Poverty: Beyond Obscurantism



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Abstract Many widely used poverty measures generate inconsistency and incoherence because of their failure to be adequately grounded in a conception of what ultimately matters and why. Obscurantism in relation to underlying values is the ultimate source of the observed difficulties. Only poverty measures that are consistently grounded in a suitable value framework can provide a sound basis for public discussion and decision-making. Practical methods for implementing such an approach exist.

Keywords Poverty · Capabilities · Minimum-income · Poverty · Statistics

1 Introduction¹

Obscurity refers to darkness² and obscurantism is activity that makes things dark. It shall be argued below that discussions of poverty have involved an element of avoidable obscurity, and also, unfortunately, of obscurantism.

In recent years, the rather ironically described concept of "post-truth" has come to widespread attention. One understanding of the influence of "post-truth" is that it involves narratives that appeal for one or another reason,³ perhaps playing upon neuroses or anxieties, or appearing to those who trade in them to capture some aspect of reality, even though they may lack evidence or even be demonstrably false. Such narratives can become influential because of the manner in which ideas are shared between people and come to be understood as valid, whereby trust in specific sources and conformity with pre-existing or preferred beliefs can both play a greater

¹I would like to acknowledge gratefully the thoughtful editorial suggestions of Elise Hedemann.

²From the Latin obscurus, meaning dark or clouded.

³ See e.g. D'Ancona (2017). Propaganda, not to mention fibbing, are of course concepts with long histories much preceding the coining of the term "post-truth".

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role than they ought to do. The ultimate cost of the influence of such unproven or false narratives can be very considerable.

As a counterpart to this sadly now accustomed idea, "pre-truth" may be defined as the set of premises (e.g. methodological or evidential) that go into producing the "truths" that we come to think we know. Referring to "pre-truth" does not involve denying that there is a truth but rather entails acknowledging that what is frequently understood as a truth can be very far from being so, because it is dependent on choices "under the hood" that not merely require justification but may be difficult to justify. Poverty is one of many subjects for which sources of knowledge that are widely and even un-controversially accepted are in fact greatly shaped by such "pre-truths".

Claims comparing the level of poverty at different points in time or in different places are often made as if they were generally accepted and it were a matter of simple checking, according to objective procedures. In fact, a range of choices must be made to give rise to the "truths" that we know, and scrutinizing these can lead us to question them.

2 Poverty and Evaluation

The concept of poverty, and poverty measures as an instantiation of the concept, involve what we might think of as a hybrid ethical or evaluative character, as there are elements of fact and value that are intertwined in them. This is why Putnam (2002) referred to the existence of a distinction but not a dichotomy between fact and value. For example, if it were to be said that "it is hot in this room", a claim would have been made which had a factual premise of some kind. But the claim would also have an evaluative content, and would presumably make implicit reference to the kind of beings that we are (for which temperatures of a certain kind might be likely to have specific effects). It is not possible to make sense of the statement without taking cognizance of the factual as well as evaluative elements that together define it. It is similarly crucial to make explicit the manner in which particular understandings of poverty depend on both factual and evaluative premises, in order to make sense of them. The discipline of poverty measurement in its contemporary form, as practiced by economists, is often deeply shaped by a focus on subjective preference satisfactions ("utility"). This preoccupation is often inconsistently combined with other ideas about poverty. From the standpoint of subjective preference satisfaction, there is no basis for a threshold distinguishing deprivation from non-deprivation. In contrast, intuitions such as that of whether or not a person can be adequately nourished are central to ordinary understandings of poverty. However,

⁴The essays in Kirchin (2013) take up various sides of the pursuant debate. Many of the criticisms of the concept of entanglement of fact and value (see e.g. Simon Blackburn's "Disentangling Disentangling" in this volume) focus on the appropriate characterization of the relationship between fact and value without contesting that they do come together within particular concepts.

