes a social safety net in the form of emergency services, unemployment securities, and the like to mitigate situations for the most vulnerable and prevent the fall into abject destitution.

These democratic reinforcements do not, however, absolve the individual of the responsibility to exercise his rights and utilize her freedoms to make the development process work well. Freedom is a necessary but not sufficient means for development. “The achievement of social justice,” according to Sen, “depends not only on institutional forms (including democratic rules and regulations), but also on effective practice (Sen 1999, p.159).” The experiences of democracy have taught us that governments are most responsive to those who participate. Alleviation of acute suffering of the poorest is thereby not only dependent on their enfranchisement, but also on their full and effective participation. This is where the instrumental roles of political freedom and social opportunity are particularly relevant.

Freedoms, then, are significant in the development process for three main reasons:

- 1) their direct role in promoting the conversion of goods into valuable functionings;
- 2) their instrumental role in ensuring that the needs and concerns of citizens are heard and addressed by government and societal institutions; and,
- 3) their constructive role in promoting the understanding of needs in the first place (e.g. through open dialogue, uncensored media, etc.).

Operationalizing the Capabilities Approach

Since the publication of Sen’s book *Development as Freedom* in 1999, there has been a substantial contribution to the literature—often generated by conferences and international lecture series dedicated to the subject—regarding the applications and challenges to implementing the capabilities approach. While many thoughtful and nuanced

accounts have been presented to increase understanding of the gaps in Sen's framework, I will risk being reductionist by boiling the debate down to one main issue that needs to be dealt with to effectively operationalize the approach. This is the matter of whether a universal list of valued functionings (or alternatively, capabilities) should be compiled and instituted within a normative framework or whether this process should be left up to each individual. Other issues and alternatives concerning operationalization of the approach will be summarized in the final section.

--Nussbaum's Criticisms--

Martha Nussbaum's work on capabilities began to take shape in 1986 while in residence as a research advisor at the World Institute for Development Research (WIDER) in Helsinki. Having previously spent considerable time exploring Aristotle's ethics, it was her residence at the Institute that convinced her of its modern-day applications to development. Taking a distinctly feminist perspective, Nussbaum began to research the role Aristotelian ethics could play in the work of global justice and poverty alleviation, particularly to improve the situation of women in the developing world. It was also at WIDER that Nussbaum began to collaborate closely with Amartya Sen, and it was through their many discussions combined with her later visits to India that she developed her own version of the capabilities approach. It is worth noting that this project began independently of Sen's, perhaps giving it even more credibility as a potentially universalist theory for development. It is clear through their subsequent works, though, that their time as colleagues at the Institute was mutually influential in the development of their ideas. While Sen acknowledges Nussbaum for having introduced him to parallels from Aristotle's ethics, Nussbaum recognizes Sen's inspiration in the formulation of her own thoughts as well.

This said, it is worth exploring the chief similarities and differences between Sen's and Nussbaum's capabilities approaches. First, and most central to the capabilities approach, they are in total agreement as to the role freedom must play in the process of development. That is, they both view goods as valuable only inasmuch as they can be transferred into functionings for the individual. In order for this process to take place,

fundamental freedoms are necessary. In that basic political liberties should not be compromised for the sake of addressing economic needs, Sen and Nussbaum once again concur. Economic and political rights should not be viewed as separate, but rather should be seen as interlocked in the process of development. Additionally, both have similar views with regards to the drawbacks of the utilitarian and Rawlsian approaches, though each recognize the significant contributions Rawls has made in the area of political liberalism and its usefulness in developing concepts of justice applicable to the capabilities approach. Importantly, they both consider the individual as the main unit for measuring the success of development programs. Nussbaum is perhaps more explicit about this distinction with her *principle of each person's capability*, though this is not to say that they are not also in agreement on this matter. Both are clear in focusing their attention on the 'capabilities space.' Nussbaum, however, moves beyond the more abstract notion that Sen provides by defining a threshold level of capabilities that must be achieved to ensure that all individuals are able to secure a necessary level of human dignity. She also suggests that this threshold serve as a basis for central constitutional principles that may be demanded of governments by its citizens. Though Sen does not make clear one way or the other whether his immediate goal is complete capability equality, Nussbaum explicitly addresses this issue by arguing that the most imminent task at hand should be to first get the poor up to a level of some minimum threshold. "We may reasonably defer questions about what we shall do when all citizens are above the threshold, given that this already imposes a taxing and nowhere-realized standard," Nussbaum asserts (Nussbaum 2000, p.12). Making this her task, Nussbaum goes about defining the threshold by composing a list of "universal capabilities" that must be in place for each individual to have met the minimum standard. The establishment of this list, I might add, marks the deepest cleft between Sen's and Nussbaum's capability approaches, and will be the topic of the remainder of this section.

