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Issues in the Determination and Measurement of Poverty Within Small Island Caribbean States in the Process of Developing into a Single Market and Economy

Abstract

The process of constituting countries into a single market and economy poses many challenges arising from the economic inequalities and social disparities that exist among them. For most, the move towards unification arises from a necessity to survive in a world of polarization that revolves around international trade relations and competitiveness. Given these developments, social sector issues arise, as economies are continuously buffeted by a series of international events and overburdened by external debts. Poverty conditions worsen as living standards are compromised. But who are the poor in society and what distinguishing features do they possess? How must these attributes be determined and measured by means of research? This paper explores some of these issues within the context of the emerging Caribbean economic region. It reviews the practice of poverty research and pinpoints some of the shortcomings that need to be addressed in meeting the demands for policy oriented, evidenced based research.

Key words: transition regions, single market and economy, new poor, chronic poor, absolute/relative poverty, reduction/alleviation, poverty line, subjective approach.

1. Introduction

Countries that constituted themselves into a single market and economy face many challenges at both the national level and regionally, at the new formed alliance of which they have become a part. There are international influences (external shocks) with which to cope as well. These developments bring

with them changes involving structural reform measures, trade policy reforms and a whole new dimension to relationships at the global level. Countries of the Caribbean Community (CARICOM) have joined their Latin American and European counterparts in being inducted into membership within regional communities that bring new developments in a liberalized product market environment and global trade relations commandeered from an international and global level with which they must contend.

The CARICOM region comprises a number of small island states, fifteen in number, set amongst larger land masses that make up the wider Caribbean. The region boasts ethnic, cultural and multi lingual dialects that make for diversity but pose challenges to the deeper integration effort. As seen in Table 1, the population of the region is largest for Jamaica, at approximately 2.6 million and smallest for Montserrat, numbering 5,272. The economies are just as disparate, with high industrial to low end primary agriculture as mainstay activities.

Table 1 Population of the CARICOM countries by sex, 2000/2001- Population and Housing Census

| Country | Total | Male | Female |
|-------------------------------|-----------|-----------|-----------|
| Antigua and Barbuda | 72,309 | 34,890 | 37,419 |
| The Bahamas | 303,611 | 147,778 | 155,833 |
| Barbados | 250,010 | 119,926 | 130,084 |
| Belize | 232,111 | 116,669 | 115,442 |
| Dominica | 71,239 | 36,313 | 34,926 |
| Grenada | 102,632 | 50,978 | 51,834 |
| Guyana | 743,034 | 366,016 | 377,018 |
| Jamaica | 2,605,787 | 1,300,175 | 1,305,052 |
| Montserrat | 5,272 | 2,792 | 2,480 |
| St Kitts and Nevis | 45,884 | 22,806 | 23,078 |
| Saint Lucia | 151,143 | 74,805 | 76,838 |
| St Vincent and the Grenadines | 111,817 | 55,797 | 56,020 |
| Suriname | 435,797 | 218,677 | 217,120 |
| Trinidad and Tobago | 1,262,366 | 633,051 | 629,315 |
| Total All Countries | 6,393,012 | 3,181,053 | 3,211,959 |

Source: The CARICOM Secretariat

But the countries initially resolved to come together as one single market and economy within one year's time, by 2005. This is in keeping with decisions taken in other parts of the world today, where emphasis is being placed upon integration as a survival strategy and adaptive response to world globalization and the need to secure markets for locally produced goods. However, concerns about social dislocations and exclusions arising from these developments have been expressed. The impact of economic and trade

reform measures may be a worsening of the poverty situation, atop of already existing lack of access to basic goods and services by a significant section of the populations of many of the countries involved.

