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5 | The power of ordinary events in shaping development

But little Mouse, you are not alone,
In proving foresight may be vain:
The best laid schemes of mice and men
Go often askew,
And leave us nothing but grief and pain,
For promised joy!

(Robert Burns, 'To a Mouse, on Turning Her Up in Her Nest,
with the Plough', 1785)

Life is what happens to you while you're busy making other plans.
(John Lennon, 'Beautiful Boy [Darling Boy]', 1980)

Introduction

This chapter deals with the ways in which everyday histories get caught up in the unexpected and unplanned: 'the best laid schemes of mice and men'. Often this is dismissed as 'noise'; exceptions to the rule which do not detract from the march of history and structures of living. The chapter seeks to decouple individual life histories and household livelihood pathways from the wider sweep of history to show how, particularly when we move from the aggregate and the regional to the specific and the local, experiences and stories are more different than they are alike. To put it another way, ordinary people often live extraordinary lives. Moreover, the extraordinary character of so much living is not just because people bring to their lives unique combinations of skills, aptitudes and personality traits; it is also because unexpected (but ordinary) events disturb and unsettle livelihood trajectories. This chapter, then, is about the power of the ordinary.

For East and South-East Asia we can collectively – and convincingly – show how rapid economic growth has raised incomes, improved material well-being and reduced poverty, notwithstanding the sometimes unequal distribution of growth (see Figure 3.2, p. 51). How this came about may remain a matter of conjecture, as discussed in Chapters 3 and 4, but that the effect was substantially to raise incomes

and therefore reduce income poverty, and to do so across a broad swathe of society, is not seriously disputed. Where the apparently neat translation of economic growth into poverty reduction becomes less clear, particularly in relative terms, is when we track the experiences and performance of individuals and families. This has implications for our understanding of how lives progress; it also requires a reconsideration of ‘higher’-level attempts at planning and, in particular, policies that seek to tackle poverty. It is easy to overlook the point that economic growth, in terms of GDP, is an aggregate measure of national economic expansion; poverty, on the other hand, is experienced individually or at a family or household level. As Ravallion writes:

People are often hurting behind the averages. Panel data and observations from the ground can reveal this, but the aggregate statistics cannot. It is important to know the aggregate balance of gains and losses, but it will be of little consolation to those suffering to be told that poverty is falling on average. (Ravallion 2001: 1811)

The role of chance, luck, fate, serendipity, failure, tragedy, happenstance and misfortune in shaping individual and family pathways is a familiar one. From John Dryden’s observation that ‘... seldom three descents continue good’ (Dryden 1745: 294)¹ to Bob Dylan’s ‘simple twist of fate’, the ability of unforeseen events to turn life upside down and inside out is a current that runs through novels, proverbs, songs, plays and poetry – as well as everyday lives.

John Dryden and Bob Dylan may both be highlighting the turbulence of history. The former, however, is paying attention to the inter-generational (family) transfer of wealth and the latter to the unsettling effects of chance events on individual (personal) life chances and courses. This chapter considers both the inter-generational and the intra-generational transfers of wealth and poverty, how they occur and what interrupts their progress. *Intra-generational mobility* concerns movements, in this instance of wealth or poverty, within or between social classes during an individual’s lifetime or life course. *Inter-generational mobility*, sometimes shortened to IGT poverty (inter-generational transmission of poverty), on the other hand, refers to the transfer of wealth or poverty between the generations. Beyond such transfers of wealth and poverty, a series of other related questions also weaves its way through the chapter. Have economic development and social change altered the patterning of untoward or serendipitous events? How do communities and individuals act and behave to minimize or thwart their effects? And what is – and what might

be – the role for government in such contexts both to support and enable upward movements and to protect families who might be propelled downwards?

So far this book has mostly concerned itself with debates over national economic growth, development planning and historical transitions. Much of this chapter and the next, however, will focus on individuals and households and how they respond to and are buffeted by larger-scale processes and events. A particular concern is with the predictability of such events, the transfer of their effects through the life course and across generations, and the ways in which people ‘cope’ and governments ‘manage’ in the face of assorted shocks and disturbances.

Conceptualizing the poor in time: the inter- and intra-generational transmission of poverty

We know a good deal about poverty characteristics and trends over time, particularly in relation to monetary poverty; the economics of poverty is a mature industry with a wealth of supporting data. As Sen writes in the Preface to *Poverty and Famines* (1981: vii), ‘much about poverty is obvious enough’. Intuitively, we also know who the poor are. We know far less, however, about poverty dynamics and the intra- and inter-generational transmission of poverty, and especially those personal characteristics that might explain the dynamics that panel studies² reveal (Hulme and Shepherd 2003: 407; Baulch and Davis 2008: 1; Krishna 2010: 29; Krishna and Shariff 2011): ‘The task of explaining social mobility patterns’, Krishna writes, ‘remains as yet substantially incomplete’ (2010: 124). Moreover, the comparative absence of longitudinal studies (as opposed to cross-sectional studies) is particularly acute in the global South (Bird and Shinyekwa 2005). At the start of the millennium, only twelve out of 110 low- and medium-income countries had household-level data on poverty dynamics (Harper et al. 2003: 538). While this situation is continually improving, it is still the case that most panel data sets are relatively short run (less than five years) and/or restricted in terms of their number of waves or sample points.

John Dryden and Bob Dylan were referring to the disturbing and unsettling effects of events in family lives, and how these can throw normal progress off track. In academic studies of poverty, however, it is normally the *continuities* in patterns of poverty which are highlighted, rather than the *discontinuities*. People are, variously, caught in poverty ‘traps’ (Dasgupta 1997; Carter and Barrett 2006; Krishna 2011), there are ‘cycles of disadvantage’ (Boggess et al. 2005), families face ‘unequal

chances' (Bowles et al. 2005), and poverty is 'persistent' (Carter and Barrett 2006), 'enduring' (Harper et al. 2003) and 'chronic' (Hulme and Shepherd 2003; CPRC 2009; Aliber 2003). Studies frequently emphasize that poverty, and also prosperity, is reproduced in quite predictable ways; the children of the rich of one era become the adult rich of the next. Intuitively, we would expect this to be the case; the children of more prosperous families, particularly when that is allied to stable household conditions, will inherit the wealth of their parents and, in turn, transmit that prosperity to their children. What is transmitted from one generation to the next is not only positive (land, savings, livestock, education and various other assets) but can also be negative (debt, undernutrition or, more contentiously, cultures of poverty). The question, then, is: what explains the patterns that can be discerned in both the intra- and inter-generational transmission of poverty?

In considering the relationship between poverty and the temporal dimension, three broad hypotheses present themselves: the persistence hypothesis; the life cycle hypothesis; and the individualization hypothesis (McDonough et al. 2005: 1797). The persistence hypothesis leans towards a structural interpretation of the reproduction of poverty, seeing it as linked to institutional and individual factors that perpetuate poverty. These include, for example, social exclusion and labour market rigidities that make it hard for the poor to escape their condition, through to individual (or neighbourhood) characteristics that create a culture of poverty and dependency which is transmitted from generation to generation. So-styled 'deviant' values and behaviours are seen to be reproduced inter-generationally through familial and neighbourhood experiences (Corcoran 1995: 238). Critics of this culture of poverty interpretation of the inter-generational transmission of poverty maintain that it is not due to the passing on of deviant cultures and behaviours, but because of racial discrimination and social exclusion. This relocates 'blame' from the poor and the neighbourhoods that they create to wider society.

The life cycle hypothesis builds upon the early and seminal work of Seebohm Rowntree (1901) in the northern British city of York and focuses on the way in which poverty is linked to stages in the life course: young families with dependent children are constrained in terms of what they can do, while individuals in older age also face particular – but different – difficulties in making a living. Rowntree noted that 'the wages paid for unskilled labour in York are insufficient to provide food, shelter, and clothing adequate to maintain a family of moderate size in a state of bare physical efficiency' (ibid.: 133). 'The fact remains', he continued, 'that every labourer who has as many as

three children must pass through a time, probably lasting for about ten years, when he will be in a state of “primary” poverty; in other words, when he and his family will be underfed’ (ibid.: 135). Finally, the individualization hypothesis proposes that late modernity is causing the sources and trajectories of poverty to be unsettled, disturbing any patterns and regularities that might, once, have been evident.

