

## **Book review of “Poverty Dynamics—Interdisciplinary Perspectives”**

**Edited by T. Addison, D. Hulme, and R. Kanbur**

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Over the past two decades poverty research has focused in particular on poverty dynamics—over the course of a life and generations - and on multi-dimensional, sometimes also cross-disciplinary, approaches. Progress in these directions has been made possible by more and better data, in particular longitudinal data and data that cover various dimensions of human well-being. However, not much effort has been made to integrate these different approaches.

This book fills the gap. Tony Addison, David Hulme and Ravi Kanbur have put together a set of innovative papers written by leading experts in the field. These papers had been presented and discussed at a workshop organized by the Chronic Poverty Research Centre at Manchester University in October 2006. The book begins with a very comprehensive overview (part I) by the editors of approaches that consider, in one way or another, a time element in the measurement of poverty, including approaches that study trends in poverty over time, approaches that study durations of poverty and approaches that focus on household-level poverty traps. This overview also discusses the various schools of poverty measurement. The authors compare in particular the more quantitative approach with the qualitative approach and show the benefits of integrating these. Although this point has been made by many others before, the way the authors present the merits and drawbacks of these various approaches and show how these different ways of conceptualizing poverty relate to different scientific disciplines and various dimensions of poverty is excellent.

From there, the editors introduce in total fourteen subsequent chapters of the book, highlighting in each case the specific contribution to the literature. These

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fourteen chapters are organized around two blocks. First ‘Poverty Dynamics: Poverty Measurement and Assessment’ (part II of the book) and ‘Explanatory Frameworks for Understanding Poverty Dynamics’ (part III). Hence, whereas the second part of the book focuses on innovative approaches to incorporate poverty dynamics, using a mix of quantitative and qualitative methods, the third part focuses on different explanatory frameworks for understanding these dynamics.

Part II starts with a chapter by César Calvo and Stefan Dercon. They develop an axiomatic approach to the measurement of poverty over multiple spells of time. They deal with various problems such as giving weight to different spells of poverty and discuss whether a higher income in the future can compensate for poverty today. One of their propositions is to reject the notion of time discounting, which is standard in most of the economics literature, and to adopt instead the principle of ‘universalism’, which argues strongly for valuing distress equally and independent of the time period in which the poverty occurred. Calvo and Dercon illustrate their concept with Ethiopian panel data.

In chapter 3, James Foster develops a class of chronic poverty measures which extends his own class of decomposable poverty indices published in 1984 (with J. Greer and E. Thorbecke) to a spells approach. The extension consists of defining, alongside the general poverty line in the income space, a second poverty line in terms of the percentage of time spent in poverty. All measures within that class satisfy a series of general axioms for chronic poverty measures and an additional set of axioms that are applicable to measures based on a spells approach to chronic poverty. As in Calvo and Dercon’s chapter, Foster applies a very simple treatment of time; every period is given the same weight. Foster illustrates this new class of chronic poverty measures using panel data from Argentina.

In chapter 4, Isabel Günther and Stephan Klasen also focus on the spells approach to chronic poverty, but their innovation is to extend it to also account for non-income dimensions: something which is not possible for instance in Foster’s framework. The approach is illustrated using two rounds of Vietnamese panel data. Besides income, Günther and Klasen include education and nutrition as dimensions. They find substantial dynamics both in the income and in the non-income dimensions, a low correlation between chronic income and non-income poverty, and a surprisingly high intra-household heterogeneity in non-income poverty dynamics.

In chapter 5, Caroline Moser and Andrew Felton suggest focusing on assets to measure chronic poverty. Their rationale is that assets not only generate income but also protect against shocks. The real innovation in their paper lies in the way they select the relevant assets. Instead of taking, in an ad-hoc way, a set of observed assets, they construct an index on the basis of longitudinal anthropological research to account for the social context of a particular asset. The final index incorporates measures of physical capital, financial capital, human capital and social capital. Although it does not really come as a surprise that these four categories of assets end up in the index, the approach is original and may have other applications as well. Moser and Felton illustrate the approach using panel data from Ecuador.

Michael Carter and Munenobu Ikegami also focus on assets (chapter 6). However their approach is very different from the others presented so far. Carter and Ikegami start by conceptualizing structural patterns of change in asset dynamics. Based on these patterns they then derive forward-looking poverty measurements, i.e. measurements that inform where we have to expect the poor to be in the future. They

apply their framework to South-Africa. Based on the findings, the authors develop different policy options for different types of poor households.

The two remaining chapters in part II deal with subjective approaches to chronic poverty. Peter Davis (chapter 7) analyzes life histories drawn from interviews in rural Bangladesh. To study the relationship between various types of events and subjective well-being, the method relies on two-dimensional mapping that links individual events and well-being. Based on this mapping, eight main life-trajectory patterns are identified, covering patterns such as ‘declining multi-step’ and ‘improving smoothly’.

