



**Chronic Poverty**  
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## The trappings of poverty: the role of assets and liabilities in socio-economic mobility in rural Bangladesh

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### What is Chronic Poverty?

The distinguishing feature of chronic poverty is extended duration in absolute poverty.

Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation.

This is different from the transitorily poor, who move in and out of poverty, or only occasionally fall below the poverty line.

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## Abstract

This paper examines the role of assets and liabilities in socio-economic mobility patterns using findings from 293 life-history interviews, conducted by the author and a small team of researchers in rural Bangladesh in 2007. The analysis shows that individuals on trajectories of long-term improvement in wellbeing are more likely to have had access to, or to have invested in, a range of productive, investment, or protective assets. Tangible assets such as shops, land, livestock, vehicles and agricultural machinery had direct effects on poverty status and on improvements in life trajectories over the long term; less-tangible assets such as investments made in education, networks of relationships, or social status, were less easily assessed but also had positive effects. Characteristics of the most important types of assets are discussed, and the mechanisms by which they contribute to wellbeing are explored. The paper argues that liabilities should be included in 'asset-based' approaches to poverty dynamics. Liabilities counter the positive effects of assets and hold poor people in poverty, and cause others to decline over the long term. These include monetary debt, but also non-tangible liabilities such as illness, dowry, disability, social stigma, physical insecurity, subjection to domination, and other forms of disadvantage or incapacity. These downward pressures are better portrayed as the presence of a liability, rather than the absence of an asset. The paper argues that 'asset-based' approaches to poverty research need to become asset *and* liability-based. The analysis of life histories illustrates that a lack of accounting for liabilities can allow the causes of decline or stagnation in people's lives to be misjudged, allowing for the possibility of biased policy recommendations.

**Keywords:** assets, liabilities, poverty dynamics, chronic poverty, Bangladesh

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## 1 Introduction

In this paper I examine the role of assets and liabilities in socio-economic mobility, drawing from 293 life history interviews conducted by a small team of researchers, including myself, in rural Bangladesh in 2007. Our life-history participants were selected as a subsample of a larger longitudinal 2,152-household study. The overall project was a sequenced mixed-methods research project, investigating poverty dynamics and the impact of development interventions in rural Bangladesh (see Davis and Baulch (2009) for a more detailed description of the full project). A number of findings from the entire panel of households have also been published, including Baulch and Quisumbing (2009) who present quantitative findings on assets and poverty dynamics, and report a lack of evidence for an asset poverty-trap in rural Bangladesh (see Carter and May 2001).

The analysis of the subsample of life-history narratives provides an alternative perspective in examining the role of assets and liabilities in stories of improvement or decline in people's socio-economic wellbeing. The predominantly qualitative narrative information helps us to examine the role of various kinds of assets or liabilities (tangible and less tangible) within the complex detail of people's life trajectories, and in the context of their families and communities. It also forces us to think conceptually about assets and what they do. The more case-based view helps us to uncover the mechanisms through which assets both affect long-term wellbeing and also, to some extent, constitute wellbeing.

The life histories suggest that individuals on trajectories of long-term improvement in wellbeing are more likely to have had access to, or to have invested in, a range of productive, protective, or investment assets. However, these assets have differing key characteristics and contribute to wellbeing in different ways. For example; some can be sold and are therefore 'protective' and tangible; some can release equity without sale – for example when land is mortgaged; some can provide an income stream – with the application of varied amounts of labour, and are therefore 'productive'; Some appreciate in value – with no labour, or only maintenance labour required, to yield a return, and therefore have 'investment' value; some are more risky than others – and therefore tend to be avoided by people who are risk averse; some enhance social status or social connections; some become more useful in old age when manual work is difficult; and some can become liabilities – such as when good health becomes ill health, or social status becomes social stigma.

In examining how assets contribute to socio-economic mobility I have adopted a broad, 'social' definition of an asset, rather than a more restricted, conventional, 'accounting', definition, based on what can be offset against monetary debt in estimating a person's or household's wealth. However there are problems with this classification. It can lead to an asset portfolio becoming indistinguishable from general descriptions of socio-economic wellbeing, such as a livelihood profile. This creates the danger of robbing the term of a distinct and analytically useful meaning. However many poverty analysts working on the relationship between assets and poverty favour a broad definition (see Moser, 2006 and McKay, 2009) as it captures a wide array of contributors to a person's wellbeing with a focus on benefits that accrue with time, to provide lasting benefits. This type of approach guides



the range of assets examined here. Thus the range of 'assets' considered is similar to livelihoods approaches in poverty analysis (e.g. Carney, 1988; Ellis, 2000; Scoones, 1998) where people's assets or capitals are explored as complex portfolios of tangible and less tangible resources, that can be built-up over time as investments or to protect and produce..

Here I examine the characteristics of tangible assets such as savings, land, livestock, trees, buildings, vehicles and agricultural machinery, as well those less tangible, such as investments in education, skills, health, networks of relationships, social status and physical protection, and illustrate the mechanisms by which they contribute to wellbeing, or protect from decline, drawing from selected life stories.

The examination of the life-history narratives draws attention to the neglected role of 'liabilities' in influencing trajectories of socio-economic wellbeing. Liabilities are those more negative attributes and conditions which tend to have a hindering effect on people's wellbeing and can also build up over time. I argue that in order to have a balanced understanding of the relationship between assets and socio-economic mobility, it is useful to see these hindrances as liabilities, which are experienced as more than just the absence of an asset. They are individual and social problems better expressed directly, rather than as the absence of something else. Coping with them invariably incurs costs, and this undermines the value of assets held.

Liabilities can be examined in the wider social sense, beyond monetary debt, to include the negative sides of human and social capital, illness, social stigma, impending dowries, disability, and other forms of disadvantage better acknowledged as the presence of a liability, than as the absence of an asset. Most recent discussions of the role of assets in poverty dynamics tend not to consider liabilities, even while they embrace a range of intangible assets. This may have the unintentional effect of biasing policy recommendations against dealing directly with such individual and social problems, while emphasising production-oriented, positive asset-based solutions – which may neglect addressing important causes of disadvantage for some groups of vulnerable people.