While there are important continuities in the production and reproduction of poverty, and these structural features need to be addressed if the ‘cycle’ of poverty is to be broken, the degree to which there are discontinuities is surprising. As Harper et al. state, the ‘most striking features of the body of evidence on poverty transfers are its ambiguity and highly context dependent conclusions ...’ (Harper et al. 2003: 537). Drawing on data from the Panel Study of Income Dynamics (PSID), a continuing study of some five thousand households in the United States,³ McDonough et al. (2005) highlight the turbulence of the poor. While 70 per cent of the sampled households were never poor over a sixteen-year period from 1967 to 1982, of the 30 per cent who were poor, a little more than one third were poor throughout the period; around the same number left poverty; and around a quarter became poor. Based on these panel data, McDonough et al. (ibid.) identify four broad classes of poor: the non-poor, the always poor, the declining poor and the rising poor.

Even within these classes, however, there is diversity. The chronically poor, for example, include those who are poor through their social exclusion (highlighting societal and institutional barriers to progress) and those who are long-term deprived. The former may be best conceptualized through the persistence hypothesis and the latter through the individualization hypothesis. In addition, the two categories of declining poor and rising poor can also be subdivided. The former into those who decline into poverty and become chronically poor, and those who decline but then return to their prior non-poor status; and the latter into those who rise but then return to poverty, and those who rise to become non-poor. A further complication is that countries exhibit different balances between chronic and transient poor, and this requires different policy responses. In those where most of the poor are only occasionally poor, interventions might best be concentrated on providing adequate social safety nets; where it is chronic poverty which is the issue, then asset redistribution and sustained investment in social and physical infrastructure might be the preferred policy intervention (Hulme and Shepherd 2003: 404).

Using the same PSID data set, it is possible to track what happened

to the children born into poor and non-poor families in 1968 and their early adult outcomes recorded in 1988. The first point to note, once again, is the degree of mobility: more than three-quarters of poor black children in 1968 were living as non-poor early adults twenty years later. The proportion for white children, however, was nine-tenths. At the same time, the study also revealed the degree to which poverty is transmitted inter-generationally: poor black children were two and a half times more likely to be poor in early adulthood than non-poor children. The figures for white children are even starker: those living in poverty in 1968 were almost eight times more likely to be poor in 1980. There is, on the basis of these data, an important (but far from deterministic) element of path dependence in the trajectories of the poor and the non-poor through their life course. The study also, and thirdly, draws attention to the marked differences between black and white children in terms of their chances of being poor in the first place, and remaining poor in the second. All this is significant and interesting. There is still, however, a puzzle in the data. This relates to the question of *why* growing up poor is significantly more likely to lead to poverty in later life, which may seem intuitively obvious but is in fact less clear than one would imagine. The data reveal that the effects of parental poverty, even when controlled for education, family size, family structure, maternal schooling and neighbourhood effects, are large and significant. This leads Corcoran (1995: 250) to conclude that 'poverty is clearly not just a proxy for measured parental and neighbourhood disadvantages'. Growing up poor in the United States clearly matters; why it matters is less clear. It is also evident from these data and the other studies noted in this chapter that poverty is not preordained.

There are distinct links between how poverty is produced intra-generationally and inter-generationally, with each drawing on similar explanatory frameworks. In seeking, however, to illuminate the discontinuities and contingencies that characterize life and living for those in or close to poverty, this chapter will separately consider the poverty dynamics that concern the experiences of individuals and individual households over time on the one hand, and the poverty dynamics that relate to the inter-generational transmission of poverty on the other.

Intra-generational twists

Poverty traps and intra-generational mobility

A small peasant and a landless labourer may both be poor, but their fortunes are not tied together. In understanding the proneness to starvation of either we have to view them not as members of

TABLE 5.1 Four approaches to framing poverty and counting the poor

Framing	Categorization		
Division	<i>Poor</i> (those who fall below the poverty line)	<i>Non-poor</i> (those who lie above the poverty line)	
Demarcation	<i>Breadth of poverty</i> (the multidimensionality of poverty)	<i>Depth of poverty</i> (the poverty gap, how far people individually or collectively fall below the poverty line)	<i>Duration of poverty</i> (how long people or households remain in poverty)
Distinction	<i>Transient poor</i> (the occasionally or 'churning' poor)	<i>Chronic poor</i> (the long-term poor, consisting of the <i>always poor</i> and the <i>usually poor</i>)	<i>Ultra or severely poor</i> (the destitute, who may also be chronically poor) <i>Non-poor</i>
Dynamics	<i>Poverty trends</i> (the change in the headcount measure of poverty from year to year)	<i>Poverty dynamics</i> (the poverty experiences, over time, of individuals and households)	<i>Poverty turbulence</i> (the oscillation of people across a poverty line) <i>IGT poverty</i> (the intergenerational transmission of poverty)

the huge army of 'the poor,' but as members of particular classes, belonging to particular occupational groups, having different ownership endowments, and being governed by rather different entitlement relations. Classifying the population into the rich and the poor may serve some purpose in some context, but it is far too indiscriminating to be helpful in analysing starvation, famines, or even poverty. (Sen 1981: 156)

While broad sweeping theories have great intellectual interest there is no grand theoretical framework yet proposed that can explain the persistence of poverty in general, or the persistence of poverty for countries or social groups in particular. The nature of chronic poverty, and the causal factors that underpin it, differ from context to context, and so explanations must also vary. (Hulme and Shepherd 2003: 413)

'The poor', as Sen describes in the quotation above, are far from a homogeneous group. Individuals and households are poor for different reasons and to different degrees, and their experiences of poverty are different. The policies that might lift them out of poverty have, therefore, to be equally varied if they are to be sensitive to such differences. The headline poverty data – such as those reproduced in Figure 3.2 (see p. 51) – are politically important in drawing attention to the poverty challenges that still confront the world. But such data shield from view the diversity that Sen describes; they also hint that there might be a silver bullet to tackling global poverty.⁴ As Table 5.1 rudimentarily sets out, beyond simply dividing the world into the poor and non-poor, we can demarcate the poor in terms of the depth, breadth and duration of poverty; we can draw distinctions between types (or categories) of poor; and we can focus attention on the dynamics that underscore poverty over time. It is the last of these with which this chapter is particularly concerned, although, as we shall see, what happens over time is intimately linked to why people are poor in the first place and the depths of poverty that they experience.

Shocks and resilience: latent and constructed How do families progress or decline? There is an assumption that the two processes mirror each other: that each is gradual, one of improvement and the other of decay. In addition, it is also commonly assumed that the factors that drive these upward and downward movements are much the same, just working in opposite directions. The evidence, however, is that upward and downward livelihood trajectories are different both in the

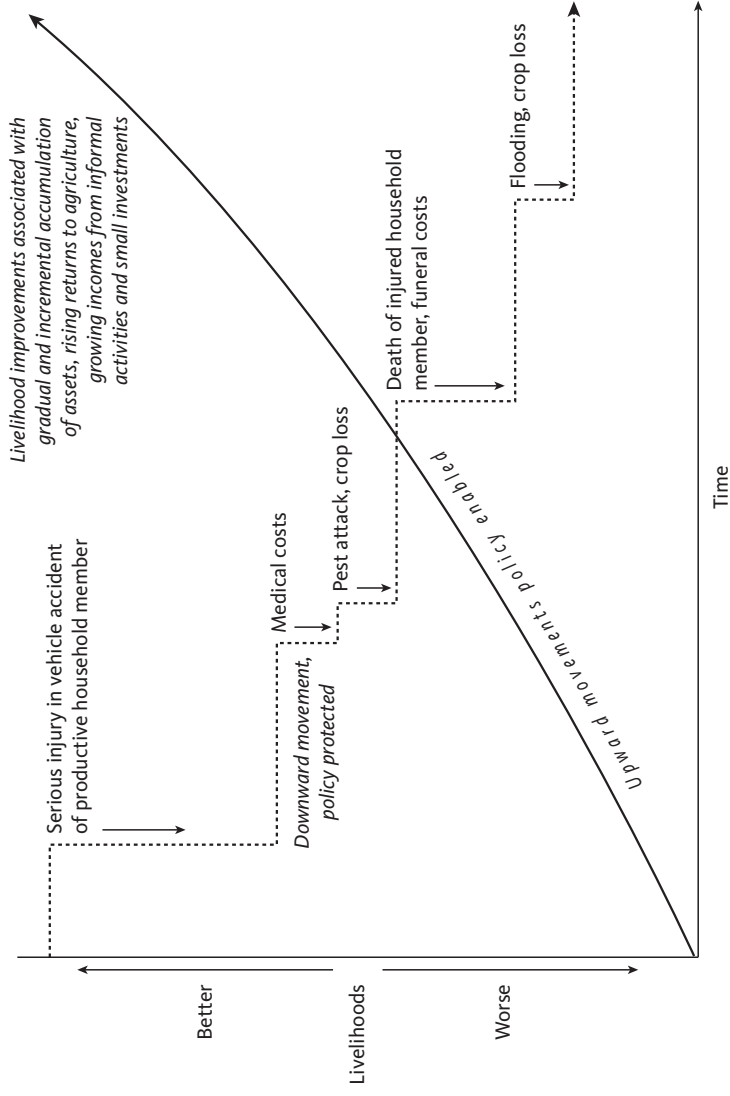


Figure 5.1 Downward and upward livelihood trajectories: smooth ascents and sudden declines

paths that they take, and in the processes that propel or underpin the movements.