Nussbaum's main criticism of Sen's approach is that it does not "take a stand" on what the central capabilities should be. To make the approach relevant and useful for interpersonal comparisons, Nussbaum argues that it is critical to move beyond theory toward the construction of an objective normative framework. The establishment of her capabilities list is a step in this direction as she considers it "a basis for determining a

decent social minimum in a variety of areas (Ibid, p.75).” While Sen does not unambiguously state preference for measuring development via functionings vs. capabilities indicators (indeed, he acknowledges both methods in the literature and does not seem to object to either approach), Nussbaum is clear with regards to her preference for measuring development within the capabilities space. She disagrees with the assertion that a measure of realized functionings can be used as a proxy for the capabilities opportunities set. It is not the duty of the state to ensure the realization of a set of valued functionings for each individual, but only to make available the opportunity to achieve those functionings. For this reason, her list includes what she describes as the universal minimum a government must guarantee its citizens to have fulfilled its role in the development process. It is a list of opportunities for functioning rather than of actual functionings, and therefore protects the rights of each individual to pursue [or not pursue] whatever functioning he or she values. In Nussbaum’s view, the list comprises capabilities that are intrinsically valuable, withstand the test of cultural relativist arguments, and is intended only as a partial assessment of what may be needed to attain *the good life* (unlike Aristotle’s project which was to pursue a comprehensive understanding of *the good life*). Borrowing from Rawls’s concept of ‘overlapping consensus,’ Nussbaum claims that her list is a “freestanding moral core of a political conception.” It does not require acceptance of “any particular metaphysical view of the world, any particular comprehensive ethical or religious view, or even any particular view of the person or of human nature (Ibid, p.76).” It is an “open-ended and humble” list that may be subjected to revision as aspects are contested within varying societal and cultural contexts. In accordance with her concept of ‘multiple realizability,’ it may be adjusted with increased understandings of local customs and beliefs. Finally, it is a list for the modern world and is not intended on being timeless.

So without further ado, let us introduce the by-now famous list:

1. Life: preventing of premature death;
2. Bodily health: having good health, including reproductive health, to be adequately nourished and have shelter;
3. Bodily integrity: having control over one’s bodily boundaries, including protection from assault, choice in reproduction, and prevention of child abuse;

4. Senses, Imagination, and Thought: being able to utilize the senses and reason, cultivated by an adequate education and protected by political freedoms;
5. Emotions: being free to love, grieve, experience longing, gratitude, and justified anger free from overwhelming fear or anxiety;
6. Practical Reason: having freedom to form a personal conception of the good and to plan one's own life;
7. Affiliation: having freedom to engage in various, and personally determined, social interactions, being free from humiliation, having the social bases of self-respect, and having protection from all forms of discrimination;
8. Other Species: being able to interact freely with nature;
9. Play: being able to laugh, play, and enjoy recreational activities;
10. Control over One's Environment: having fundamental political and economic rights such as guarantees of political participation, ownership of property, and equal opportunity to employment.

In Nussbaum's conception, there are three main types of capabilities: 1) *basic capabilities*—those that may be used as tools for developing more advanced capabilities; 2) *internal capabilities*—those that are innate to the individual, though they may require some training or time to develop; and 3) *combined capabilities*—those that are innate to the individual but that require external support to be realized. Her proposed list is made up of this third type of capability, or *combined capabilities*. “By insisting that the capabilities on the list are combined capabilities,” she states, “I insist on the twofold importance of material and social circumstances, both in training internal capabilities and in letting them express themselves once trained.” Meeting this goal “entails promoting for all citizens a greater measure of material equality than exists in most societies, since we are unlikely to get all citizen above a minimum standard threshold of capability for truly human functioning without some redistribution policies (Ibid, p.86).” Increasing economic opportunities for the poor, therefore, should be pursued as a means toward achieving an acceptable minimum threshold of capabilities for all individuals in society, not as an end in itself.