Quantitative micro-economic studies of assets and poverty in developing countries tend to focus on the degree of linearity in wealth dynamics and the existence of asset thresholds (for example Carter and May, 2001; Lybbert *et al.*, 2004; Naschold, 2005; Carter and Barrett, 2006; Adato *et al.*, 2006; Barrett *et al.*, 2006; Carter *et al.*, 2007). Many of these studies have been concerned with assessing the economic evidence for asset transfers or social safety nets as a means for reducing chronic poverty. This study suggests that if intangible assets such as levels of social or human capital are included in asset measures, then equivalent social and human liabilities should also be considered. It is not just low asset holdings that trap many of the chronically poor in poverty, but also a disproportionate share of liabilities. In order to understand the relationship between chronic poverty and assets, I suggest that asset *and* liability poverty traps should be considered – with both defined broadly to include tangible and intangible categories.

The next section of the paper describes the methods used to conduct the life-history component of this research programme, and the approach taken in exploring and presenting the information that was collected. Section 3 discusses what assets are, and what they do, in



an attempt to contribute to the conceptual debate on assets in poverty dynamics research, as informed by the life histories. Section 4 then examines the relationship between assets and opportunity in the life histories, before I discuss in Section 5 the way that downward pressures and liabilities are coped with using assets, but also how a lack of assets coupled with liabilities can lead to vulnerability and chronic poverty. The liability side of an assets-based approach is explored, showing that if ignored, the relationship between assets and chronic poverty can be misunderstood.



## 2 Methods

The author led a team of researchers from DATA Bangladesh in conducting the 293 life-history interviews in the eight districts in Table 1 (below) between April and October 2007. The households were selected as a subsample of a CPRC-IFPRI-DATA longitudinal study of poverty dynamics in rural Bangladesh, which covered 2,152 households (1,907 original households) from 14 districts.<sup>1</sup>

Three intervention types – microfinance, educational transfers and agricultural technologies – corresponded with initial evaluation studies in the quantitative survey, which were initially conducted separately, with baselines in 1994 for a microfinance study, 1996 for an agricultural technology study, and 2000 for an educational transfers study. These interventions are described in Zeller *et al.* (2001), Hallman *et al.* (2007), Ahmed (2005), Kumar and Quisumbing (2009), Baulch (2010) and Davis and Baulch (2009).

Households from the three initial evaluation studies were combined for the 2006-7 three-phases of sequenced qualitative-quantitative-qualitative research, to allow analysis of an entire panel of households, as if they had been part of the same longitudinal study. This was possible because the initial studies had used similar survey methods all administered by DATA Bangladesh.<sup>2</sup>

For the subsample of life-history interviews (phase 3 of the 2006-7 research), eight of the original 14 districts were selected in such a way that a range of geographic and agricultural conditions typical of rural Bangladesh were represented. Sites were selected across the initial evaluation studies, and two villages per site<sup>3</sup> were selected in different unions. In each site, 20 households were selected from the original panel, across these two villages. Five households were randomly selected from each of four poverty-transition categories based on per capita household expenditure, calculated from the quantitative survey (see Davis and Baulch (2010) for a detailed explanation of these selection methods).

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<sup>1</sup> For more detail about the methods used in this study see Davis and Baulch (2010).

<sup>2</sup> Data Analysis and Technical Assistance Ltd. (DATA) is a research consultancy firm based in Dhaka with well-established expertise in conducting large-scale social surveys and other research activities. The 2006-07 study aimed to integrate and sequence quantitative and qualitative methods, in three phases: Phase I involved focus-group discussions with four groups (of poor and better-off women, plus poor and better-off men) in each village. The focus groups aimed to elicit perceptions of changes, group members' perceptions of the interventions under study, and the degree to which these interventions affected people's lives (compared to other events in the community). Phase II was a quantitative survey of the original households and new households that had split off from the original households but remained in the same district. The household survey took place from November 2006 to February 2007, the same agricultural season as the original surveys, with multi-topic questionnaires designed to be comparable across sites and with the original questionnaires from the evaluation studies. Phase III consisted of a qualitative study based on life histories of 293 men and women in 161 selected households in 8 of the districts in the original quantitative study. The aim of this phase was to understand the processes and institutional contexts which influence individual and household livelihood trajectories. Fieldwork for this final phase of the study was undertaken between March and October 2007.

<sup>3</sup> Sites refer to districts in all cases except for Mymensingh and Kishoreganj where the 'site' and the two selected villages spanned the district boundary.



**Table 1. Locations of the life history research villages**

Original Intervention Type	District	Number of Villages	Number of Life Histories Conducted
Microfinance (MF)	Manikganj	2	36
	Kurigram	2	39
Educational transfers (ET)	Nilphamari	2	38
	Tangail	2	39
	Cox's Bazar	2	32
Agricultural technology (AT): household-based fish farming	Mymensingh	1	18
	Kishoreganj	1	19
Agricultural technology (AT): group-based fish farming	Jessore	2	36
Agricultural technology (AT): improved vegetables	Manikganj	2	36
	Total	16	293

In the life history interviews, one man and one woman were interviewed separately in each household. Research participants were often husband and wife, but in some cases, such as when one partner had died, we interviewed one parent and their son or daughter. When a household member wasn't available – which was more often a man than a woman, especially during the main April-May rice harvest – or when there was only one adult household member, we conducted one life history interview in the household. In the end we conducted 293 life history interviews in 161 households (133 men and 160 women) in 16 villages and eight districts. Interviewing two household members allowed immediate cross-checking, gave a gendered perspective, an alternative view of household dynamics, and allowed a mixed-sex team to work effectively, with men usually interviewing men and women interviewing women.

On the same day of life-history interviews, interviewers wrote up the interview in Bengali in a format which had been devised in an initial workshop and refined in field discussions with the author and research team. Interviewers also wrote fieldwork diaries containing reflective impressions and lessons-learned about methods, in addition to the more formally-agreed write-up of the life history. These diaries were translated and became a part of the qualitative data set. When the author was with the team, he participated in interviews with either men or women.