Figure 5.1 illustrates these differences, drawing on the work of Krishna (2010), Davis (2006, 2007), Hulme and Shepherd (2003), Sen (2003) and Baulch and Davis (2008). As Figure 5.1 shows (and see Table 5.3), upward movements tend to be gradual and cumulative as people find work, generate surpluses, and invest wisely or fortuitously; they are also linked to wider economic conditions and can thus be seen as ‘enabled’ by policy contexts. In expanding economies, the employment and investment opportunities that permit such upward movements are more numerous, as Box 5.1 describes in the case of Truong, a rural migrant in Hanoi.⁵ There is also an important element of serendipity: poor or near-poor households must avoid the sort of shocks that propel downward livelihood movements.

Box 5.1 Downward mobility in north-east Thailand

I first met and interviewed Mrs Achara Wattana in the north-eastern Thai village of Ban Non Tae in 1983 (Illustration B5.1). At that time, Achara and her husband were relatively prosperous in village terms. They owned a good-sized area of rice land, marginal though it may have been (like so much rice land in this part of Thailand), and their livelihood was robust in village terms. When, with Albert Salamanca, we reinterviewed Achara in May 2008 and then for a third time in 2009, she had fallen significantly down the village wealth hierarchy and was regarded by other villagers as ‘poor’.⁶ The reasons for this decline in fortunes can be linked to the sort of events with which this chapter is concerned.

Achara’s husband was struck by lightning and killed in 1983 when she was a young mother with three children and an adoptive son (her nephew) to support. Her husband’s livestock trading business subsequently collapsed and, as a result, the household’s main source of income dried up. In 1986, Achara was forced to sell a large part of her land to pay bills after she was hospitalized with a liver complaint. Of her three children, one son was killed in a road accident in Pattaya in 2006, a second son left the village to live in Phetchabun (another province in north-east Thailand), and Achara’s only daughter later left home to live with



Illustration B5.1 House compound, Ban Non Tae, north-east Thailand, 1983

her husband in Bangkok.⁷ By 2008, a reasonably robust rural livelihood in the early 1980s, at the time of the first interview, had become a progressively more marginal one. By the time we reinterviewed Achara in 2008 she was fifty-eight years old, a widow and in poor health, suffering from heart problems and hypertension (Figure B5.1).⁸

Unlike in Hulme's (2003) study of a single chronically poor household in Bangladesh, however, Achara had not fallen into destitution. This can be seen to be linked to two sets of factors. First of all, Thailand has begun to introduce a lattice of social safety nets that help to protect individuals at times of crisis, and cushion the effects of downward livelihood shocks. In particular, under former prime minister Thaksin Shinawatra, the Thai government introduced a universal healthcare programme in 2002,⁹ bringing modern medical care within reach of almost everyone. The number of Thais without some form of medical insurance fell from 16.5 million in 2001 to 2.9 million in 2005, raising the proportion of Thailand's population covered from 73 to 96 per cent. The second reason relates to the scope for upward movements. Achara is not alone in her rural, village redoubt: she looks after the children of her daughter – her two

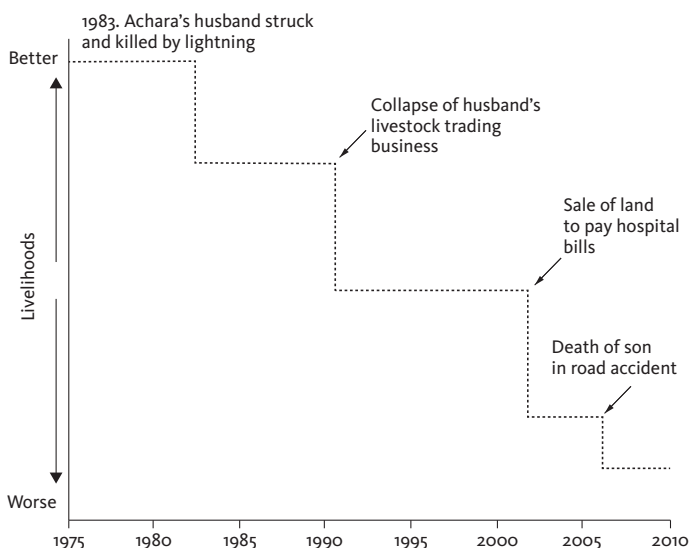


Figure B5.1 From stability to vulnerability in north-east Thailand

grandchildren. Achara's daughter and son-in-law work in Bangkok, the latter as a taxi driver, and remit around 3,000–4,000 baht (US\$100–135) per month to Achara, so that she can care for their children. Thailand's industrialization has created the sorts of opportunities – in factories, in domestic work, and in a whole assortment of informal and semi-formal sector activities and settings – that have enabled rural Thais incrementally to inch up the prosperity ladder, even in a context of continuing, even enhanced, vulnerability.

Downward movements, in contrast to upward shifts, are often sudden, unexpected and, not infrequently, debilitating in livelihood terms.¹⁰ They come out of the blue and are livelihood shocks in the real sense: a family member is seriously injured in a motorcycle accident; his income is lost and hospital costs are incurred; land is mortgaged to pay these hospital bills and then lost when falling incomes mean repayments are not met. In these ways, a non-poor family with a sustainable livelihood and a bright future can find its assets eroded, and become poor. It has been suggested (Horrell et al. 2001) that these downward movements exhibit *hysteresis* – in other words, their effects resonate through time, and sometimes across generations, even when the event

itself is long in the past. An example might be a family that takes a child out of school following a livelihood shock, causing that child's life chances to be long-term impaired, which will then compromise the ability of that child to support its parents as they grow old and infirm.

Upward movements are gradual and incremental (Box 5.2); downward shifts are sudden and 'lumpy'. Importantly, such highly individual, idiosyncratic sequences (or chains) of unfortunate events are not explained by large-scale processes of social, economic or political change: 'Such monumental or large-scale factors can help explain differences in aggregate poverty among countries, but they shed little light on why some individuals were able to escape poverty while others in their neighbourhoods remained or became poor' (Krishna 2010: 14; and see Baulch and Davis 2008). Not only do these livelihood shocks impact on current generations, they can sometimes also be transferred inter-generationally, a theme which is considered below (see p. 131).

Box 5.2 Upward mobility in Hanoi, Vietnam

Mr Truong provides an example of how hard work and a smidgen of luck can lever a family into a stronger livelihood position (Figure B5.2). We interviewed Truong in his motorcycle repair shop in Cau Giay in Hanoi in September and November 2010, at which time he was a married man of fifty-two, with three children, a son and two daughters. He was born and raised in a village in Thai Binh, a little over one hundred kilometres south-east of Hanoi, and arrived in Hanoi in 1989. He came to Vietnam's capital originally to find medical care for his son, who had been born with a cleft lip. He scoured the city for the best specialist, visiting five hospitals. His intention initially was to have his son treated, and then return to Thai Binh. But in the event he had to stay. His son underwent five years of treatment in Hanoi and was then transferred to a Swedish-funded children's hospital in Quang Ninh province.