these cannot be easily folded into a subjective preference-based framework. Similarly, such intuitions about the "objective" basis of poverty measurement are in tension with a prevalent view that poverty measurement is a "political exercise", by which some appear to imply that the exercise is in some sense arbitrary, with the role of the economist being simply to accept instruction from the politicians or the community at large (so that if the poverty line is placed at some point such that the Queen of England is deemed poor but Bill Gates is not deemed poor, then so be it—that's the instruction that has been received).⁵

By way of contrast we may think of a different approach in which poverty measures are grounded in "ordinary language" understandings of what poverty is; in how we think about and talk about poverty as we go about our individual and collective lives. For example, when it comes to income poverty, the idea of having enough resources to avoid certain kinds of deprivations that might result from income insufficiency, such as undernutrition, are ones that we recognize as being crucial to poverty avoidance in ordinary language understandings. It is wholly implausible that poverty can be said to have been surmounted while having resources plainly inadequate for minimal nutrition. Even though there may be disagreements about where exactly to place the threshold and what exactly to refer to when we think about adequate nourishment, the idea that it is an important reference when undertaking poverty measurement is practically universally accepted. There's more controversy about the avoidance of other deprivations, but this example suffices to make the point that poverty assessment cannot be "freely floating". The purpose of fixing evaluative standards before going about the poverty assessment exercise is to be able to set a poverty line that is not disconnected from the understandings that motivate our concern with poverty to begin.

3 Income Poverty and Capability Failure: Concept and Cases

Sen (1983) urged a conception of poverty as a concept that is absolute in the space of capabilities, and relative in the space of commodities. Income poverty is a capability failure that results from an insufficiency of income. In saying this, it is not necessary to deny that capability failure can result from many other causes as well, and this fact gives us good reason to focus both directly on the presence of various capabilities as well as on the means (other than income) needed to attain them. There is no necessary conflict between having a concern with the avoidance of income poverty and with recognizing that there are diverse non-income concerns that must enter into poverty assessment, too. Insofar as we live in a world in which

⁵The work of as influential a figure as Angus Deaton reflects these unresolved tensions. See e.g. Deaton (1997, 2004).

income is needed to achieve some important elementary capabilities, income poverty would have to be an aspect of concern.⁶

Three examples of confusions in poverty assessment may be used to illustrate the difficulties that can arise from the lack of a clear and stable evaluative framework. The first involves the debate on global poverty estimates. The second involves the debate on poverty in India. The third involves the debate on poverty in the United States. I will subsequently suggest how a common way out of these confusions might be found by grounding poverty assessment in each case in a suitable and presently generally lacking evaluative framework.

3.1 Global Poverty Estimates

The central problem of global income poverty estimation is that there is no proper evaluative anchoring for the most widely used estimate of it, based on the World Bank's "dollar a day" measure of poverty. That measure is defined in terms of purchasing power in US dollars (recently redefined as \$1.90 in 2011 purchasing power parity dollars). The lack of a clear evaluative anchoring, and in particular a clear specification of what the specified amount of money is supposed to be good for, leads to rank confusions of different kinds. In particular these confusions arise from trying to translate this amount into "equivalent" quantities of resources at different points in space or time, because the question of what constitutes an "equivalent" amount of purchasing power cannot be answered in abstraction. For example, there's no such thing as the number of units of a given currency which is equivalent to one unit of another in purchasing power, unless we first ask the question, "for purchasing what?". For purchasing a litre of milk? A ticket to the opera? Cooking oil? Rice? The services of a babysitter? The answers to each of these questions will both depend on detailed specification of what we mean, and moreover will potentially vary greatly. Answering the question, "what's the equivalent in one country as opposed to another?" requires first knowing what for, but that question in turn has to be answered with reference to an evaluative standard.