--Sen's Reply--

Sen categorically rejects the idea of instituting a set list of capabilities. He maintains that valuation ranking and individual choice are critical precursors to the experience of freedom. Invoking a predetermined list limits this process and the subsequent freedom of the individual to choose and live the life she deems valuable. Sen therefore defends what he calls 'deliberate incompleteness.' Nussbaum's position that all people everywhere can reach complete agreement about a foundational set of capabilities, independent of metaphysical, religious, or ethical concerns, is too large of an assumption to make. Prematurely implementing such a conception forecloses on an individual's choices by creating fixity in a pre-established set of capabilities. The imposition of external ideals should always be left out of the evaluative space. In the event that an individual should require outside information to make a valuation decision, she should rely on the practical exchanges of public discourse. Sen extensively cites the constructive role democratic discussion can play in adopting values and norms (Sen 1999) for the evaluative process. Indeed, his many years studying the interplay between social choice theory, democracy, and capabilities has led him to place great value on the contribution of public discourse in the development process. Ultimately, however, Sen insists that the evaluative exercise must be left up to the individual, and he seriously discourages the popular aversion to 'incompleteness.' "The tyranny of 'required completeness,'" Sen asserts, "has had a disastrous effect on many other problems in economic measurement" and tends to present a "false choice between silence and babbling (Sen 1985, p.20)." In a statement to specifically address Nussbaum's proposal, Sen writes the following:

"I accept that this approach would indeed be a systematic way of eliminating the incompleteness of the capability approach.[...]My difficulty with accepting that as the *only* route on which to travel arises partly from the concern that this view of human nature (with a unique list of functionings for a good human life) may be tremendously over-specified, and also from my inclination to argue about the nature and importance of the type of objectivity involved in this approach. But mostly my intransigence arises, in fact, from the

consideration that the use of the capability approach as such does not require taking that route, and the deliberate incompleteness of the capability approach permits other routes to be taken which also have some plausibility. It is, in fact, the feasibility as well as the usefulness of a general approach (to be distinguished from a complete evaluative blueprint) that seems to me to provide good grounds for separating the general case for the capability approach (including, *inter alia*, the Aristotelian theory) from the special case for taking on *exclusively* this particular Aristotelian theory (Sen 1993, p.47).”

Outstanding Issues

Though Nussbaum’s proposition is the most popular and forceful of those that have been presented thus far to improve the capabilities approach, there is one other suggestion that has also received a reasonable amount of attention. It favors taking neither the position of ‘required completeness’ nor ‘deliberate incompleteness,’ by recommending a normative *procedure* for assessing capabilities. Rather than endorsing a specific list, this idea promotes the acceptance of a universal set of inclusion criteria to assess capabilities.

Though it is credited as a creative alternative that addresses the issues of imposed ideals during the specification of valuable capabilities, it can be argued that all it does in practice is shift this imposition to an earlier stage in the evaluative process. Another problematic issue in this and Nussbaum’s suggestions lies in the question, “Who gets to make the decisions of what constitutes ‘universally valuable capabilities?’” While Nussbaum attempts to address this issue by pointing out that her list was constructed with input by poor women in India, it is easy to see how even poor women in India may not represent the range of cultural, religious, societal, political, and personal values that may otherwise go into making a decision about valuation rankings. “Who gets to decide?” and “Under what authority?” are critical questions that should not be brushed off as either insignificant or persnickety. In fact, they are questions that underline the political and social inequalities that have contributed considerably to the persistence of poverty in the first place. In making weighty decisions about the presence or absence of “universal

values” in a normative capabilities framework, it would be naïve at best and ill-conceived at worst to overlook the already entrenched system of defective power distribution that has plagued past attempts to alleviate poverty in the international development arena. Before moving forward on this issue, it is worth taking serious note of our current footing and ensuring that whatever normative values are adopted (if they are adopted) do not mirror the same power disparities that until now have not benefited the poor in any meaningful way. If a minimum threshold (Nussbaum) or normative procedure (3rd alternative) is to be adopted, then a concerted effort must be made to formally engage the poor in the process. Their voices must not only be heard as “consultants” to the process, but they too must be given the power to veto unconstructive ideas. Without such participation, we run the risk of masking inequalities behind the elegant and persuasive rubric of ‘capabilities freedoms’ while continuing to reproduce “an extremely ideological culture in which the roots of the se problems, and equally important, the correct solutions to these problems, are actually avoided (Navarro 2002, p.473).”

This said, it is equally important that the international community not submit to inaction by dragging its feet with cynicism. While maintaining a sensitivity to the needs and inputs of the poor, the important role of institutions and governments must also be recognized in the process of protecting freedoms and catalyzing development. If the halving of severe poverty is to remain a serious prospect for the coming decade, then governments, institutions, and citizens alike need to cooperate and offer support in addition to criticisms throughout the development process. Indeed, notable efforts to take a more inclusive approach have been made by key actors in recent years. One such effort will be highlighted in the following section.