In order to pay to have his son treated, as well as meeting their living expenses in the city, Truong sold a truck he owned in Thai

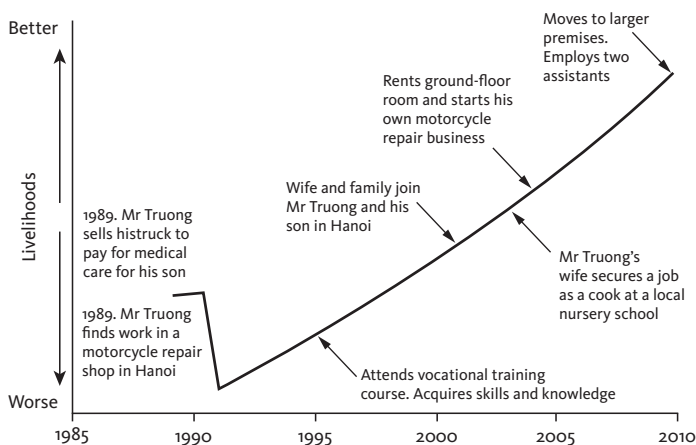


Figure B5.2 From vulnerability to prosperity in north Vietnam

Binh – his only significant asset. This might have been the first of a series of downward livelihood steps. Instead, however, he gradually established himself in the city, found work and enrolled his son in a city school (even though he was still registered as living in Thai Binh). At first Truong worked as an employee in a motorcycle repair shop, having pestered the owner to take him on. He attended a vocational training course in motorcycle maintenance in 2000/01, and gradually accumulated skills and knowledge. He noticed that there was an absence of repair shops in Cau Giay district. He rented a ground-floor room and opened his own repair business in the district in 2005, moving to new, larger premises in 2010. Situated close to a campus of the Vietnam National University, his business thrived. In 2001 his wife, Tam, joined Truong and their son in Hanoi, and she opened a tea stall. The following year his daughters followed, reuniting the family for the first time since 1989. In 2004 Tam became the cook at a local nursery school. In 2010, when we interviewed Truong, he was employing two migrants (from Hung Yen and Tuyen Quang). Truong still owned his house and land (4,000 square metres) in his home village in Thai Binh and returned around three times a year for festivals and to see his relatives. His intention is to retire to his homeland, but for the moment his life and livelihood, both seemingly secure and increasingly remunerative, are centred on Hanoi.

These differences between upward and downward movements mean that government interventions to protect people who fall into poverty will be different from those that might be engineered to lift people out of such a condition. To achieve the former it is necessary to provide social safety nets that support livelihoods at times of personal crisis, and protect family assets (especially land) from being disposed of (see Moser 2009: 252–5). Assets are often built up over years of frugal living and careful shepherding of resources, and can be lost in a moment of bad luck (Hulme and Shepherd 2003: 409).¹¹ Most important of all safety nets is universal healthcare: to use the subtitle of Krishna's (2010) book, many, many people in the poor world are just 'one illness away from poverty' and 'thousands more have become deeply indebted on account of burdensome health care costs' (ibid.: 73).¹² And for the poor, often their only asset is their labour and this is dependent on their continuing good health. Furthermore, good health is often complementary to other elements of human capital. For the poor and near-poor in the global South, therefore, ill health is the asset risk par excellence. The way that illness can impact on households is revealed in studies of HIV, which characteristically creates a vicious cycle of illness, leading to underproduction and thence to destitution, which is transferred inter-generationally as children are taken out of school, households become single parent headed and, if both parents die, children become orphans:

The sickness of the main breadwinner adds the burden of care to the workload of women. Sooner or later, they are likely to become sick themselves. Frequent and long periods of sickness deprive the family of their means of production – for example, they are unable to tend the land. Lack of money because of inability to work further limits people's access to health services, and a vicious circle of illness and poverty develops, in which families sell their assets, borrow money and go further down the hill of poverty. (Smith 2002: 66; see also Hulme 2003; Hulme and Moore 2010)

Many illnesses are medically short term, but if they have led to the disposal of assets then livelihoods may become compromised in the long term. It is for this reason that families will often cut consumption to within a whisker of crossing the subsistence threshold (beyond which health and nutrition consequences become intolerable), rather than disposing of critical productive assets such as land and livestock (Barrett and McPeak 2003: 10–11). People, in other words, will accept current transitory poverty in order to protect themselves from chronic

future poverty. More germane still, some health shocks are irreversible, leading to a profound and chronic decline in living conditions. These can propel not just the near-poor but also the far-from-poor into poverty (Krishna and Shariff 2011: 542–3). The different ways in which a shock might impact on a chronically and temporarily poor household are schematically set out in Table 5.2. For chronically poor Household A, there is very little room for manoeuvre and the effect is deleterious in the extreme; Household B, on the other hand, has some latitude to cut consumption, protect assets and recover. A third point to make is whether we should treat health spending as non-discretionary (see, for example, Wagstaff and van Doorslaer 2003 on Vietnam). Another study from Vietnam (Ensor and San 1996) showed that the poor delayed obtaining treatment for longer, they avoided more expensive health facilities (hospitals and health centres), instead preferring pharmacies and pharmacist advice, and they were more likely to borrow money to fund treatment, especially from moneylenders.

For South-East Asia, the countries of Indonesia, Malaysia, Singapore and Thailand have effective and reasonably broad-based healthcare schemes to counteract the sort of downward livelihood spiral described above. In the other countries of the region, the poor are less well protected from the depredations of illness. While protection in the form of safety nets may be the key means to protect families from destitution in the face of livelihood shocks, creating the conditions for upward mobility requires a rather different mix of conditions and interventions. In this instance, governments need to create vital, expanding, job-creating economies with efficient bureaucracies and transparent governance, supported by sustained improvements in physical (roads) and social (education, health) infrastructures.

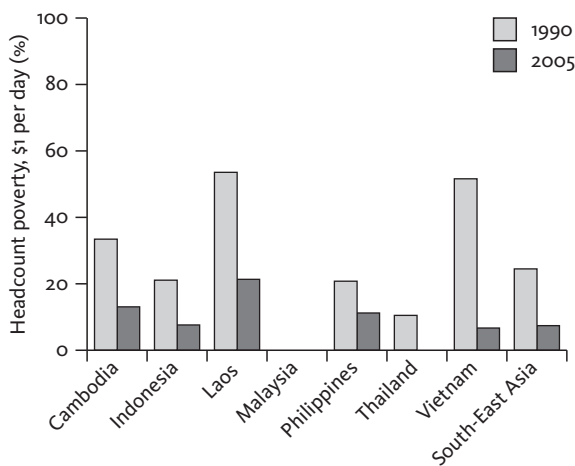
TABLE 5.2 The chronic and transitory poor: shocks to the system

Household example	Why is a household poor?	Nature and depth of poverty	Response to shock	Effect of shock	Resilience/vulnerability status
Poor household A	Structural	Persistent, deep	Selling of productive assets	Profound	Vulnerable
Poor household B	Stochastic shock	Transitory, shallow	Cutting of consumption	Disturbing but short term	Resilient

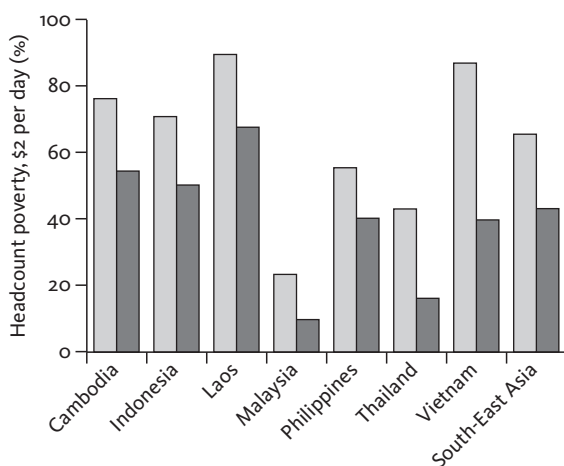
A recurring theme in recent studies is an interest in ‘resilience’ (often paired with vulnerability). Building resilient communities, economies, societies and livelihoods has been a leitmotif of the last decade, linked to the challenges posed by climate change, regional and global economic and financial crises, and the War on Terror. Because resilience has been taken up by such a broad range of subject areas, it is not surprising that definitions also vary. However, key attributes of most definitions include: the capacity to withstand shocks and positively adapt; and the ability to return quickly to a pre-shock state (‘bounce-back-ability’). What is less clear is what makes for resilience and, even more pertinently, whether it is possible to plan and govern for resilience.