Interviews and focus-group discussions were recorded, with permission of the research participants, with small unobtrusive digital voice recorders. We did not attempt to write full transcripts, but digital recordings were used for checking back on interviews for the initial same-day write-up of the life-history narrative in Bengali, for later analysis, and for the final



anonymised write-up in English.<sup>4</sup> The life history was written as a chronological account of life events, identifying causal mechanisms and drawing from discussions which had encouraged counterfactual thinking. The aim was to produce, as accurately as possible, the participant's perspective on his or her life trajectory, the causes behind improvement or decline in wellbeing, and how life could have been if the events that emerged – both positive and negative – had not occurred.

We spent about two weeks in each of the eight sites during the life-history phase of the research and later revisited most of the households to check and discuss texts and diagrams with participants. During the initial days working in each village we also arranged a time for 'knowledgeable people' to attend a focus-group discussion on the last day of our research in the village. This was usually held in a school building or in a near village leader's house. We tried to have a *Union Parishad* (Union Council) member and a number of elderly people in attendance.<sup>5</sup>

During the life-history interviews we used national and local historical markers, such as the 1971 war of independence or the 1988 floods, to pinpoint years of events described by the research participants. As an interview progressed, a chronological timeline of life events was built up. At the end of a life history interview, the researcher who facilitated the interview drew a diagram of the research participant's life history using this timeline of events. At the same time the interviewer reviewed the main points of the life trajectory and asked the interviewee to identify and rank the three or four most important sources of opportunity that had made the most difference for his or her long-term wellbeing. Similarly the three or four most important sources of downward pressure were also identified and ranked. These choices were recorded and used to generate frequencies of upward opportunities and downward pressures, as shown in Tables 4 and 7. The other researcher wrote the narrative-based life history from notes taken during the interview and the recording of the interview. Only two interviews were conducted per day, by each pair of researchers, to allow time for the diagram to be finalised and the interview to be written up in Bengali on the same day.

Life history diagrams were then traced, translated and anonymised by the author and made available with the final anonymised, translated and edited narrative life histories. The level of wellbeing (or 'life condition' – *obosta* in Bengali) at different points in the life trajectory was indicated on the diagrams using a scale of one to five, using the categories described in Table 2 below, based on life-conditions described by the research participant in the interview.

We considered that the line between levels 2 and 3 corresponded roughly with the national poverty line used in our quantitative household assessments. The five levels were defined by the qualitative research team in advance, and were applied consistently across villages. To minimise recall errors and other forms of misreporting, the wellbeing levels assigned when the life history diagrams were drawn were verified by the focus-group discussion with local

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<sup>4</sup> Examples of these life histories are provided at <http://www.sdri.org.uk/bangladesh.asp>.

<sup>5</sup> In this paper focus-group discussions refer to these exercises rather than a separate set of 116 focus-group discussions conducted in 2006 with findings reported in Davis (2007).



people who knew the households well, and then finalised in a meeting of the qualitative research team at the end of fieldwork in each village. In these meetings all information about households and members was used, and levels of wellbeing were agreed by consensus after discussion. These discussions were also digitally recorded for later reference. The various forms of data generated in this research were then coded and analysed using NVivo 8 by the author.<sup>6</sup>

**Table 2. Qualitative wellbeing levels for individuals**

<b>Level</b>	<b>English</b>	<b>Bengali</b>	<b>Guideline</b>
1	Very poor or destitute	<i>khub gorib, na keye chole</i>	Suffering tangible harm to health because of poverty, generally due to insufficient food. Tend to be landless or near landless.
2	Poor	<i>gorib</i>	Very vulnerable but eating reasonably well. Could easily move into level 1 due to a common shock. If land is owned, it usually less than an acre for a medium sized household.
3	Medium	<i>madhom</i>	A common shock would not result in tangible harm or going without food. Have household assets, or generate household income, equivalent to between one and two acres of land for a medium sized household.
4	Rich	<i>dhoni</i>	Hold household assets or generate household income equivalent to that generated by two to ten acres for a medium-sized household.
5	Very rich	<i>khub dhoni</i>	Hold household assets or generate household income equivalent to that generated by ten acres or more for a medium-sized household.

The qualitative methods drew on a life-histories approach developed by Davis (see Davis 2005, 2009), which is relatively new to Bangladesh although well-established for poverty research in other countries. The life-history approach draws on a long tradition in social research which began with the Chicago School of sociology (see Thomas and Znaniecki (1958), Miller (2000, 2007) and Dewilde (2003)). It is also informed by multidimensional approaches to poverty research, as illustrated in studies of social exclusion, human development and capabilities, and participatory research methods (see Stewart *et al.* (2007) for a useful discussion of these approaches).

<sup>6</sup> NVivo is a qualitative data analysis software package developed by QSR International.



### 3 Conceptualising assets and liabilities in poverty dynamics research

Qualitative assessments (using a wellbeing score for individuals after a life-history interview), and quantitative assessments (using per capita household expenditure) of poverty dynamics for 293 individuals from 161 households in rural Bangladesh have been compared in a previous paper (see Davis and Baulch 2009, 2011). In that analysis we found a large number of disagreements between the qualitative and quantitative assessments of movements into and out of poverty across these two methods. However, we also found that by using a land-asset-based measure in addition to an expenditure-based measure in assessing poverty dynamics, a large proportion (43 per cent) of these disagreements was removed.

Assets are clearly important in the life trajectories of poor people; the accumulation of assets often accompanies movements out of poverty, while movements into poverty are often accompanied by the depletion of assets.<sup>7</sup> However in most poverty research the preferred measures of poverty are based on per capita household consumption expenditure (or sometimes income) which usually does not take asset holdings into account. In the study of chronic poverty, where trends over longer periods of time are of particular interest, an asset-inclusive approach is desirable, where assets holdings contribute to a welfare measure alongside expenditure or income measures. However there are a number of challenges in operationalising approaches which include assets (see McKay, 2009).

When exploring causal links between assets and socio-economic mobility, it is important to clarify what is meant by an asset. Most poverty analysts favour a wide definition, including intangible and non-marketable attributes such as endowments of human or social capital (Moser, 2006; McKay, 2009) rather than narrower, accounting definition of an asset.<sup>8</sup> In debates about sustainable livelihoods these capitals are categorised in various ways. A common approach is to divide them into natural, physical, social, financial and human capitals (see Moser, 2006; Ellis, 2000; Carney, 1988).