Participatory Approaches: Voices of the Poor

At last those above will hear us. Before now, no one ever asked what we think.

--Poor men, Guatemala (1994)

The Concept

A principal complaint by those involved with development work at the grassroots level is that local realities are not adequately reflected in international policies and

programs. While income-generating opportunities are of concern to the poor, for instance, it is not necessarily the primary or sole grievance they have with regards to their situation.

Responding to widespread criticisms of structural adjustment policies that allegedly left the poor worse off throughout the 90's, the World Bank has more recently taken a visible and proactive role in adopting what it calls a "pro-poor" international development agenda. Among such efforts was the Bank's 1998 commitment to undergo a large-scale participatory study of poverty to understand local realities as defined by the poor. Part of a global research effort entitled *Consultations with the Poor*, the Bank sought to answer the following questions: 1) How do poor people understand and define poverty? 2) What is the role of formal and informal institutions in the lives of the poor? 3) How do gender relations within the household affect how poverty is experienced? and 4) What is the relationship between poverty and social fragmentation?

The resulting publication *Can Anyone Hear Us? Voices from 47 Countries* (henceforth *Voices of the Poor*) was used to inform the 2000/01 World Development Report on poverty. The study was distinct from previous poverty assessments for two reasons: 1) because it was the first time a large scale effort had been made to focus on the voices of the poor, and 2) because it was the first time the WDR had used participatory research systematically to inform its recommendations.

This paper will concentrate on the first question that was explored in the *Voices of the Poor* (Narayan 1999) study, namely how the poor themselves understand and define their own situation.

Methodology

Historically, the World Bank's Poverty Assessments have relied on information from large-scale household surveys. Macro-level analyses of consumption and expenditure data have been the main informants of national poverty levels (based on an international poverty line), and have served as the foundation for social and economic policy recommendations. While information from these surveys has proven to be indispensable to governments, academics, and researchers interested in assessing development goals, it has become increasingly apparent in recent years that quantitative data alone is insufficient for this purpose. In truth, it only tells a partial story of the real

lives faced by poor people worldwide. For a more complete understanding of the situation on the ground, a greater effort would have to be made to gather qualitative data and systematically analyze and incorporate it into the Bank's poverty reports.

This realization led the Bank to develop what it calls Participatory Poverty Assessments, or PPAs. Intended to complement traditional statistical data, PPAs were designed to be open-ended and inclusive of stakeholders in the process of evaluating poverty and planning follow-up actions. The most important of these stakeholders, of course, are poor women and men. Who better to inform poverty assessments than the poor themselves? Herein lies the premise for the Bank's PPAs.

Seeking to understand social, institutional, political and geographical influences on poverty, PPAs collect microlevel data from a multitude of communities across countries. Disaggregating these data then serves as a basis for understanding the varying experiences between groups. PPAs are well-suited for such inquiries as they are focused on the individual as the unit of analysis rather than the household. In this way, PPAs serve to more effectively illuminate distinctions between men and women, urban and rural areas, children versus adults, and so on, than traditional survey methods.

To inform the *Voices of the Poor* study, the Bank issued a call for poverty assessments that had used the PPA method throughout the 90's. Out of approximately 300 reports that were submitted, 78 were chosen to be included in the study. These 78 reports were from 47 countries around the world and represented Africa the Middle East (30), Latin America and the Caribbean (16), South Asia (12), Eastern Europe and Central Asia (10), and Eastern Asia (10). They were not all based, however, on a uniform methodology and this was a drawback in the analysis stage. Depending on the number of field researchers that were involved, country reports were based on work that took place in time spans ranging from 10 days to 8 months (average 2-4 months), sample sizes that ranged from 10 to 100 communities, few hundred to 5,000 people, and cost variations between \$4,000 and \$150,000 (Narayan 1999).

To elucidate information that could be used to answer the central questions posed for the *Voices of the Poor* study, researchers systematically read and coded the reports for recurrent themes and patterns. This was done both by human analysis as well as with the

use of qualitative data software (QSR NUD*IST) to safeguard against errors that could be made if left solely to automatic analysis.