Bumping along the bottom: shocks when you are close to the edge The discussion in Chapter 3 highlighted the remarkable decline in both the proportion and the number of people in the wider Asian region living on less than US\$1 a day (see p. 51). Figure 5.2a reinforces this point, showing the number of people living on less than \$1 per day by country in South-East Asia in 1990 and 2005. These data reveal that the number of poor shrunk by 70 per cent from close to 24 million in 1990 to just 7 million in 2005. In some countries such as Thailand and Malaysia it would seem that poverty had been eradicated by 2005, at least on the basis of these measures. What, though, if we raise the poverty line to \$2 a day? Then, as Figure 5.2b illustrates, a large number of additional poor ‘appear’ and the record becomes rather less impressive, with a decline in the number of poor from 66 million to 43 million, or 34 per cent. In a similar way that adjusting the poverty line (or its calculation) can lead to very large shifts in the number of poor, so too with changes in household expenditure, on which measures of poverty are often calculated.¹³ Small changes in expenditure, whether up or down, can markedly alter the numbers calculated as living in poverty without, of course, leading to any significant change in actual well-being (see Davis and Baulch 2011).

What the data in Figures 5.2a and 5.2b show is that there are large numbers of people in South-East Asia living very close to the \$1-a-day poverty line. These individuals and households are particularly vulnerable to the shocks discussed in this chapter, and they often lack the physical resources, economic assets and social capital¹⁴ – and therefore lack the resilience – to respond to negative events. It is also true that the effects of national economic expansion and contraction are far from uniformly experienced. Therefore it is not just that in poor countries there are characteristically many individuals crowding



Figures 5.2a and 5.2b The margins of poverty in South-East Asia (1990 and 2005)



close to the poverty line, but also that a change in national economic fortunes will impact on these individuals in varied ways.

The near-poor are much less able to respond creatively to the sorts of shocks that are characteristic of slides into poverty – vehicle accidents, serious illness, dowry demands and wedding and funeral expenses, for example. Such shocks can lead, in turn, to the selling of assets and the withdrawal of children from school, thus transforming a time-specific shock into an inter-generational sequence of effects, as noted above. The non-poor are in a much better position to smooth consumption, to cut discretionary spending, protect assets (including future assets in the form of children's schooling) and trade off different aspects of well-being than the poor and near-poor. For

those with assets, even when they descend into poverty, this is far more likely to be short-term than for those who are asset-deficient, particularly if they are in a position to protect their core asset base.¹⁵ It is for this reason that Carter and Barrett (2006; and see Barrett and McPeak 2003) propose that if we are to distinguish between structural and stochastic (non-deterministic) poverty transitions we need to develop asset-based poverty lines that can reveal the structural foundations of poverty, and therefore the longer-term prospects of those who happen to be poor at a particular point in time. For those who are poor but have protected their asset base, time is on their side and their condition of poverty is likely to be short lived; for those who are poor and without assets are caught in a poverty trap with the likely outcome of chronic poverty (Barrett and McPeak 2003: 3). (This important distinction was discussed in connection with the PSID data – see p. 112). It is also the case that descents into poverty (see Box 5.1) are often not limited to single events but sequences of events, or ‘event histories’, as Krishna terms them (2011: 25). These may be connected or unconnected.

While the poor may be less resilient and more vulnerable than the non-poor, it is important to emphasize that even the ‘rich’ are susceptible to shocks that can make them vulnerable and then drive them into poverty. As Bird and Shinyekwa write in the case of their study in rural Uganda:

Membership of a non-poor family provides an individual with a number of positive and mutually reinforcing advantages: good diet; access to education; access to health care; higher status; a network of friends and patrons in and outside the village; the ability to travel outside the village, and therefore exposure to ideas; more land or livestock to inherit; and more likelihood of marrying well. *However, these advantages cannot necessarily be used to predict that an individual and their household will be able to avoid either short or extended periods of poverty.* (2005: 64, emphasis added)

On the basis of their study, Bird and Shinyekwa argue that targeting only vulnerable groups (female-headed households, the disabled, families living with AIDS, the elderly) may mean that richer households which are pulled into poverty owing to a sequence of untoward events are overlooked.

POVERTY DURING THE INDONESIAN *KRISMON* While this chapter makes a case for the central position of ordinary, idiosyncratic events

in shaping livelihood pathways, this is far from suggesting that higher-scale events and conditions do not reverberate through communities and households. This was all too clear during the Asian economic crisis of 1997–99, introduced in Chapter 3. In Indonesia, the country of Asia most seriously affected economically, the poverty rate more than doubled from 15 per cent at the start of the crisis in mid-1997 to 33 per cent by the end of 1998, during which the economy shrunk by almost 14 per cent (Suryahadi et al. 2003a). Given the severity of Indonesia's economic contraction, and bearing in mind how many people were living close to the poverty line even before the crisis (see Figures 5.2a and 5.2b), it is not surprising or remarkable that poverty should have increased. Two issues are worth noting, however. First of all, statements such as '36 million additional people were pushed into absolute poverty [in Indonesia] due to the crisis' (ibid.: 240), give the impression that 36 million *new poor* were added to an existing, and comparatively stable, poverty stock. As the earlier discussion emphasized, it is highly likely that the actual numbers moving across the poverty line over this period were substantially greater than 35 million, including not a few moving upwards, and out of poverty. It is just that there were many more still moving downwards, giving us the net figure of 35 million.

Table 5.3 seeks to show how personal, idiosyncratic events or event histories intersect with regional, national, even global, co-variate events. During *krismon*, the balance between co-variate events causing people to fall into or rise out of poverty shifted towards the former as the economic crisis led to cuts in government spending, a reduction in employment, layoffs and bankruptcies. At the same time, however, there were still people rising out of poverty owing to the increasing prices of export crops, inheritance, strategic marriages, and the securing of employment in a buoyant export manufacturing sector.

The point that the stock of poor is not simply being 'added to' during a period of economic contraction, such as that which occurred during *krismon* in Indonesia (or, alternatively, being denuded during a period of economic expansion), is evident from longitudinal surveys that tracked individuals over the course of the crisis. One such survey is the Indonesia Family Life Survey (IFLS1), first undertaken in 1993/94 among 7,224 households and around 22,000 individuals by the RAND Corporation and the Demographic Institute of the University of Indonesia. The survey was repeated in 1997 (IFLS2), 1998 (IFLS2+) and 2000 (IFLS3), thus covering the period of Indonesia's economic crisis and its aftermath. The fourth wave of the IFLS was undertaken in 2007/2008.¹⁶

Using the IFLS data from 1993, 1997 and 2000, the poverty headcount

TABLE 5.3 Contextual scales in the shaping of livelihood and poverty pathways

Scale	Falling (into poverty)	Rising (out of poverty)
Personal and local (idio-syncretic)	Serious illness or injury Death Major crop failure Dowry and wedding expenses Family disputes Divorce Funeral costs Theft or fire Significant medical outlays Redundancy	New job Inheritance Increasing returns Higher salary Acquired skills/education Positive marriage
Regional (co-variate)	Floods Droughts Storms Civil disturbance Insecurity Reduction in job opportunities	Educational opportunities Non-farm employment opportunities Roads Electrification Clean water Urban development
National (co-variate)	Economic contraction Political instability Corruption and inefficiency	Economic expansion Political stability Good governance

among the surveyed population increased slightly from 14.6 per cent in 1997 to 15.0 per cent in 2000 (Widyanti et al. 2009: 11).¹⁷ Over the three periods, however, while only around 4 per cent of the sample were always poor and some two-thirds never poor, 30 per cent were sometimes poor, divided in Table 5.4 into the chronic poor (twice poor) and the occasionally poor (once poor). These data from Indonesia are supported by studies in other parts of the poorer world.¹⁸ Some of the best studies come from Bangladesh, where research consistently shows the livelihood turbulence of the poor and the near-poor.¹⁹

The second point to highlight is the way in which the crisis revealed the very large number of people at risk of falling below the poverty line. Just increasing the poverty line from 28,516 to 35,645 rupiah per person per month more than doubled the headcount of poor at the time of the crisis from 10.0 per cent to 22.1 per cent (Suryahadi et al. 2003a: 227–88). Where the poverty line is drawn can have a large effect on the number of people designated poor, especially in developing countries, where a significant proportion of the population are concentrated close to the poverty line (see Figures 5.2a and 5.2b).