It may be desirable to include a wide range of tangible and intangible, marketable and non-marketable assets in order to understand how various endowments contribute to poverty dynamics; however not all assets function in the same way in people's life trajectories. From our life history narratives we find that different types of assets play quite different roles in processes of improvement or decline, production or protection.

In rural Bangladesh some things, such as land, livestock, rickshaws, bicycles, irrigation pumps, housing materials, furniture, jewellery, and trees are the common tangible assets that can be easily bought and sold. Some are productive – labour can be applied to achieve monetary income – so these are 'capital' in the classical Marxian sense.

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<sup>7</sup> There is much debate on the existence of asset poverty traps in various developing countries – see Baulch and Quisumbing (2009) on Bangladesh – the importance of assets per se is clear.

<sup>8</sup> Accountants increasingly also grapple with asset definitions and the value of intangibles such as software, patents, trademarks and goodwill.



Tangible assets may appreciate or depreciate in value; for example, land may appreciate over time, a rickshaw may depreciate, while both can provide an income when labour is applied. Appreciation usually refers to an increase in monetary value without the application of labour (apart from maintenance) although it is sometimes difficult to distinguish appreciation from production – a timber tree or a cow may grow and become more valuable due to both appreciation *and* production. Generally when labour is applied to an asset, beyond the maintenance of the asset, and an income results, we tend to consider this income to be production rather than appreciation. When a crop, tree or cow increases in value due to growth, this is also considered to be production. However, when the value of an asset increases in market value due to its age or due to an increase in value due to inflation, this is considered to be appreciation.

Tangible assets can usually be sold. This saleability is key in providing security – particularly because the poor tend to be the most exposed to causes of crisis, while having few buffers to cope with crises other than the meagre assets they own. In rural Bangladesh, insurance is not common and excess income is usually invested in assets such as livestock, rather than insurance, savings or pensions. Thus most poor people use saleable assets as their principal means of dealing with the frequent crises that befall them. A daughter's dowry or a parent's operation is commonly funded through the sale of livestock, trees, jewellery, housing materials, a rickshaw, or a plot of land. Also, while assets that appreciate are useful protection, distress sales of productive assets can begin a cumulative decline that eventually makes recovery impossible. From the life histories, we see that individuals on declining trajectories more frequently sold or mortgaged land as a form of coping in crisis (see Section 5 below).

Of these tangible assets, land is versatile as it can release equity by being mortgaged or leased-out in a time of need, rather than being completely sold; it is also productive and fairly risk free. The dual productive (providing an income) and protective (saleability or mortgagability in crisis) characteristics of assets are important when considering their role in poverty dynamics. Non-saleable productive assets may be important for supporting wellbeing improvement when things are going well, however, saleable assets tend to be protective and therefore more important in times of crisis. Some assets are protective *and* productive, others are only one or the other. Assets which cannot be sold tend to be less protective; assets which don't allow a return from labour are less productive.<sup>9</sup>

Table 3 below lists a selection of important assets identified in our life history interviews, including an assessment of the asset characteristics discussed above.

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<sup>9</sup> Some non-saleable intangible assets such as social networks are 'protective' as they provide avenues for help in crisis in the form of help from neighbours and relatives. However the life histories reveal that saleable assets, when owned, are the most important forms of protection in crises.



**Table 3: Key characteristics of common assets**

Asset type	Productive (return on labour or investment)	Protective (saleable or other protection in crisis)	Able to be mortgaged, leased, or shared(cropped)	Risk	Potential liability	Investment (potential appreciation + or depreciation -)
Arable land	✓✓✓	✓✓✓	✓✓✓	✓		+++
Homestead land	✓✓	✓✓✓	✓✓	✓		+++
Livestock	✓✓✓	✓✓✓	✓✓	✓✓✓		+++
Trees	✓✓	✓✓✓	✓✓	✓✓		++
Cash	✓	✓✓✓		✓✓	✓✓	-
Cooking pots and utensils	✓	✓✓✓		✓		-
Household furniture		✓✓✓		✓		-
Jewelry	✓	✓✓✓		✓✓		+
Household appliances	✓	✓✓		✓		--
Rickshaws or rickshaw vans	✓✓✓	✓✓	✓✓✓	✓✓		--
Bicycles	✓✓	✓✓		✓✓		--
Motorcycles and motor vehicles	✓✓	✓✓	✓✓	✓✓		---
Agricultural machinery (e.g. threshing machines, power tillers, irrigation pumps)	✓✓✓	✓✓	✓	✓✓		---
Human capital: skills or education	✓✓✓	✓	✓	✓	✓✓	non-saleable
Human capital: health	✓	✓		✓	✓✓✓	non-saleable
Social capital: relatives	✓✓	✓✓		✓	✓✓✓	non-saleable
Social capital: other relationships	✓✓	✓✓		✓	✓✓✓	non-saleable
International migration for employment	✓✓			✓✓✓	✓✓	non-saleable
National employment	✓✓			✓	✓	non-saleable

If we adopt a broad ‘social’ definition of an asset – beyond an accounting definition – we need to also recognise that what we are referring to as an asset, can have features that are either constitutive of wellbeing – health for example – or instrumental in maintaining or improving wellbeing – such as land or livestock – although the distinction is not always clear



cut. When we refer to health and skills as assets we draw attention to the instrumental aspect of these attributes (as we do when we refer to them as human capital).

Assets that are constitutive of wellbeing can also sometimes become liabilities – harmful conditions better conceptualised as less than the absence of an asset. Ill health, social stigma and various forms of ‘adverse incorporation’ (Wood, 2000; Hickey and Du Toit, 2007; Mosse, 2007) are the presence of a liability rather than the lack of an asset. Their impact is negative and they offset the benefits of asset holdings in a negative direction.

A number of intangible assets require investments in money and time, and produce income streams, but cannot be easily sold in the same way as other assets. These include human capital (investments in education, skills or health), social capital (investments in key relationships and networks of relationships, sometimes through arranged marriages), and access to immigration. These ‘assets’ can enhance income – through access to better information, more highly paid jobs, to other assets, and they can also attract considerable financial investment. The monetary investment involved in arranging international labour migration, for example, can create an intangible asset in terms of access to an overseas job, a potential income stream, but is not saleable in a time of crisis. Some intangible assets also allow protection in crisis, but usually not through release of equity by sale – rather they foster channels of help in the form of informal loans, solidarity, caring or charity. However, they usually cannot directly offset financial debt.