The way that economists typically try to get around the need for an explicit evaluative standard for such spatial translations is by using measures of purchasing power parity that are argued to be broad averages. This "solution" does not solve the problem of the absence of such a standard. It merely partially masks it. A similar problem arises with respect to the temporal translation of this poverty line. What is the equivalent of a given amount of resources in 1 year as opposed to another in any country? (Such a judgment of temporal "equivalence" can of course be combined

⁶Income refers here not merely to money income used in market transactions, but more generally to command over commodities, however achieved—including through state or social provision or other means.

⁷ For fuller arguments in this regard see e.g. Reddy and Lahoti (2016), Reddy (2004, 2013), Reddy and Pogge (2010), Pogge and Reddy (2006).

with judgments of spatial "equivalence" to engage in comparisons of poverty between different countries and years). Once again, it is necessary to make some reference to what the resources are meant to be for in order to determine "equivalence". Different countries have consumer price indices available, which are constructed in reference to different baskets (to use a not always wholly accurate metaphor). These baskets have in the background some implicit idea of a "what for"; the evaluative standard. Such standards vary across countries and as a consequence comparing spatial and temporal translations can lead to particularly acute problems for claims to "equivalence", which are manifested by intransitivity in comparisons—specifically, converting a poverty line spatially and then temporally can lead to a sizably different result than doing so in the other order (see e.g. Pogge and Reddy 2006). Moreover, the choice of a given "base year" for the spatial comparison can have enormous consequences for individual countries, even if global estimates are made invariant through an opportune choice of poverty line (as was the case for the most recent change in base year, from 2005 to 2011, for which the World Bank chose a new poverty line that reproduced the global poverty headcount of the old one). By "updating" its poverty line whenever a new set of purchasing power parity conversion factors have been calculated (from a more recent survey of prices in different countries) the World Bank has not addressed this problem but merely drawn attention away from it. Moreover, the still more fundamental problem that its poverty line has not been defined in a fashion that refers to underlying human requirements has never been addressed. It is, for example, patently insufficient for meeting the cost of basic human requirements in the base country (i.e. the United States) in relation to which its level of purchasing power is defined, even if these are defined in a rather absolutist and restrictive way (on these various issues see e.g. Reddy and Lahoti 2016).

3.2 Indian Poverty Estimates

Consider another example: India. India's official poverty line once enjoyed a degree of acceptance on the part of experts and the general public. The relevant poverty line was accepted in the late 1970s by the Government of India (see Planning Commission 1979, 1993). The earlier standard was based on a money amount thought to be adequate in the early 1970s to achieve a certain calorie requirement, according to the empirical data on the expenditure level at which that calorie requirement was being actually met by households. Since that earlier standard was established, and in particular since the late 1990s, confidence in the earlier measure has broken down considerably. The issue of poverty has become more politicised, in particular because of the question of whether the economic reforms that have been undertaken

in the country—and the market-oriented liberalisation process generally—have benefitted the poor, on which there are different views.⁸