TABLE 5.4 Poverty dynamics in Indonesia, 1993, 1997 and 2000

Category of poor	1993	1997	2000	Incidence (%)
Always poor	poor	poor	poor	4.23
Chronic poor (twice poor)	poor	poor	not poor	4.33
	poor	not poor	poor	3.56
	not poor	poor	poor	2.00
Occasionally poor (once poor)	poor	not poor	not poor	10.93
	not poor	poor	not poor	4.00
	not poor	not poor	poor	5.23
Never poor	not poor	not poor	not poor	65.72

Source: Adapted from Widianti et al. (2009: 11) and based on IFLS data (6,403 observations)

The discussion so far has focused on intra-generational turbulence and unpredictability in livelihood trajectories and therefore poverty dynamics over the life course. These features are often hidden from view when understandings of poverty, prosperity and livelihoods are based on cross-sectional data. This has sometimes led to assumptions that there is a relatively unchanging stock of poor people. Rather, the poor are being continually reconstituted as events – from life-course processes to car accidents and fortuitous inheritances – lift people and households out of poverty or, alternatively, force them to sink into such a state. Using panel data for 240 households in six villages in rural South India regularly collected between 1975 and 1984, Gaiha and Deolalikar (1993: 418) show the churning in the ‘stock’ of poor over this nine-year period. At the two extremes, 12 per cent of households were never poor and 22 per cent were always (chronically) poor. Between these two extremes, however, was a broad spread of households that were poor for between one and eight years. The turbulence revealed in this study is characteristic of conditions in much of the global South, where poverty, far from having been ‘tackled’ as the Asian discourse often has it, lies disconcertingly close to the surface. In addition, the events that produce such trajectories of poverty (and prosperity) are not infrequently idiosyncratic and hard to second-guess. As the work discussed above reveals, even the relatively rich can become poor. Finally, the processes and event histories that generate downward momentum are different from those that propel people upwards. What has only been touched on, however, and to which the chapter now turns, is how livelihood conditions are transmitted inter-generationally.

Between the generations: the sins of the father

Inter-generational mobility The inter-generational transmission (IGT) of poverty (and, by implication, prosperity) focuses on the degree to which poverty is passed from one generation to the next. This is not a simple transmission of a poverty 'package', so that one generation's poverty experience is simply handed to and then repeated for the next. It often involves a reproduction of poverty in new ways (Bird 2007: 1). This, then, injects a further element of contingency to those discussed above with regard to intra-generational issues.

The best data on IGT poverty come from the countries of the global North and, especially, the United States. These data reveal that the children of the poor have significantly fewer life chances than the non-poor. Five, not mutually exclusive, conceptual approaches have been developed to explain IGT poverty in the USA, and these overlap to some extent with those developed to explain the intra-generational transmission of poverty outlined towards the start of this chapter. Drawing on and summarizing the work of Bird (*ibid.*: 4–7) and Corcoran (1995), we can see these explanatory frameworks rippling outwards from the poor subject to the neighbourhood and thence to embrace the prevailing political economy:

- The *economic resources (ER) model* focuses attention on the limited resources that parents have to invest in their children. Poor households focus on immediate survival, rather than investing in (for example) the education of their children to build the human capital that might permit their children to build better lives as adults. Such families are also forced to live in areas with high levels of crime, poor schools and so forth, thus linking the ER model with the social isolation (SI) model (see below).
- The *correlated disadvantages (CD) model* widens the area of concern from income to include other measures of human capital, such as the education level of parents and their health profiles. This explanatory model suggests that it is not economic resources alone which explain IGT poverty but this in conjunction with other parental disadvantages. These other disadvantages can impede a child's development just as much as lack of income in a household.
- The *family structure (FS) model* pays particular attention to the make-up of the family or household; female-headed households and single-parent families more generally, and the children of teenage or unmarried mothers, are more likely to be poor than children of 'intact' families.

- The *social isolation (SI) model* posits that there is a neighbourhood effect where a social underclass exists alongside high levels of unemployment, poor schools, negative role models and long-term poverty.
- Finally, the *welfare culture (WC) model* suggests that welfare systems can lead to cycles of dependency, creating perverse incentives that militate against seeking employment or getting married; a culture of welfare is created and an underclass exhibiting deviant values, behaviours and attitudes with it. This ‘underclass’ model (Murray 1993) has generally replaced the ‘culture of poverty’ model.

The inter-generational transmission of livelihood shocks Livelihood shocks such as those discussed in the first half of this chapter not only impact on current generations; they can sometimes also be transmitted inter-generationally. Usually this is seen in terms of transmission from parents to children, although the process can operate the other way, from children to parents (see below).

Using the Indonesian Family Life Survey (IFLS) introduced above, Suryadarma et al. (2009) explore the impacts of orphanhood on young children’s health and education.²⁰ Regarding health outcomes, the data reveal no statistically significant effects. But as to education, maternal orphanhood resulted in young children receiving between 0.6 and 1.7 years less schooling in the short term, and as much as 3.2 years less schooling in the long term. Such is the impact of maternal orphanhood on educational outcomes that ‘the effects [of] being a maternal orphan [are], *ceteris paribus*, worse than living in a chronically poor household’ (ibid.: 14).

Studies from Africa, where the effects of AIDS have led to particular attention being paid to the issue of orphanhood, provide a richer and still more nuanced view of the effects of the loss of parents on children. Using a panel data set of 1,422 rural households in Kenya collected in 1997, 2000 and 2002, Yamano and Jayne (2005) investigate the effects of orphanhood from AIDS on children’s school attendance. While for the poorer half (in terms of initial assets in 1997) of the sample, orphanhood led to a real decline in educational outcomes, for the richer half of families there were no significant detectable effects (ibid.: 621). The effects of orphanhood were, in addition, felt even before the death of the working-age adults, and were experienced particularly acutely among girls. Children, and particularly girls, leave school to care for ailing adults and/or school fees are reallocated to meet escalating medical costs. The data suggest that less poor households are

in a position to cope with illness and death by cutting discretionary spending, rather than by withdrawing children from school. Given the effects of education on future life chances, this then helps to protect such families from inter-generational decline.

The role of schooling in shaping the inter-generational transmission of poverty and prosperity has been revealed in various studies, for example in the Philippines (Ghuman et al. 2005) and Vietnam (Behrman and Knowles 1999). There are complex sets of interactions at work. Ghuman et al. (2005) show how the father's schooling impacts on early childhood development in the Philippines, reflected in language skills and various anthropometric indicators. In their study of Vietnam, Behrman and Knowles (1999) show that socio-economic status has a significant bearing on educational attainment, leading them to suggest that this might perpetuate social immobility.²¹ It is not only that raw years of schooling are less for the poor than for the non-poor; sometimes of even greater significance is the quality of that schooling. One of the reasons why rural migrants to Vietnam's capital, Hanoi, leave their rural homes and establish a base in the city is so that their children can attend the better schools in the capital. This, in turn, raises the chances of their passing the highly competitive university examinations, gaining access to a high-demand course at one of the country's more prestigious universities and, thus, achieving the qualifications and establishing the social networks that might lead to gainful and remunerative employment (Nguyen et al. 2012). If this is the outcome, then the parent-child bargain (or implicit social contract) should ensure that the child provides for his/her parents in their old age. Conversely, the failure of a child to secure employ-

TABLE 5.5 Transmission of poverty through the life course, Indonesia (1993–2000)

Poverty status of original household in 1993	Poverty status after marriage (%)*		N
	Not poor	Poor	
Not chronically poor	90.4	9.6	782
Chronically poor	51.9	48.1	163
Total	84.6	15.4	945

Note: The study from which this table is drawn focuses on those children who were chronically poor in 1993 (i.e. they were as least twice poor over the three waves of the study in 1993, 1997 and 2000 – see Table 5.4), and were married between 1997 and 2000

Source: Pakpahan et al. (2009: 8)

ment commensurate with that investment may compromise support for parents in their old age. The child–parent bargain, in such an instance, fails and ageing parents are at risk of becoming vulnerable and poor – transmitting poverty from the child (back) to the parent.