The further we move beyond the narrow definition of an asset, the more non-saleable assets are included. These assets tend to be more productive than protective. They are important when things are going well, but are less useful in times of crisis. Our life history interviews illustrate how intermittent crises are part of regular experience for most poor households – more than for the not-poor – making the protective function of assets important for the chronically poor.

Most approaches to assets in poverty dynamics studies focus on assets, and liabilities tend to be neglected.<sup>10</sup> Because it is possible not only to have no assets, but also to have negative assets (or liabilities), it would be useful to include them as liabilities in poverty dynamics research which is concerned with assets. If human, social, and natural capitals are seen as assets – generally in the more productive than protective sense – which can be invested in, then a case can be made to consider human, social and natural liabilities also. These are, like debts, a drain on income streams and/or wellbeing which can exacerbate poverty and counter the benefits of other economic assets. Just as a poor person may become indebted in order to cope, and thus take on a liability, they may also be forced into a socially stigmatising occupation, a social liability. In many areas of life, be it in terms of social stigma, environmental pollution, poor sanitation, poor health, disability and mental illness or impending dowries for daughters, the cost of crisis for many poor people is experienced in liability terms rather than as simply a lack of something. Thus the liability side of an assets-

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<sup>10</sup> For example Moser (2006) refers to liabilities only once. McKay (2009) refers to other disadvantages such as remoteness, discrimination or political exclusion, but chooses not to label these as liabilities in his asset-based approach.



inclusive approach to poverty dynamics is conceptually useful, but is underdeveloped in the relevant poverty literature.

### 3.1.1 Conceptualising assets and liabilities in life trajectories

The dynamic perspective provided by longitudinal research (such as panel surveys and life histories) allows an exploration of how opportunity-enhancing and crisis-coping assets affect a person's life trajectory. A person's initial assets interact over time with downward pressures and upward opportunities, to determine a trajectory of wellbeing supported by subsequent levels of assets.

Figure 1: Conceptualising socio-economic wellbeing improvement or decline

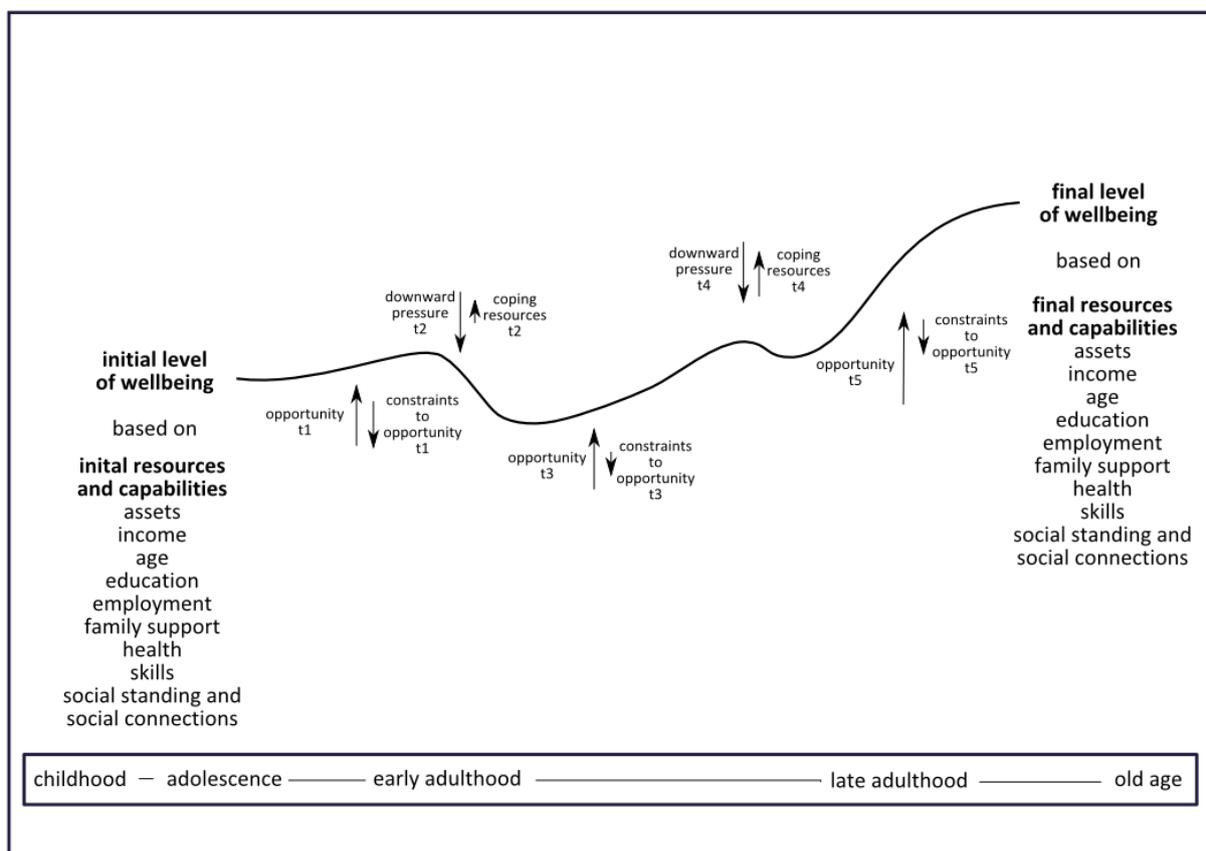


Figure 1 shows an ideal-typical life trajectory illustrating how socio-economic mobility is the outcome of the interaction of people's assets as they cope with downward pressures or exploit upward opportunities over time. The range of assets a person enjoys at any point in time constitutes their current level of socioeconomic wellbeing, but also determines their future ability to cope with downward pressures or exploit upward opportunities.

The figure depicts how life events can be sources of either upward opportunity, or of downward pressure. Any opportunity can be hindered from allowing an improvement in a person's life by various constraints. Constraints may be a lack of some asset or, in negative terms, a liability. For example, the opportunity to build up assets through microfinance may be constrained by a lack of business acumen or some other hindrance to income generation;



the opportunity provided by employment may be constrained by the liability of ill health. On the other side, the damage to wellbeing that a downward pressure can cause may be either buffered by coping resources or exacerbated by some pre-existing liability. For example, an expensive illness may be coped with by selling an asset to pay for medical care, however if assets are sold, the stock of resources available for coping in future crises may decline in a cumulative way. This may create a trajectory where long-term harm becomes more and more difficult to avoid.