Table 1 Population of the CARICOM countries by sex, 2000/2001- Population and Housing Census

Table 2: Percentage distribution of employed labour force by industry group 2000

| Country | Male | | | Female | | |
|-------------------------------|-------------|----------|----------|-------------|----------|----------|
| | Agriculture | Industry | Services | Agriculture | Industry | Services |
| Antigua and Barbuda | | | | | | |
| The Bahamas | 8 | 22 | 69 | 1 | 6 | 93 |
| Barbados | 5 | 31 | 64 | 3 | 11 | 85 |
| Belize | 37 | 19 | 44 | 6 | 12 | 82 |
| Dominica | 31 | 24 | 40 | 14 | 10 | 72 |
| Grenada | 17 | 32 | 46 | 10 | 12 | 77 |
| Guyana | - | - | - | - | - | - |
| Jamaica | 29 | 25 | 45 | 10 | 8 | 82 |
| Montserrat | - | - | - | - | - | - |
| St Kitts and Nevis | - | - | - | - | - | - |
| Saint Lucia | 28 | 24 | 49 | 15 | 14 | 71 |
| St Vincent and the Grenadines | - | - | - | - | - | - |
| Suriname | 7 | 29 | 58 | 3 | 6 | 89 |
| Trinidad and Tobago | 13 | 34 | 53 | 4 | 13 | 83 |

Source: The CARICOM Secretariat

The coming together of countries into unions and associated states may have been perceived in terms of a need for economic survival to recurring international market events, but during the process, consideration needs to be given to improving peoples lives through the satisfaction of basic needs. For some countries, these developments bring a certain amount of discomfort, not immediately benefiting certain groups in the society as recent research findings have shown. For example, Cornia (2002), IDB Report (2002), Ganuza, Morley, Vos and de Jong (2003), Keuning and Verbruggen (2003), Robinson and Vos eds. (2004), Vos and Cantillo (2004) and others. The descent into poverty and worsening of existing social conditions have been reported in many instances, as some countries are rendered unable to cope with the onset of change. Embracing the new form of regionalism envisaged in a Single Market and Economy earmarked for the CARICOM region raises issues of unifying unequal economic structures currently existing in each of the member countries. As mentioned earlier, poverty will be one of the social issues with which individual countries and the regional governing authority would have to deal.

Poverty is a universal experience, its manifestations being more severely revealed in some countries than is the case with others. This perhaps, largely explains why there have been such divergent views about its nature and cause. Countries like those of the CARICOM that are now forming themselves into a Single Market and Economy have to deal with the additional perception of their being ranked on a scale of rich to poor in a regional context. Thus, there are two levels at which economic and social disparities and inequalities have to be dispelled, the national and the regional as well. Furthermore, the availability of data and information pertaining to local conditions and to each other's political, economic and social context, about population characteristics, varying levels of development and living standards must all be taken into account.

A major difficulty in investigating poverty is that of deriving common concepts and definitions and measurements that can be applied across country and the regional domain. Even though a particular set of selected variables may be agreed, these may only serve as the threshold to others that are of greater importance in gaining a deeper insight into the severity of conditions that exist. In this context, poverty, in the sense of a lack of human, social or physical capital assets, as categorized in a study of poverty in the Latin America region (Attanasia and Szekeley (1999) is a distinguishing condition to be overcome. Within this broader classification, consideration must be given to income, employment, food, shelter, education, and good health and the satisfaction of other kinds of needs.

Understanding Poverty Definitional and Measurement Issues

In considering the vast body of research literature on poverty, dating from Roundtree (1906) to the present time, varying perceptions have emerged. If these great works were intended merely to serve the purpose of increasing academic knowledge, then the varied positions they take would not be much cause for concern. In the case of poverty however, there must be reliance upon research findings for informing policy decisions that will make a difference in the condition of people who have varying types of needs. Uncertainty about how to define the boundaries within which poverty reside and about the most appropriate measures to apply, often arise. In such a situation appropriate concepts and robust measurement procedures must be applied.

Numerous works, among them those of Hagenaars and de Vos, (1988), Ruggles (1990) and Townsend (1992), have shown definitional and measurement issues to be functionally linked. As many as eight poverty definitions were applied in a survey situation in order to determine the consequences of and differences in measures that can be derived. A set of percentages computed from Dutch population data revealed the degree of variations that exist. These varying perceptions are likely to affect the direction of policies and influence social programming in ways that must be reconciled. It has been shown however that multiple definitions of poverty can be worked into a three fold categorization, giving perceptions of the poor as (a) having less than an objectively defined absolute minimum (b) having less than others in society and (c) an expressed feeling of not having enough to get along. These different perceptions have become translated into indicative measures of *absolute and relative poverty, becoming* conventional research terminology in reference to poverty states.