When reading results of the study, it is important to keep in mind its several limitations. First, while every attempt was made to select reports that were rich in qualitative and participatory data, the conclusions drawn in the *Voices of the Poor* study were nonetheless dependent on the quality and extent of information that was provided in the selected reports. Second, the selected studies were originally undertaken for different reasons. Therefore, they were not bound by a common subject matter nor can it be said that each of these studies was representative at the national level. An effort was made, however, to choose a diversified selection from each region to minimize biases toward any singular group or research focus. Third, this type of analysis is always subject to human error. Every effort was made to return to the data in times of uncertainty and to check assumptions, but alas, perfection is never guaranteed. Finally, there always remains the possibility of human bias. This is especially possible in a field where there are so many preconceived notions about what causes poverty. However, many checks were put in place in an effort to reduce this factor as much as possible.

Most studies also reported challenges in the data collection phase. Field workers had to face communities that frequently had low levels of trust for government officials and researchers that often came in to their communities but then did nothing to help. Bank researchers had to explain that they were not promising anything other than the possibility of their voices being heard at levels that could eventually improve their conditions. The poor were encouraged by local leaders to be honest for this reason and not to expect roads, dams, or schools to be built as a result. Though this was difficult to communicate at first, forthrightness tended to prove most useful in the end.

Once discussions had started, researchers were often faced with shy, fearful, distrustful participants. Field notes from a study in Guatemala commented, “In some areas researchers encountered some individual reluctance to participate in interviews which was variably attributed to shyness, distrust, fear and in the case of women, the absence of the husband to give permission (p.21).” Such observations were common in all of the study areas. One main challenge was to provide a comfortable and safe atmosphere for participants, especially traditionally marginalized groups, to speak freely. This was offset

by local leaders who at times requested being part of the discussions, or men who dominated meetings thereby leaving the women unheard. To get around this problem, researchers frequently divided participants into smaller groups and tried to keep local leaders occupied with other meetings while participants were being interviewed. Even still, it is likely that topics demanding high levels of trust were underrepresented in this study. Admittedly, the authors note, “It is hard to report what the poor won’t say (p.22).”

This said, the value of the information that was provided by the poor on many important issues must not be understated. They detail many lucid insights, sometimes surprising, about their realities, and offer clear policy directives for the international community. Let us now listen to those voices.

Findings

When asked to characterize poverty, the poor reveal a multidimensional reality. They refer often to a lack of food, housing and land to meet basic needs. Rather than income, they more commonly discuss physical, human, social and environmental assets. Psychological well-being factors in strongly, with powerlessness, helplessness, dependency and lack of voice often cited as causes for mental stress. This, they say, is compounded by the humiliation, rudeness, and inhumane treatment they frequently encounter by officials and social services workers. Poor people also make reference to the pain caused by social exclusion, the inability to live up to social norms because of their deprivation. The cost of participating in cultural events, festivities and rituals is often too much to bear. This exclusion leads to a further breakdown in a valuable resource for the poor: social networks. Lastly, the absence of basic infrastructure such as roads, water, transport, and health facilities is mentioned as a critical factor in their deprivation. Simple problems become life-and-death situations because of geographical isolation and/or lack of access to basic services.

--Material Well-being--

The daily struggle to meet basic needs such as food and water remains a core concern for poor families. Limited employment opportunities and lack of adequate productive land to generate income create yet a more acute problem. The PPAs are full of accounts of mothers having to make difficult decisions about who gets to eat and children so undernourished that the situation seems irreversible. In the Ukraine, some respondents defined poverty as starvation and described the worse aspects of poverty as hunger and malnutrition. In Vietnam, one man summarized his day:

*In the evenings, eat sweet potatoes, sleep
In the mornings, eat sweet potatoes, work
At lunch, go without*

In Guatemala, poverty was defined as lacking basic food and housing and having to ask for charity. Addressing the importance of basic needs, the poor in Cameroon distinguished the poor from the non-poor in five ways: “The presence of hunger in their households; fewer meals a day and nutritionally inadequate diets; a higher percentage of their meager and irregular income spent on food; non-existent or low sources of cash income; and feelings of powerlessness and inability to make themselves heard (1995).” In Moldova, people said, “the worst aspects of poverty were hunger, poor health, lack of adequate clothing and poor housing conditions (1997).”

Having limited access to regular wage labor was discussed as a major contributor to conditions of poverty. A poor man in Pakistan commented:

*The rich have one permanent job; the poor are rich in many jobs.
--Poor man in Pakistan*

Furthermore, the jobs that are available to the poor often entail dangerous working environments, inadequate salaries, and unreliable sources of income. They have no choice in taking them, however, and so live in a constant state of vulnerability and dependence.

To mitigate the dire situation within the household, women have started working outside the home to supplement income. Occupations available to them pay even less than those offered to men, however, and have additionally burdened relations within the family (sometimes resulting in domestic violence or alcoholism) as men feel insecure about their own positions and threatened by the shift in gender roles.