This conceptual scheme highlights that improving trajectories are 'caused' as much by opportunities being effectively seized, as by downward pressures being either avoided or coped with. This view is supported by the empirical life histories. It also suggests that poverty reduction involves aspects of strengthening protection (from downward pressures) and enhancing production (from positive opportunities), and research to support poverty reduction should investigate both.



## 4 Assets and opportunity

### 4.1 Common forms of opportunity

Across the entire set of 293 life histories the three or four most important causes of improvement or opportunity for each life history were ranked in a participatory manner by researchers and research participants during each interview. These were then categorised using NVivo during analysis after the field research was completed.<sup>11</sup> The frequencies of these categories are presented in Table 4 below.

Table 4 shows that the most significant causes of improvement in life trajectories were linked to assets of one form or another. The most frequent of these were linked to businesses (which nearly always require assets), land and agriculture<sup>12</sup>, livestock (especially cattle), sons or daughters working (especially sons), and inheritance and help from relatives. The full list in Table 4 shows a mixture of tangible assets being frequently cited in interviews, but also what could be described as social capital – especially intergenerational linkages to relatives (from inheritance) and support from children working being important. The benefits of human capital, in the form of health, skills and education, are less directly frequently referred to, but are reflected in the benefits from salaried work, which often requires skills and education, and in the contribution of sons' or daughters' income – often in the form of remittances from skilled jobs.

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<sup>11</sup> Coding in qualitative analysis is often carried out after the field research is complete – in contrast with coding in quantitative research where categories are usually determined before a survey has been started.

<sup>12</sup> Of the 113 life histories where land featured as a main cause of improvement, for 68 per cent land was acquired with help from relatives or from dowry. For 43 per cent the improvement was linked to land being purchased. In 33 per cent of these 113 cases improvement was linked to arrangements where land was used but not owned through renting, leasing, mortgaging land in, or sharecropping arrangements. For 11 per cent benefits associate with land were experienced after household separation and for nine per cent the benefit was explicitly linked to land inherited.



**Table 4. Main causes of improvement in people's lives<sup>13</sup>**

<b>Cause</b>	<b>Number of life histories showing this as a main cause (of 293)</b>	<b>Percent of life histories showing this as a main cause</b>
business activities	135	46
accumulation or use of land assets	113	39
income from livestock	80	27
sons and daughters working	71	24
income from agriculture and fish farming	69	24
help from relatives or inheritance	65	22
income from day labour	53	18
benefits from micro-finance	52	18
benefits from all official programmes	49	17
unspecified loans (including from neighbours and relatives)	47	16
salaries work	42	14
dowry receipt or favourable marriage	34	12
household or property division	25	9
official educational transfers	22	8
domestic labour migration	21	7
building a house	12	4
benefits from irrigation	11	4
benefits from having a united family	10	3

#### 4.1.1 *Assets and small businesses*

46 percent of the 293 life histories cited involvement in small businesses as a significant source of opportunity, and people with improving trajectories cited business involvement as a source of opportunity more often than people on declining trajectories.<sup>14</sup> Invariably these mainly small, rural-based businesses provided benefits through a combination of income generation and the accumulation of assets. And when assets were accumulated there was more likelihood of a long-term improvement in wellbeing.

The forms of business reflected the wide range of activities found in the rural economy of Bangladesh. Dealing in various agricultural commodities such as unprocessed rice, jute, other agricultural crops, and fruit and vegetables was common; as was dealing in building materials such as sand, timber or bamboo. Livestock dealing (cows, goats, horses and poultry) was also common, and was sometimes linked to livestock rearing or income from

<sup>13</sup> Categories with fewer than ten cases have been omitted. Each life history was coded in several ways: three or four events representing opportunity were coded in each case, and any one event could be coded in several ways due to opportunities with multiple causes.

<sup>14</sup> The business activities include references to other categories in the analysis, such as microfinance and livestock – when these were linked to businesses.



cow's milk sales. Some livestock also provided income from cultivation (e.g. bullocks or buffalo) or transport (such as horse-drawn carts). Other forms of transport provision included the very common use of cycle rickshaws, flat-decked cycle van *garis*, or the person-powered *thela garis*. A number of motorised forms of people and goods transport also formed the basis of transport-based businesses. Some of these vehicles are manufactured in local engineering workshops using modified agricultural engines.

A number of businesses were also linked to crop cultivation and processing: selling irrigation water from shallow tube wells (diesel or electric), power tillers, rice husking machines, or running grain mill businesses. Various kinds of shops, market stalls and door-to-door selling of produce were also common. Groceries, food snacks, dried fish, milk, and jewellery were typical items sold from a range of rural shops and stalls. Other services also formed the basis of small businesses such as hair cutting, money lending, medical services (some involving traditional medical practices by traditional healers or *kobira*). A number of new types of business were also evident, such as hiring out mobile phone services or small businesses associated with servicing or trading in by-products of the mainly urban-based garments industry.

Some of the main features of small business activities are as follows:

- 1) Many households had complex portfolios of income generating activities, for example combining rural businesses with agriculture, livestock, salaried work and day labour;
- 2) if more than one household member was able to contribute to household income through business activities, then improvements became more likely;
- 3) some businesses failed causing decline and indebtedness;
- 4) business activities which involved the accumulation of both protective and productive assets were particularly effective in supporting exits from poverty.

#### 4.1.2 *The accumulation of land assets*

For many rural Bangladeshis, land is still their most important asset. When enough income is earned, we found that excess income was still often invested in land; and when disaster strikes, mortgage or sale helps to ward off a crisis. Land is also a source of social status and personal prestige, so when a sale is forced, it can cause a social cost as well as financial damage. In rural Bangladesh, however, land can also be eroded by the frequent movements of the great rivers which crisscross the country. Also the productive potential of land can be degraded by deposits from flooding or salination – depending on the location. Also, land ownership in rural Bangladesh is unfortunately quite vulnerable to corruption or disputes during inheritance or other transactions.