Using the Indonesia Family Life Survey (IFLS) data set introduced above, Pakpahan et al. (2009) assess the transmission of poverty through the life course, tracking children in poor and non-poor families as they become adults and then get married. It is evident (Table 5.5) that those children living in chronically poor households in 1993 had a significantly greater chance of remaining poor as adults than those in non-chronically poor households. Nonetheless, even among the original chronically poor they were marginally more likely to become non-poor than to remain poor. The reasons why the children of the chronically poor are more likely to be poor themselves are partly because of their generally poorer education and health profiles. Also significant – and this links back to the earlier discussion – is that such households lack the social (positive networks of association), economic (savings) and physical (land) assets that might protect investment in children during periods of livelihood stress. Nonetheless, just as there are a range of factors that influence upward and downward intra-generational livelihood trajectories (see Table 5.3), so there are a range of influences that shape the inter-generational transmission of poverty (Table 5.6). These are divided in Table 5.6 into the structural and the idiosyncratic, the former of which are predictable and the latter irregular, erratic and unpredictable. These unpredictable events are far more influential than usually assumed, a point that is germane for understanding both the intra- and inter-generational transmission of poverty and prosperity.

TABLE 5.6 Intra- and extra-household factors shaping IGT poverty

	Structural	Idiosyncratic
Intra-household	Culture of poverty Household structure and composition (e.g. female headship) Dependency ratios Under-nutrition Curtailed or poor education	Illness and health shocks Accidents Orphanhood
Extra-household	Conflict Discrimination Caste	Natural disaster – earthquake, tsunami

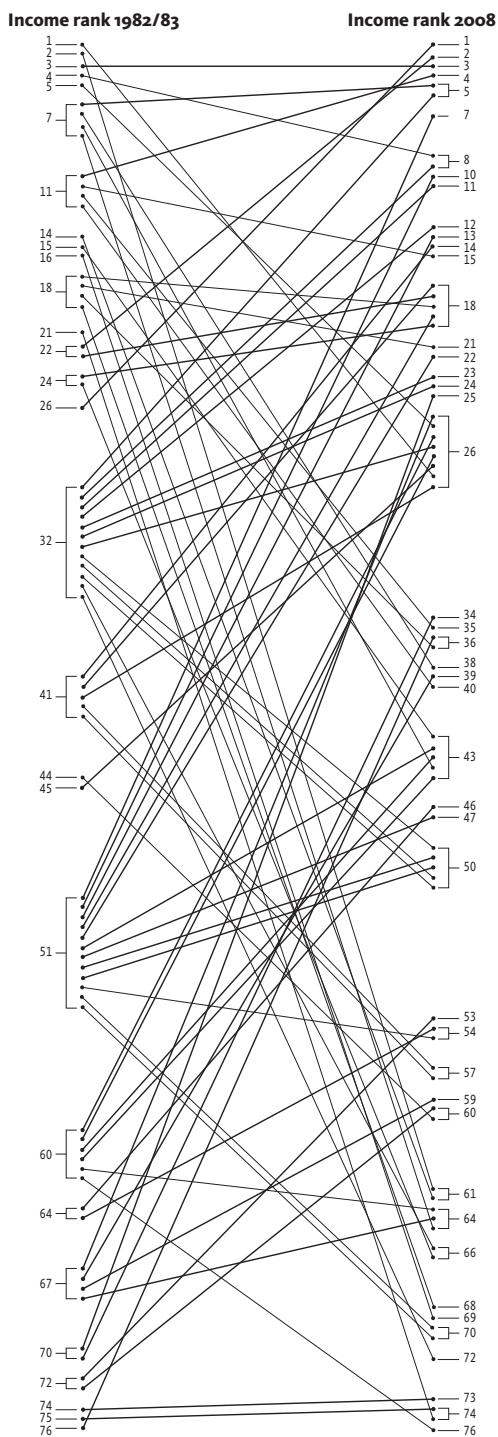


Figure 5.3 Wealth and poverty transitions in north-east Thailand, 1982-83 and 2008

From 35,000 households to 77: tracking the life course and inter-generational transmission of wealth and poverty

Over six years between 2001 and 2007, Anirudh Krishna and his colleagues interviewed 35,000 households in 400 communities of India, Kenya, Uganda, Peru and North Carolina, USA (Krishna 2010; and see Krishna 2011, Krishna and Shariff 2011). The outcome of this massive effort was to highlight three central points regarding the intra- (life course) and inter-generational transmission of poverty. First, that many of the poor were not born into poverty; they became poor over their lifetimes. Secondly, that the reasons *why* they became poor were not because of high-level, country-wide processes (e.g. economic decline) and events (e.g. earthquakes); rather, it was because of low-level, highly personal, discrete and often idiosyncratic events. And thirdly, there was an important geographical dimension to the routes into and out of poverty; country and local context mattered, whether that was bio-environmental, sociocultural or politico-economic (see below).

On a much smaller scale, in 2008 Albert Salamanca and I undertook a longitudinal panel study of two villages in north-eastern Thailand, where I had worked as a PhD student some quarter of a century earlier (in 1982/83). We tracked down 77 of the original 81 households I had surveyed, or their descendants.²² Of these 77, we then interviewed 15 in detail. Among the larger sample of 77 households, we collected information on 'wealth', as I had done in 1982/83. There are two notable features of this much smaller longitudinal data set. First of all, between 1982 and 2008 *every* household surveyed had become wealthier in (real) income terms, most of them markedly so. Adjusting the data to 2006 prices, while the poorest household in 1982/83 had an income of just 1,180 baht, the poorest household in 2008 had an annual income of 7,380 baht.

The second notable feature – and here the data resonate with Krishna's – is the turbulence in the trajectories of poverty and prosperity over the twenty-five years that divide the surveys (Figure 5.3). Distilling the information presented graphically in Figure 5.3, thirteen households belonged to the poorest 20 per cent in 1982/83. Of these, only three remained in the same quintile in 2008. Of the fifteen households in the richest 20 per cent in 1982/83, five households retained this position based on the 2008 survey. The remainder had slipped down in the rankings, with two of the 'original rich' households becoming 'new poor' households. Although some households in each category had stayed in the same quintile over the twenty-five years, most had shifted their position.

TABLE 5.7 The power of the ordinary – inauspicious events and livelihood effects in north-east Thailand (1982–2009)

Household identifier	Inauspicious events	Livelihood effects
2-225 – Mot	Mot's husband was laid off from his job at a government agricultural research station in 1985. In 1995 he had a stroke, leaving him paralysed. In the same year Mot's son-in-law was involved in a car accident which also left him paralysed. After three years, Mot's husband developed asthma which got worse, leading to his early death in 2006.	Medical costs forced Mot to sell eight head of buffalo, eating into her asset base. As a female head she struggled to improve her standard of living.
2-210 – Ning	Ning's husband was frequently sick prior to his premature death in 1998. A fire gutted her former dwelling around 2005.	Ning's life and livelihood declined leading up to and following her husband's death. He was so sickly that she needed to find money to pay for his medical care.
2-185 – Ob	Ob had a serious car accident in 1997. One of Ob's three sons died, leaving a widow and two children.	The costs of medical care following her accident did not force the sale of this household's 10 rai of land, and the family were able to protect their assets.
2-182 – Somboon	All three of Somboon's sons left the village, leaving Somboon to take care of his grandchildren.	Somboon's livelihood is now shaped by the need to raise his grandchildren, and his sons do not remit sufficient funds to meet the necessary costs.
2-116 – Ann	Ann was divorced at the age of twenty, before having any children.	Ann lives in the household of her younger sister but owns land under her own name.

1-137 – Kai	Kai and his wife had seven children, one of whom died. Kai's wife passed away in 2003, and shortly thereafter one of his daughters died from a kidney ailment in Bangkok. Kai's eyesight began to fail in 2006. He is now frail and depends on his children.	Kai's wife brought in more income than he did, from her job selling food in the local school. After her death, the household ran into financial difficulties and this prevented him from funding his children's higher education, compromising both his and their prospects.
1-111 – Chayan	Chayan had two sons and two daughters. One of Chayan's two sons, who was married with a young child, died in 1995 in a car crash at the age of twenty-one.	–
1-083 – Oy	Oy's husband died in 2001, and of her six children one died in infancy (the only son) and her fourth daughter died in 2002.	The early loss of her husband led to a sharp fall-off in household income, making the running of the small rice mill they owned impossible for Oy alone. Five rai of land were mortgaged to the Bank for Agriculture and Agricultural Cooperatives to meet escalating costs.
1-027 – Kamol	Failure of livestock trading business led to indebtedness.	Kamol was forced to sell 9 rai of land in 1987 to pay off a loan, but despite this distress sale of assets managed to largely absorb the shock of business failure.
1-006 – Achara (see also Box 5.1)	Achara's husband was killed in a lightning strike in 1983. In 1986 she was forced to sell a large portion of her land to pay medical bills after she was hospitalized owing to a liver ailment. Her son subsequently died in a car accident in Pattaya. Achara suffers from heart problems and hypertension.	The death of Achara's husband led to the failure of the family's livestock trading business and a chronic decline in income and well-being. In 1986, Achara was forced to sell a large part of her land to pay medical bills.