--Psychological Well-being--

The centrality of psychological distress in defining poverty was a striking feature of the *Voices of the Poor* study. Several aspects of stress were cited including those associated with being unable to feed one's children and general food insecurity, feelings of inferiority in having to receive hand-outs (essentially making a public statement of their desperation), stigmatization and shame children feel for receiving free lunches at school (for those who attend school) or for wearing worn-out clothing, the helplessness they feel in their inability to change their own situation, and the powerlessness they feel in being marginalized and ignored by politicians.

I feel ashamed standing before my children when I have nothing to help feed the family.

--A father from Guinea-Bissau (1994)

The Latvia report stated that poor people “felt humiliated by what they perceived as a pressure to ‘beg’ for help and to put up with rude, contemptuous, and moralistic behavior on the part of social assistance office staff (1998).” An elderly Ugandan man explained, “The forces of poverty and impoverishment are so powerful today. Governments or the big churches can only manage them. So now we feel helpless.” He continued:

It is this feeling of helplessness that is so painful, more painful than poverty itself.

--Elderly man in Uganda (1998)

Poor people extensively comment on their lack of influence in the economic and political arenas. In Tanzania, for example, the poor are described as those “who are forced

to accept prices set by others (1999).” In Togo, the poor complain about the exploitation faced by wholesale traders and the inability to purchase raw materials at reasonable prices. An India report comments, “the poor have lost their bargaining power. The basis of dominance is control over productive resources and the basis of subordination is survival (1998).”

In many instances, the humiliation of not being able to participate in social activities is itself defined as poverty. In rural Madagascar, for example, being unable to “adhere to local customs and norms” was described as poverty, whereas being rich was being able to “afford to remain within local norms (1996).” A woman in the Ukraine emphasized the importance of these social interactions by stating, “Without these simple humane signs of solidarity, our lives would be unbearable (1996).”

--State-Provided Infrastructure--

Lack of roads in poor areas severely limits access to critical services, according to the poor. Insufficient infrastructure prevents the poor in rural areas from trading goods in the cities, prevents politicians and social services workers from accessing isolated areas to provide assistance or engage those communities in the development process, and limits the ability of the poor to seek healthcare. Though the urban poor are often less well-off in economic terms than those living in rural areas, they are frequently viewed as less poor because they have access to basic services and infrastructure.

*Take the death of this small boy this morning, for example.
The boy died of measles. We all know he could have been
cured at the hospital. But the parents had no money [for
transport] and so the boy died a slow and painful death, not
of measles, but out of poverty.
--A man from Ghana (1995)*

Lack of transport also restricts levels of education among the poor. With schools out of walking distance, inadequate roads, and no money for alternative transport,

attending primary school is usually not an option. From Thailand to South Africa, the costs associated with sending children to school were listed as a primary cause of family poverty. In many cases, the poor are left with no choice but to compromise their children's education, further perpetuating the cycle of deprivation.

In Bangladesh, lack of access to safe drinking water is identified as one of the greatest contributors to poverty (1996). Similar sentiments were made from the Kyrgyz Republic to Vietnam to India.

Here the biggest problem is drinking water. The drinking water is drawn from an open well. Leaves and other wastes fall in it and decay. Water borne diseases like polio and malaria are very common. No health worker visits this village. There are a few hand pumps in this village, but you can see not even a drip of water.

--India (1997)

--Assets of the Poor--

Contrary to popular perception, the poor rarely speak about income, but extensively make reference to lack of assets. Among those most frequently mentioned are physical, human, social, and environmental assets. The poor cite these assets as critical in their ability to manage crises. Tapping into resources such as land, health, education, social networks, and so on enable the poor to stabilize their situations. Inability to rely on these resources can prove more detrimental to the life of a poor person than insufficient income alone.

Maintenance of physical capital is viewed as crucial in the lives of the poor. Reliance on self-provision was mentioned as a key survival strategy in nearly all the reports. Many rural people grow vegetables at home to mitigate lack of food resources. Urban dwellers often cite lack of space and land as a disadvantage in the area of self-provisioning.

*Poverty is because of the land; the person who doesn't
have any must obligatory leave to do day labor.*

--Ecuador (1996)

For those lacking physical assets, the reliance on human capital, or in short, their health, education, and labor skills, become all the more critical for survival. More than anything else, fear from illness is a main concern among the poor. Illness can often pose the double burden of removing a member of the household from the labor pool along with incurring cost for treatment (not to mention the associated psychological burdens). This can have devastating impacts on poor families:

If you don't have money today, your disease will take you to your grave.