The controversy on Indian poverty is centrally related to the absence of a suitable evaluative underpinning. The difficulties involved are essentially an inter-temporal version of those encountered spatially when undertaking global poverty estimation. As noted in Planning Commission (1993, p. 14) there was from the first a choice as to how to update the poverty line over time, viz. "(a) The poverty line as estimated for the base year (i.e. 1973–74) can be updated for changes in prices over time; (b) A fresh poverty line can be calculated from the latest available consumer expenditure survey data". Although method (a) was chosen, it is far from obvious why it is superior. It is unclear what is the appropriate price index to use in the absence of an underlying evaluative standard, and the case for calculating the original poverty line from available consumer expenditure data is presumably valid now if it was valid to begin with. Moreover, as was recognized from early on (see again Planning Commission 1993), the two methods can and do result in very different results. Specifically, if one were to apply method (b), the updated poverty line that one would arrive at would indicate that a very much higher proportion of the Indian population is poor than if one were to apply method (a). The total number of poor would also show an increase. Indeed, the resulting proportion would be so high (three quarters or more of the population) that it may strain credibility (see Patnaik 2006, 2007, and subsequent writings, as well as the discussion in Deaton and Kozel 2005, Deaton and Dreze 2010, etc.). On the other hand, if the initial poverty line is updated according to official consumer price indices, including those that are meant to reflect the consumption requirements of agricultural labourers and urban industrial workers (working class standards, so to speak), a much lower poverty line results, such that the proportion of the poor is estimated to have considerably decreased. Which is it?9 Should one view the rationale for the method that established the initial poverty line as applying subsequently and thus apply it afresh, or should one simply "update" the existing poverty line using a consumer price index that has been constructed for another purpose? The Indian debate on this issue has centred on a topic called "calorie drift", which has to do with the idea that the population may well be consuming fewer calories now, but with a different and possibly nutritionally superior consumption pattern. Those who would argue that poverty has in fact fallen point to a more diversified consumption pattern, and those who would argue that it hasn't do not. If consumption of non-food items is concerned, then many other issues arise that make it additionally difficult to establish how best to "update" the poverty line over time. The presence of a clear evaluative standard specifying in sufficiently comprehensive form what the poverty-line level of resources ought to be good for doing, would have provided a consistent method of anchoring the poverty line at each moment in time. The reference to a level of income at which a particular level of calorie intake was actually attained has proved

⁸ See e.g. Deaton and Kozel (2005).

⁹ For a discussion of the issues and relevant references see Reddy (2007) and Subramanian (2012).

quite insufficient for this purpose. One cannot accurately "translate" over time what, as has become increasingly clear, was never adequately defined in the beginning. The lack of a meaningful evaluative standard in turn generates difficulties of translation, and indeed raises the question of what translation means.

3.3 Poverty in the U.S.

Finally, consider the case of the United States as illustrative of how similar difficulties have arisen in high-income countries. The country developed an official poverty line at the federal level in the early 1960s. This was based on a very rough and ready approach involving looking at estimated costs of achieving adequate food intake, and then applying a multiplier reflecting the empirical ratio of overall expenditure to food expenditure for the poorer portion of the population.¹⁰ Although this rule of thumb corresponded to an implicit idea of basic requirements, it was not tied to an explicit, let alone comprehensive, evaluative standard. As a result, controversies about how to translate the poverty line so as to make it possible to make meaningful comparisons across years have mounted.¹¹ There have also been controversies over how to make it more suitable for capturing differences across regions, in particular in the cost of living. 12 Questions about the trend of poverty in the United States have turned in part on whether or not the consumer price index employed to update it takes adequate note of "substitution possibilities" (see Jorgenson 1998). On the subjectivist view, people can do more with the same resources today because they can substitute away from winter jackets to computers (which have become much cheaper over time) and also show their willingness to do so through their actual expenditure pattern. In contrast, a perspective specifically and comprehensively detailing the requirements of poverty avoidance, anchored in an evaluative framework that contains "objective" elements, would necessarily greatly diminish the scope for such controversies.

It has been argued above that the lack of a clear and appropriate evaluative standard has led both to poverty measures that have little meaning and to problems of comparability across time and space that have made their lack of meaning increasingly evident. In this diagnosis lies also the indication of the solution.

¹⁰ See Fisher (1997) for the history of the Official U.S. Poverty Measure and its origins in the "Orshansky Poverty Thresholds".

¹¹ Indeed, as Fisher (1997) notes, this gave rise to considerable debate as to how to adjust the poverty line appropriately within 5 years of its official adoption. For an instance of later controversy about the level and trend of poverty, see Jorgenson (1998) and Triest (1998).

¹² See e.g. City of New York (2018) for one response. The Supplementary Poverty Measure, reported by the U.S. Census Bureau since 2011, makes some allowance for regional variation in costs, in addition to other adjustments to the Official Poverty Measure, but also does not provide an anchoring in a clear evaluative framework.