On the issue of determining poverty levels, the poverty line measure based on income and consumption expenditure has traditionally been derived. However a combination of income and non-income measures, are increasingly being used. For example Orshansky (1965), Sen (1988), Moser and others. Hagenaas and de Vos (1988) provide a comprehensive discussion on this approach. Consideration is given to measures of basic needs including: the food/income ratio; food/cost to income; total income to expenditure; relative deprivation in respect of various types of commodities and the subjective measure of a minimum income. The importance of income assets however, remains a central factor in determining the extent to which household and individual needs are being met (Attanazio and Szekeley (1999)). Some difficulties may however be posed by these multiple measures for social policy practitioners wishing to make use of policy oriented research.

In seeking to draw the line that delineates poverty, whether at national or regional level, various factors must be taken into account. More often consideration is given to: the availability of data; political considerations, distribution of economic resources and to social policy objectives (Hagenaars and de Vos 1988). Additional factors that have been considered are income, non-income transfers, non-market/informal sector activities and the lack of access to or insufficient ownership of income assets Attanazio and Szekeley (1999)..

In terms of extra-regional influences, the globalization of market relations and liberalization of trade have been shown to be pervasive in impacting upon human life. Morley and Vos, (2004), Ganuza, Morley, Robinson and Vos eds. (2004) and others have concluded that in the situation where preferences for marketable goods prevail, those engaged in production activities outside of the formal sector are more likely to be those most affected by worsening poverty situation. Consideration must therefore be given to the structural features of the economies of CARICOM countries where, there will be need to determine the significance of informal sector activities and cases where reform measures have rendered unemployment rates to be very high. In these circumstances appropriate poverty assessment methods must be applied, otherwise, questions of inaccurate determination of poverty and its severity will arise.

The State of Poverty Research and Assessment in the CARICOM

There has been much debate about the issue of the transferability and portability of theory and research methods across cultures, especially from developed countries to developing ones. Compared to the Latin American and European Union Communities, whose population exceed that of the CARICOM region by far, identification of the poor within the region of just over six million people (status of Haiti not considered here), ought not to be an insurmountable task. The issue lies with the particular concepts and methodologies to be applied. Many poverty surveys (Surveys of Living Conditions) and poverty assessment studies have been undertaken in several countries of the region within recent times. Presumably, some extent of demographic and socio-economic profiling of the poor has been derived.

However, given the many definitional and measurement issues to which reference has been earlier made, there is need for evaluations of the efficacy and applicability of the methods being used. It is quite likely that, given the very small size of some of the region's countries, survey cost might well be outweighing service delivery benefits, in alleviating the situation of the poor. It is no hidden fact, that deriving timely results from censuses and surveys taken within the region impedes the availability of knowledge needed for making interventions in order to relieve the situation of the poor. Within the context of the new regional dimensions that the CSME would bring, survey practice and coordination aimed at poverty alleviation and eradication must be directed from this level as well.

In terms of survey instruments by which poverty data could be derived the Household Budgetary (income and expenditure) Survey has initially been used as a main source for yielding socio-economic data on the situation of households in terms of income levels and distribution, consumption and expenditure patterns. Although not designed as a poverty research instrument the HBS has been used for constructing poverty line measures based on the income and consumption expenditure approach. A more poverty focused survey instrument currently in use is the Surveys of Living Conditions (SLC) that is intended to become a poverty monitoring mechanisms as well. Surveys of Living Conditions are currently being conducted in many countries within the region and the aim is to establish then as a regular poverty monitoring mechanism throughout the region as a whole. Poverty assessments studies have also been undertaken in several countries with funds provided by International agencies such as the IDB and World Bank, the European Union, in most instances channeled though the regional Caribbean Development Bank. Among the countries that have conducted SLC'S are: Jamaica consistently from 1989 to 2002, Trinidad and Tobago, 1992, 1997; Belize, 1996-2002, and St. Lucia, Barbados, Grenada St Kitts, Guyana, St Vincent and the Grenadines, and Turks and Caicos Islands, one survey each within period 1995-1999.