39 percent of the life histories cited the accumulation or use of land as a significant source of life improvement.<sup>15</sup> This category overlaps to some extent with other categories such as agriculture and fish farming, which often also reflect the benefits (productive, investment, protective, status-related) of owning land.

In the absence of other low risk avenues of investing capital, land is still for many rural Bangladeshis the asset of choice. For most of our research participants the accumulation of land assets was one of the most common aspirations, even if it wasn't always possible. Even respondents whose main livelihood was from salary-based work still attempted to accumulate land in many cases. Land has appreciated in value – particularly in peri-urban areas. Also the productivity of agricultural land has increased over previous decades with the introduction of new crops, widespread irrigation, fertilizers and pesticides, and mechanised cultivation.<sup>16</sup>

#### 4.1.3 Livestock

In 27 percent of life histories, livestock appeared as a significant source of opportunity. The majority of these were opportunities from cattle (67 life histories) followed by goats (19 life histories). Horses (5 life histories) and poultry (4 life histories) on the other hand, did not feature so strongly as significant sources of opportunity.

Livestock, and particularly cattle, are significant assets, and cattle ownership was a very common step in paths of improvement involving the accumulation of even more valuable assets, such as land. Many stories of improvement showed a pattern of small investment in livestock – starting with poultry or goats for example – which then allowed a larger investment – often in cattle – followed by the purchase of land. Livestock were also often raised in share (*borga*) arrangements with offspring shared 50:50 between owner and keeper, as a step before outright ownership.

Both land and cattle appeared as key assets in stories of emergence from poverty. They are also important protective assets: they were often sold to fund dowries, medical care and to meet other urgent needs.

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<sup>15</sup> When land was inherited the event was also categorised as 'help from relatives or inheritance' in my analysis.

<sup>16</sup> In community focus-group discussions of community-wide improvements in wellbeing caused by agricultural improvements such as new crops (the introduction of potatoes and maize), improved varieties of rice, coupled with irrigation, electrification – making the use of shallow tube wells cheaper – road, bridges and culverts – making access to markets and vegetable cultivation more profitable – and the introduction of NGO credit programmes and new schools, were cited as key causes of community-wide improvements in welfare. These discussions also commonly cited fertilizer shortages, hailstorms, floods and others causes of crop damage as causes of community-wide downward pressures.



#### 4.1.4 *Sons' or daughters' income*

Of the 293 life histories, 71 (or 24 percent) reported life-improving opportunities associated with children working and supporting the parent's household – either as part of the household or in the form of remittances sent from another place. These opportunities were almost exclusively from sons working. Only two life histories – a husband and wife from the same household – reported that their two daughters, who were working in a garments factory, provided them with one of three major life opportunities. There were numerous life histories where daughters were working (commonly in the garments industry) but the contribution this made rarely translated into significant life improvements for their parents. The main reasons for this were that income-earning opportunities for young women in rural Bangladesh are still limited, with relatively low levels of remuneration, and rural women are commonly married quite young – especially if they have left school – and because marriage patterns are patrilocal their income rarely contributes to their parents' households.

The contribution that sons' were making to parents' households was much more significant across the life histories. The jobs done ranged from day labour (e.g. agricultural, livestock, brick works, road works) to small businesses (e.g. rickshaw or van owner-driving, dealing in food or agricultural raw materials, running various kinds of shops, irrigation businesses, furniture making, tailoring) to salaried work in both private and public sectors (government departments, army, mills, presses and factories). A small number of sons were also employed overseas – mostly in the Middle East – sending remittances home.

## 4.2 **Patterns of opportunity**

When we compare people on improving versus declining trajectories, or the chronically not-poor with the chronically poor, we see that these patterns of opportunity change slightly. These differences are most clearly illustrated by ranking the differences in frequencies of citation (in percentage terms) between improving and declining trajectories as in Table 5 below, or between chronically not-poor and chronically poor trajectories as in Table 6.<sup>17</sup>

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<sup>17</sup> In order to provide the highest degree of certainty about long-term poverty status, individual life histories were included in these groups as follows: the clearly chronically poor group (50 cases) were those who were below the poverty line in per capita household expenditure in both the baseline and in the 2006/7 quant research *and* were also below level 3 throughout the same time period in the qualitative assessment. Where there was a disagreement (see Davis and Baulch 2009) between the qualitative and quantitative assessments these cases were excluded from this group. For the chronically not-poor group (42 cases) only individuals who were above the poverty line in the quant assessment in the baseline and the 2006/7 quant research *and* were level 3 or above in the qualitative assessment at the time of the baseline and in 2007 were included. (See Davis and Baulch (2009) for a discussion of problems and disagreements between qualitative and quantitative assessments of poverty status).

Some life histories showed an overall pattern of long-term improvement (79 cases), others, long-term decline (71 cases) – as depicted in the life history diagrams. Some trajectories that could not be classified either way were included in a 'level' group (143 cases). Trajectories were placed in the level group if a long-term (ten years or more) improving or declining trend was not apparent from the life history interview – cross checked with the focus group discussion.

**Table 5. Frequency of causes of improvement or opportunity<sup>18</sup> (ranked according to difference in percentage)**

cause of improvement or opportunity	all life histories	percent	improving trajectory	percent	declining trajectory	percent	% difference
accumulation of land	113	38.6	35	44.3	14	19.7	24.6
business activities	135	46.1	42	53.2	23	32.4	20.8
agriculture or fish farming	69	23.5	21	26.6	7	9.9	16.7
loans	47	16.0	19	24.1	7	9.9	14.2
income from salaried work	42	14.3	14	17.7	3	4.2	13.5
all livestock production	80	27.3	21	26.6	12	16.9	9.7
household or property division	25	8.5	9	11.4	2	2.8	8.6
irrigation	11	3.8	6	7.6	2	2.8	4.8
help from relatives or inheritance	65	22.2	18	22.8	14	19.7	3.1
domestic labour migration	21	7.2	9	11.4	6	8.5	2.9
house building or improvement	12	4.1	4	5.1	2	2.8	2.2
sons and daughters working	71	24.2	19	24.1	16	22.5	1.5
dowry receipt or favourable marriage	34	11.6	10	12.7	8	11.3	1.4
day labour	53	18.1	14	17.7	12	16.9	0.8
the benefits of a united family	10	3.4	0	0.0	5	7.0	-7.0
benefits from official programmes	49	16.7	11	13.9	18	25.4	-11.4

Table 5 shows that for improving trajectories: business (53.2 %), the accumulation of land (44.3%), agriculture (26.6%), livestock (26.6%) and loans (24.1%), help from relatives or inheritance (22.8%), and salaried work (17.7%) are the most important causes of improvement. However for declining trajectories, business (32.4%), benefits from official programmes (25.4%), sons or daughters working (22.5%), the accumulation of land (19.7%), help from relatives or inheritance (19.7%), day labour (16.9%), and livestock (16.9%) appear in that order.