4 A Way Out: Meaningfully Anchored Poverty Measures

The conceptual core of the work of early poverty analysts (such as Charles Booth and Seebohm Rowntree) is the recognition that the "poverty line" level of resources must suffice for achieving specific things. Although these early analysts did not explicitly apply philosophical concepts, there is an implicit idea of the requirements of a minimally flourishing life that underpins their efforts to lay out in detail the requirements of adequate nourishment (e.g. by determining the cost of specific possible diets, housing, etc.). A contemporary version of such an approach would expand the list of achievements which are recognized as being necessary to a minimally flourishing life.

This is what the Joseph Rowntree Foundation in the United Kingdom has done with its "Minimum Income Standard". It has undertaken a consultative exercise, which is guided by specific evaluative concerns—reflected for instance in the choice of categories of household minimum budgets in relation to which the exercise is undertaken.¹⁴ This process gives rise to a contextually sensitive list of needed goods and services and associated expenditure requirements in each category, making allowances for the size and composition of households (e.g. presence of children). The overall perspective guiding the exercise is one of the "income that people need in order to reach a minimum, socially acceptable standard of living in the UK today, based on what members of the public think". 15 In this way, the Foundation comes to conclusions as to what would be a minimum income level for the United Kingdom. It is noteworthy that the weightage of specific expenditure categories (such as food) is rather higher in the construction of the Minimum Income Standard than it is in the official UK Consumer Prices Index, which provides an indication that the general consumer price index is not satisfactory for the purpose of poverty measurement.¹⁶ The perspective of "what members of the public think" is not satisfactory as a conceptual basis for the exercise, but it seems that a synthesis of objective considerations (as reflected in the definition of detailed budget areas) and contextual ones based on community standards, is jointly involved. A more adequate conceptual underpinning for such an exercise could involve a reference to a specific understanding of human flourishing and its constitutive elements (as, for example, provided by capabilities and functionings). Such an underpinning can discipline and guide the exercise as well as make sense of it. However, full agreement on a govern-

¹³ See Booth (1902), Rowntree (1901).

¹⁴These include "housing and domestic fuel", "household goods and services", "clothing", "personal goods and services", "transport", "food and drink" and "social and cultural participation". For details regarding the construction of the Minimum Income Standard, see Davis et al. (2016).

¹⁵ See Box 1 in Davis et al. (2016).

¹⁶ Canada's" Market Basket Measure" provides another example of an effort that has attempted to identify minimum costs through detailed specification of goods and services necessary for minimal achievements in various aspects of life.

ing conceptual framework is not strictly necessary to begin such an effort, as this example of the Minimum Income Standard shows.

A similar solution would be possible in other national settings, and the global setting. Indeed, a focus on a common set of reference achievements could mute the distinction between these two exercises, or even collapse it altogether. The most important feature of such an exercise is the specification of an evaluative framework which provides a conception of human flourishing and an indication of the various achievements that it entails. Its application must be context-sensitive, recognizing that the same achievements will have different requirements (including goods and services commanded in the market) in different physical, social and institutional conditions. Such an approach can make operational the idea that poverty is a concept that is absolute in the space of capabilities but relative in the space of commodities. It can also ensure that the concept of poverty being assessed is in keeping with ordinary language understandings of what poverty really is (see Reddy 2018 for a suggestion of how to operationalize ILO minimum income norms along such lines).

An exercise of this kind demands the integration of evaluative judgment and practical assessment. Such a link makes it possible to make meaningful judgments as well as comparisons, as for example in the following manner: "The list of commodities needed is different in Argentina than it is in Germany, but here's why. There is a common conception of what matters that underpins them both".

An overlooked function of a better grounded approach to poverty assessment is to enable fuller accountability, by making it more difficult to engage in obscurantism in relation to how much poverty there is. It has been argued above that this task is not a matter of the uncovering of fact alone but rather of the search for facts in the presence of guiding values. Measures that more transparently connect our evaluative concerns to practical assessment are necessary to combat the distortions and obscurantism, inadvertent or not, that diminish our understanding and deflect our actions.

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