Source: Surveys and interviews, 2008/09 (Rigg and Salamanca 2009)

While there are important methodological challenges connected with measuring wealth, it was striking how far the rich and poor households in 1982/83 were not those of 2008. To reiterate a point made earlier in the chapter, while there is always a population of poor people, such is the turbulence in this population that the individuals who comprise the poor and non-poor 'stocks' change from year to year, from generation to generation and from era to era. This dynamism mirrors the findings of Edmundson (1994: 140), who noted on the basis of a village study in Java, Indonesia, that 'the rich and the poor may be "with us always" but the individuals who comprise these groups appear to be always changing'. This emphasizes the tenuousness of a household's wealth ranking. While structural interpretations may stress the degree to which households and individuals are 'trapped' in poverty (and, by implication, others are 'embedded' in a condition of wealth), these data reveal something far more fluid. We may be in a position to identify 'rich' and 'poor' categories but the households that populate these categories change markedly over time.

What surprised us in seeking to understand the patterns revealed in Figure 5.3 was the degree to which household livelihood pathways had been shaped, and sometimes profoundly reoriented, by idiosyncratic shocks. To be sure, the bigger picture was important: the emergence of Thailand as a miracle economy in the mid-1980s and the Thai economic crisis of 1997, for example, were both significant and important events (see Figure 3.1). Nonetheless, looking across the life histories of the fifteen households we investigated in detail, it is hard not to come to the conclusion that serendipitous moments and, more particularly, inauspicious events were critically important in shaping livelihood pathways and outcomes, as summarized in Table 5.7. A particular theme in this table is the role of illness and accident, often leading to the need to meet substantial medical costs, in compromising livelihoods in the long term by impeding educational investment, forcing asset disposal, or leading to business failure. Krishna also found that poor health and the need to meet consequent health-related expenses were principal reasons for descents into poverty in his much larger sample. They are a major reason for descent for 60 per cent of the sample in Rajasthan (India), 88 per cent in Gujarat (India), 74 per cent in Andhra Pradesh (India), 74 per cent in western Kenya, 71 per cent in central and western Uganda, and 67 per cent in Peru (Krishna 2010: 79).

The straightforward implication of Krishna's large-scale, multi-country study and Albert Salamanca and my rather more modest effort in Thailand is to highlight that many of the world's poor are not born

into poverty. They become poor. And they become poor for the sorts of reasons that large-scale, cross-sectional, statistical surveys often overlook and which a focus on high-profile co-variate events obscures. One of the fullest studies of inter-generational poverty in the global South comes from a panel survey of 4,198 households across eighteen villages in Rajasthan, India, undertaken at four points between 1977 and 2010 (Krishna 2011). In the study, the inter-generational poor (IGP) were defined as those who were poor at all four points in time – in 1977, 1994, 2002 and 2010.²³ This group amounted to 819 households or 19.5 per cent of the sample. Over the period in question, 61 per cent of households had the *possibility* of being poor, but just one third of this number were always poor. Baulch and Davis's (2008) study of rural Bangladesh shows a similar high level of movement of people in and out of poverty over the survey period.²⁴

The role of context in shaping transitions A general conclusion to be drawn from the discussion in this chapter is that there is more turbulence, contingency and complexity in both the character of poverty (and prosperity) at any one point in time and – which is more germane – in the trajectories or transition paths that lift people out of poverty or propel them into a livelihood decline. This, however, should not lead one to overlook the place of context, both national and geographical, in shaping transition paths and experiences. One indication of the importance of context is provided by the monthly exit rates from poverty in different countries.²⁵ Using published panel study data, Barrett and McPeak (2003: 1–2) provide the following indicative monthly exit rates:

- United States: 6.9 per cent
- Côte d'Ivoire: 1.3 per cent
- KwaZulu-Natal: 0.7 per cent
- Madagascar (rural): 0.6 per cent
- Kenya (rural): 0.4 per cent.

The nature of economic expansion and the policies that accompany expansion, the types and extent of social safety nets that protect the poor and near-poor and their assets, the location and form of government investment in social and physical infrastructure, and the existence of discriminatory tendencies that exclude groups from full participation in social and economic life, all play a role in influencing the transmission of poverty. Using the US PSID dataset and examining poverty dynamics between 1970 and 1982, Bane and Ellwood (1986) show

that of the non-elderly poor, 44.5 per cent had exited from poverty within a year, and 60.3 per cent within two years. Only 12 per cent remained poor over the full period.

Context also matters sub-nationally, in terms of *type* of household and livelihood and the often quite specific geographical characteristics of areas in terms of culture, environment and economy (Table 5.8). Even when income or consumption are equivalent, households will exhibit varying levels of resilience, they will be unequally vulnerable, and their chances of descending into poverty or rising from it will also be different. These variations in settlement and household context profiles play an important role in influencing the patterns of vulnerability and resilience that surveys reveal.

TABLE 5.8 Context matters

Context	Example
Geographical characteristics	Proximity to a town or other urban centre Availability and access to transport infrastructure Customary norms (dowries, funeral feasts, etc.) Community support structures (social capital)
Household characteristics	Asset profile Age structure (life course moment) of household Balance between farm and non-farm income Headship (female-headed plus age of household head) Household size and ratio of dependants Education level of adult household members
Event character	Serious illness/injury Production fall (crop failure) due to flood, drought or pest attack Economic crises/failure, either general leading to redundancy or inflation or specific (for example, steep fall in commodity prices)

Conclusion

This chapter has highlighted how an apparently simple, indeed almost intuitive, question is far more complex than it appears at first sight. The straightforward question is: who is poor? This appears a simple question because the data are so readily available, and presented with such apparent clarity and precision. The poor population are tabulated by region and occupation, often to one or two decimal

points, and their decline or increase neatly graphed. The trend lines are often reassuringly smooth. Macroscopic events and processes, and in particular aggregate economic considerations, are then used to account for the poverty trends that the data appear to reveal.

As the chapter has outlined, however, answering the questions ‘who is poor?’ and ‘why are they poor?’ is more complicated than it appears. Furthermore, in answering these two questions a string of even less well-understood questions are shunted into view. Many of these coalesce around the theme of poverty dynamics and transitions. How is poverty transmitted over time and across the generations? What makes some households more vulnerable than others, even when incomes are the same? What are the life chances of those born into poverty relative to the non-poor? Under what circumstances do the non-poor become poor? And what policies might protect the non-poor, support the near-poor and assist the poor? In considering these questions we are encouraged to move from the macroscopic to the microscopic, from structure to agency, and from focusing on momentous and co-variate events such as earthquakes and economic crises to idiosyncratic and ordinary ones, from car accidents to illnesses. The knowledge gap lies not so much in the sphere of poverty profiles, about which we know a good deal, but in understanding the conditions and processes that create the profiles that the data outline. Writing of poverty in the USA (and the point that she makes is even more germane for the global South), Sawhill says: ‘We are swamped with facts about people’s incomes and about the number and composition of people who inhabit the lower [poverty] tail, but we don’t know very much about the process that generates these results’ (Sawhill 1988: 1085). Sawhill’s point is well taken, but even with this knowledge we must still accept – and again, particularly for the global South, where the proportion of the non-poor population who face the *possibility* of being poor is significant – that we are not in a position to predict the future poor.

What does this mean for policy? To pick up on a point made right at the start of this book, ‘targeting’ policy interventions in such a context is extremely difficult. As Krishna and Shariff write in the context of their study of rural poverty dynamics in India between 1993 and 2005: ‘No variable is consistently significant (or not significant) across all states. *Thus, no standardized policy can be uniformly effective*’ (Krishna and Shariff 2011: 541, emphasis added). For these scholars, simply claiming that growth of aggregate consumption or income will inevitably lift people out of poverty ‘does not amount to an adequate

policy prescription' (ibid.: 543). We also need to acknowledge that the conditions and therefore policies that might help lift people out of poverty, and the events and processes that cause a decline into poverty, are characteristically differently shaped, the former being gradual and incremental, and the latter sharp and sudden. Furthermore, and as the next chapter will address, how people respond to events and opportunities is also not as clear as some policy prescriptions seem to suggest.