Finally, in chapter 8, Anirudh Krishna introduces the so-called stages of progress method, which has some overlap with the approach chosen by Davis. This approach consists of defining jointly with villagers stages of progress relevant to the villagers’ context, starting for instance with ‘having enough food and clothing’ as the most basic phase, to ‘being able to undertake some house repairs’ and, finally, to ‘being able to purchase a small plot of land’. In-between, the ‘poverty cut-off’ level is defined, which is—as are the stages of progress—again determined by the villagers. Chronic poverty is then measured by revisiting households over time and recording progress or stagnation with respect to these pre-defined stages.

Part III of the book is concerned with explanatory frameworks that can help to identify and understand the drivers of observed poverty dynamics. This part of the book is less technical than Part II, but definitely more critical and controversial. Some of these chapters definitely raise more questions than they answer, and, in my view, do not always deliver what they promise, i.e. an ‘explanatory framework for understanding poverty dynamics’. But given that this is a very ambitious objective, pointing to the relevant problems and providing some ideas that can move our understanding a small step forward is already an achievement.

John Harris (chapter 9), for instance, makes the criticism that poverty research, including the new asset-based approaches, is often more concerned with describing the characteristics of individuals than with the processes that move people in and out of poverty. Harris argues that more insight could be gained if quantitative survey data was complemented by qualitative research.

Andries du Toit (chapter 10) goes even further by arguing that standard methods of poverty measurement can lead to a ‘decontextualization of poverty’ since, by focusing on easily measurable and quantifiable parameters, these methods neglect culture, identity, agency and social structure, which, he argues, are central to the creation of both wealth and poverty. As a result, policy conclusions do not connect to the realities of poor societies.

This is illustrated by the case of South Africa. S.R. Osmani (chapter 11) offers a new conceptualization of chronic poverty based on the notion of a mismatch between the structure of endowments possessed by the poor and the structure of opportunities open to them. Osmani argues that such a mismatch is likely to lead to a low return on endowments and thus can lock individuals and households in a state of chronic poverty. Hence, what is needed is not just rapid economic growth, but a pattern of economic growth that can align the structure of opportunities for the poor with the structure of their endowments. The latter may require specific interventions targeted at households. This approach is quite appealing and has a lot of similarities with the literature emphasizing the role of selective market failures and poverty traps. What is missing in this chapter is a case study that would illustrate this approach.

In chapter 12, Agnes Quisumbing delivers a survey on how intergenerational asset transfers can create (or block off) escape-routes from poverty. She distinguishes between natural assets, physical capital, human capital, social capital and financial capital, emphasizing however that the exact selection of relevant assets should be decided case by case based on the specific context. For instance, in a poor agrarian setting, land may be more valuable to women than education. In order to allow poor people to accumulate assets, Quisumbing highlights in particular the importance of property rights and savings instruments.

In the following chapter (chapter 13), Jo Boyden and Elizabeth Cooper explore the question of whether ‘resilience’ is an ‘article of ideological faith’ or in fact a ‘cross-culturally evident feature of young human lives’. In this context resilience refers to the ways in which young humans are able to overcome the negative outcomes of poverty and prevent its transfer within families, households and communities. A large part of the chapter is concerned with the advances and persistent challenges in realizing a credible and useful definition of resilience in the social sciences as a basis for considering specific associations between children and resilience in the context of chronic poverty. From these considerations Boyden and Cooper hope to be able to gain insights into the intergenerational transmission of poverty. However, based on their review, they conclude that resilience as such has not yet become a reliable and valid analytical tool for poverty research, mainly because it lacks a focused definition.

Similarly to Harris, Maia Green (chapter 14) also makes the criticism that most existing approaches to chronic poverty only describe chronic poverty but do not explain it. Green emphasizes in particular the role of institutional factors, including social ordering functions, that may be beneficial to some but harmful to others. Such factors could be better dealt with, her argument goes, by a concept based on deprivation, which Green calls ‘durable poverty’.

Finally, in chapter 15, Michael Woolcock, highlights how the need for a broader social theory of chronic poverty must look at systems of social relations, rules and meaning. Similar to Green’s argument, Woolcock also suggests that rules systems are the root of ‘legal inequality traps’ that condemn people to chronic poverty. Hence, in order to understand chronic poverty better, researchers need to make an effort to better understand meaning systems, i.e. how people make sense of what happens in the world and to them. Woolcock argues that for this purpose a clear model of human behaviour is needed along with better explanations as to why poverty persists as part of a broader process of economic and social change.

Overall this is a very interesting book, with a set of papers that really complement each other, offer many innovations and provide a lot of food for thought. The editors have done a great job in getting a coherent output out of these 14 chapters such that the total really is more than the sum of its parts - something that conference volumes frequently fail to achieve. Hence this book should be read by all those interested in advancements in poverty research and measurement. The book is accessible for academics and practitioners alike. Many of the papers have a review character; hence no deep understanding of the underlying analytics is required. The book should also be read by all those involved in the process of collecting data for poverty analysis, since the book clearly shows in which direction future efforts have to be directed.

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