--An old woman in Ghana (1995)

The sick do not have the right to live.

--A new saying, residents of Javakheti, Georgia (1997)

To deal with external shocks, the poor often rely on their family, friends, and other informal associations. For the poor, who cannot afford formal insurance, strong social relations, or social capital, provide a well of support in times of need. More often than not, it is their membership in social groups that saves the poor from catastrophes such as health emergencies, natural disasters, and financial crises. So when they reach a point when they cannot even afford to be involved in the cultural life of the community, the poor find it particularly difficult to cope.

*The most important asset is...an extended and well-placed
family network from which one can derive jobs, credit,
and financial assistance.*

--Senegal (1995)

*No two people have the same intelligence or resources,
so when people come together they can solve many problems.*

--Tanzania (1997)

A clear pattern in the country PPAs was the recurring mention of environmental assets as critical to the support of the poor. Seasonal fluctuations, water quality and quantity, availability of fertile land, the ability to hunt, fish, and gather wood are only a handful of the many dependencies the poor have on their natural habitat. Those who live in ecologically fragile areas are often the most vulnerable. Droughts, flooding, landslides, earthquakes and a series of other catastrophes can devastate communities. Even the help of social ties is sometimes not enough to ease the burden of the situation:

Three years ago it was a very bad year. The flood washed away all of our crops, and there was a lot of hunger around here, to the point that many people actually died of hunger. They must have been at least a dozen, mostly children and old people. Nobody could help them. Their relatives in the village had not food either; nobody had enough food for his own children, let alone for the children of this brother or cousin. And few had a richer relative somewhere else who could help.

--Benin (1994)

The poor live at the whim and mercy of nature.

--Kenya (1997)

Challenges to Implementation

The Bank's *Voices of the Poor* study has marked an important shift in global poverty research. Perspectives of the poor offer key insights into the experiences and causes of deprivation in the everyday lives of billions of people around the world. A reality that is many-sided and complex, absolute and relative. As with other approaches

that include relativist conceptions of poverty, however, measuring subjective aspects of the *Voices of the Poor* definition would also have its difficulties.

The main challenges would come in developing indicators for dimensions such as social capital and powerlessness. While enthusiastic discussions are taking place and potential techniques are being proposed to overcome these obstacles (see Brown 2003; Diener 2000 & 2002; Fukayama; Keefer 2003; Malena 2003; Smulovitz 2003; Uphoff 2003), consensus is far from being reached on how to undergo this task. For this definition to be utilized, very fundamental disagreements on how to measure subjective aspects of poverty would have to be resolved rapidly.

Additionally, an even more basic issue lies beneath that of measuring subjective well-being, and it comes from those who dispute the premise of the Bank's *Voices of the Poor* study in the first place. Else Oyen, a leading poverty researcher, challenges the notion that "the poor are the true experts on poverty." "Simply put," Oyen puts forth, "this is not the case. The poor are experts on their own lives, but not the conditions that perpetuate their situations. In the WDR, however, the causal structure of poverty is shifted to the poor (Oyen 2001)."

Furthermore, Oyen asserts, it is not necessarily the development of valid indicators that poses the greatest challenge to meeting demands such as access to social networks and empowerment. Rather, Oyen keenly points out, "Poverty is functional for certain interests such as those that profit from cheap and flexible labor to whom they have no commitment. Efficient poverty reduction is not possible without facing up to the adversaries and vested interests (Oyen 2001)." Strategies that counter gender inequalities, redistribute wealth, and empower the poor are inherently strategies that engender conflict. It is imperative to acknowledge this division, Oyen maintains, to approach poverty reduction realistically and to effectively deal with the contradictions that exist in the process. There are powerful forces working against poverty reduction. These forces should be identified and dealt with if attacking poverty is to be a serious commitment for the international community. Oyen is critical of the harmonious language that characterizes the tone of the WDR, accusing it of being "seducing in all its good will and buzzwords of partnership, sharing of social capital, equality and acceptance (2001)." To reduce poverty, earnest efforts need to be

made to address challenges at the top as well as those at the bottom of the social, economic, and political ladders.

Conclusions

For years, policymakers largely took for granted the legitimacy and validity of the absolute poverty line as a means for defining and measuring poverty worldwide. Recently, however, with increased pressure to answer for failed policies in the past and to meet renewed commitments for the future, the international community has doubled up its efforts to examine the root causes of poverty. With researchers from a cross-section of disciplines contributing to this project, several innovative approaches have emerged. This paper reviewed the most prominent methods under consideration: the income poverty, human poverty, capabilities, and participatory approaches.