In terms of data generation within the context of the CSME, a foundation of survey practice to yield potential data for poverty assessment and measurement currently exist. There is much scope for coordinating current efforts at the regional level where issues of appropriate theory and methods of survey practice and the sustainability of individual efforts need to be taken into account.

New Challenges and Prospects for Dealing with the Poverty Issue

As observed earlier, further deepening of the regional integration movement that will be brought on by the CSME will serve to alter the manner in which data has been regarded in the past and the use to which it will further be put. Additional poverty issues will arise within both national and regional context, because of what the CSME will entail. Free movement of labour, the need for synchronized economic and social policy measures and the need to effect reduction of trade disparities are only some of the challenges in this context. Data collection and its dissemination must be organized around a set of indicators that can be generated and applied across the region as a whole. Within the region, recognition must be given to any inter and intra

country economic and social inequalities that exist. This calls for maximizing the use of existing instruments such as the Survey of Living Conditions, and reducing the amount of duplication of efforts that currently exist. Efforts can be made to harmonize the various types of surveys and other data generating mechanisms currently being used.

With the CSME, at both national and regional levels there will be need to periodically review poverty measurement approaches to take socio-economic changes into account. The changing circumstances of American households as described by Betson, Citro and Michael, brought about adjustments to the US 1963 poverty line and threshold value. Following a four year sitting of a US Panel on Poverty and Family Assistance, changes effected took the following into account: changes in family size; adequacy of family resources, namely, money and near money income for needed consumption of goods and services; the needs of social groups differentiated by geographic area and other differentiated circumstances; increased cost in relation to food, health, clothing, shelter and other needs. In respect of food, the examination of expenditure patterns on food amounts adjusted for nutritional balance enabled the development of several food plans at varying costs catering to various household types. In this regards, within the CARICOM region work being undertaken by the Caribbean Food and Nutrition Institute along with that of the Central Statistical Offices are valuable data assets to be utilized.

Conclusion

Poverty is a universal issue that has more recently been cast within the context of human development and rights, (Rene Jones Bos 2004). Countries that have attained some measure of control over poverty conditions by improving the living conditions of their populations are facing poverty challenges anew, as both poor and rich countries become banded together into economic and political unions and in the process of liberalizing trade. However, existing living standards have been seen to become affected by global economic and trade reform measures that have, in some instances, caused poverty levels to increase. All of this means that efforts must be expended in undertaking poverty assessments, not only towards determining the incidence of poverty existing among social groups in the society but also in respect of those who are vulnerable to becoming poor as well. The difficulties discussed with respect to definitional and measurement issues, to income and non-income approaches towards determining who are the poor

and the extent of their condition must be surmounted by devising appropriate investigative and analytical frameworks that will cater to all dimensions of the poverty problem. In this regards one might consider the following:

1. Frameworks for organizing existing and available data into systems of socio-economic accounts (Huigen, Van de Stadt and Zellenberg (1989), Keuning (2000) by which data relating to social and economic conditions giving indications of poverty, can more easily be derived.
2. Developing systems of indicators that provide measures of varying conditions related to poverty and the socio-economic and demographic characteristics of households and communities
3. Devising improved and more efficient approaches to social relief assistance and distribution so as to ensure that those who are poor are the ones that receive assistance.
4. Adoption of an approach to policy formulation and programme definition and programming that is evidence-based, to minimize the risk of politicizing provisions, especially in the case of employment and housing.
5. Engaging in the practice of building upon work being undertaken by statistical offices (generating data by means of censuses and household surveys) and enhancing these through institutional capacity/capability building.
6. Anchoring poverty research within a framework that combines the effort of the CSOs and private researchers so that statistical theory and methods and ethical considerations can be upheld in the process of generating data that will address poverty issues. Placing the activity outside of the purview of the statistical offices has not entirely advanced the cause.
7. Devising more appropriate sampling methods that will increase the selection probability of areas in which the poor especially reside.

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