Proponents of the absolute poverty line argue that it is best to maintain its existence for the sake of consistency and simplicity. Income poverty is a widely understood concept and is accepted by most as an important contributor to overall deprivation worldwide. Opponents of the measure maintain, however, that the simplicity of this measure can be deceiving. They assert that the \$1/day line used by the World Bank to attain international poverty counts in fact has no discernible meaning in terms of real needs for the poor. Rather than defining a specific line under which the poor cannot meet basic needs (e.g. nutritional requirements), the \$1/day line does no more than provide an arbitrary cut off point that has no specific relevance to the lives of the poor. To mitigate the problems with this measure, improvements have been suggested such as pricing a “basic needs basket” at which the income poverty threshold could be set and improving conversion difficulties with the PPP exchange rates.

Yet another approach altogether is to move away from the strict focus on economic measures to evaluate the very real consequences of human poverty. The UNDP notes that less than half the variance in indicators such as life expectancy and literacy can be explained by income deficiency alone. If the goal of development is to improve the quality of life for people worldwide, then a more human-centered conception of poverty needs to be adopted. The UNDP’s Human Development Reports attempt to go this length by incorporating what it calls the Human Poverty Index, or HPI. This (and other similar

indexes) provide useful and user-friendly information regarding the progress people are making in human development measures such as literacy, mortality, and access to basic services such as water. There are two major schools of thought regarding human poverty measures: the first believes that it should be used as the primary definition of poverty; the second believes that it should be used to supplement other measures such as the \$1/day poverty line.

Expanding on the conceptual foundations of the HPI, Amartya Sen introduced a comprehensive framework for defining poverty as a deficiency of capabilities. In this method, commodities (e.g. income) are viewed as good only inasmuch as they may be converted into valued human functionings for the individual. The flexibility of Sen's model has its attributes and drawbacks. On the positive side, it offers a possible solution for merging both income and human poverty measures as related indicators can conceivably be determined as 'valued functionings,' or important capability opportunities, by individuals. Since its basic conclusion is that poverty is a deficiency of capability freedoms, it leaves open a variety of possibilities in the realm of making valuations, neither including nor excluding specific possibilities, nor imposing external ideals of what should be deemed 'valuable' in attaining *the good life*. The greatest difficulty in pursuing this definition, however, comes in its practical applications. To deal with this challenge, Nussbaum suggests a normative framework that details a minimum list of capabilities that must be achieved by the individual in order to be considered free from poverty and capable of a life of human dignity. This, she contends, is the best way to meet the demands of international comparability while preserving the essence of the capabilities theory. Nussbaum's suggestion has been rejected by Sen, however, and the debate around how to best operationalize the capabilities approach is far from coming to a close.

Finally, there has been a strong push recently for including the perspectives of poor people in the process of shaping a practical and relevant poverty definition. The largest effort made in this direction has thus far come from the World Bank with their *Voices of the Poor* study. Based on the premise that "the poor are the true poverty experts," the study systematically analyzes open-ended qualitative data attained using participatory methods to extract the most prominent themes and priorities of the poor in describing their reality. Though the very premise of this study has been called into question by those who

argue that the poor do not necessarily understand the *causes* of their deprivation, utilizing input from the poor has still widely been accepted as a step in the right direction.

The poor overwhelmingly describe their situation as multidimensional, including material, non-material and psychological aspects ranging from income to land to limited access to services, social exclusion, isolation, powerlessness and dependency. Whatever degree this information is ultimately used in adopting an international definition of poverty, one thing is for certain: that it would be difficult to overlook the powerful stories collected by these studies altogether.

As the debate continues surrounding the meaning and measurement of poverty, one issue has become abundantly clear: that deprivation is a phenomenon that can neither be described in a single word nor accurately measured by a single indicator. The challenge ahead will be to resolve the ensuing questions regarding deficiencies in the current poverty line, the usefulness of composite measures, and the problems of relativistic conceptions of poverty. While economic considerations will always be central to any meaningful understanding of deprivation, the social and political underpinnings of poverty must also not be overlooked. Research is continuously replicating findings defining poverty as a multi-pronged issue. Ultimately, these studies can only be justified if their conclusions are conscientiously used to inform the development of an adequate and accurate definition of poverty—a definition that not only withstands the rigors of science, but also reflects the realities of the poor.

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