Thus, while those declining also benefit from assets, it seems that they are less effective in exploiting the key areas of asset-related opportunity overall, and the opportunity categories they enjoy are skewed towards official programmes (such as the Vulnerable Groups Development programme, the Primary Education Stipend programme, the The Old Age Allowance Scheme and the Allowance Scheme for Widowed and Distressed Women) and opportunities involving less-tangible assets linked to social capital of relatives (sons and daughters working, inheritance and family help) or human capital (mainly day labour).

Also the business activities undertaken by those on declining trajectories tended to be much smaller in scale and backed by fewer assets. These were various kinds of small trading – in

<sup>18</sup> Causes of opportunity which were cited in fewer than 10 life histories have been omitted.



vegetables, rice, dried fish, jute and other commodities – and also small stalls or renting out mobile phones. Those on improving trajectories tended to be involved in businesses that were larger and were backed by more valuable assets. High value crops were being cultivated on their own land and then traded. Shops were more substantial, they were trading in ‘lumpy assets’ such as cattle and other livestock, and they were using machinery in business such as power tillers, rice mills or rice husking machines. They were also accessing contracts in larger markets such as dealing in materials for road construction – supplies like sand, bamboo and concrete reinforcing rods. They were also using assets such as rickshaws, van rickshaws or buildings to raise rent or employ others.

The comparison suggests that while less-tangible assets are important for protecting those declining, they are less likely to be doing the ‘heavy lifting’ out of poverty. This escape is linked to more tangible assets such as the business assets, land, livestock and agriculture – the types of assets being more effectively exploited by those whose lives are improving.

When we consider a comparison between chronically not-poor and the chronically poor people (in Table 6) we see a similar pattern emerging.



**Table 6. Frequency of causes of improvement or opportunity<sup>19</sup> (ranked according to difference in percentage)**

	all life histories	percent	chronic not-poor	percent	chronically poor	percent	difference in percentage
agriculture and fish farming	69	23.5	11	26.2	3	6.0	20.2
accumulation of land	113	38.6	18	42.9	12	24.0	18.9
help from relatives or inheritance	65	22.2	13	31.0	9	18.0	13.0
household or property division	25	8.5	6	14.3	3	6.0	8.3
irrigation	11	3.8	3	7.1	0	0.0	7.1
dowry receipt or favourable marriage	34	11.6	5	11.9	3	6.0	5.9
business activities	135	46.1	16	38.1	17	34.0	4.1
goats	16	5.5	3	7.1	3	6.0	1.1
salaried work	42	14.3	7	16.7	8	16.0	0.7
cattle	67	22.9	6	14.3	7	14.0	0.3
labour migration domestic	21	7.2	2	4.8	4	8.0	-3.2
house	12	4.1	0	0.0	2	4.0	-4.0
loans	47	16.0	6	14.3	10	20.0	-5.7
united family	10	3.4	0	0.0	3	6.0	-6.0
livestock	80	27.3	6	14.3	11	22.0	-7.7
sons and daughters working	71	24.2	8	19.0	14	28.0	-9.0
day labour	53	18.1	4	9.5	12	24.0	-14.5
benefits from official programmes	49	16.7	3	7.1	13	26.0	-18.9

Table 6 shows this comparison in terms of frequencies of sources of opportunity across life history participants who were chronically not-poor (42 individuals), compared with those who were clearly chronically poor (50 individuals, poor in baseline and in 2007 in *both* independent qualitative and quantitative assessments). Here also, the chronically poor seem to be citing the benefits of official programmes and day labour more frequently than the not-poor, while the not poor are benefitting from land and agriculture, and irrigation more often.

<sup>19</sup> Causes of opportunity which were cited in fewer than 10 life histories have been omitted.



## 5 Liabilities and downward pressures

### 5.1 Common causes of decline

Common downward pressures (see Table 7) were, in order of frequency of appearance: illness and injury (75%); dowry and wedding expenses (39%); death of family members (33%); division of household or property (22%); theft or cheating (20%); litigation (19%); and weather-related events such as floods, cyclones and storms (17%). These findings highlight the need for better quality, reasonably priced health provision as a poverty reduction measure in Bangladesh. They also draw attention to the serious impact – including the depletion of assets – dowry has on families with girls.

**Table 7. Frequencies of causes of decline in people's lives**

Cause	Number of life histories showing this as a main cause	Percent of life histories showing this as a main cause
illness and injury	220	75
dowry and marriage	114	39
death of family member	97	33
household and property division	63	22
theft or cheating	59	20
litigation	56	19
floods, cyclones, or storms	49	17
crop damage	42	14
violence, conflict or physical insecurity	41	14
family or village disputes	29	10
death or illness of livestock	28	10
disability	27	9
unemployment or low income	26	9
business loss	25	9
sale or mortgage of land or house	25	9
debt	21	7
supernatural causes and superstition	20	7
divorce and abandonment	19	6
migration	19	6
extortion corruption and harassment	17	6
lack of food	12	4
education and other expenses on children	11	4
fire	10	3

## 5.2 Patterns of downward pressures

When we compare the frequencies of citation of the common downward pressures on life trajectories across declining/improving and chronically poor/chronically not-poor groups, we also see how some sources of crisis are more frequently experienced by the more vulnerable. While household and property division are a source of opportunity for those on improving trajectories (Tables 5 and 6) it seems that for those on declining trajectories (Table 8) it is more often a source of crisis. Also illness and injury – the most common source of downward pressure over all – seems to be disproportionately experienced by those of declining trajectories and those who are the chronically poor. Also the sale or mortgage of land is more often cited by these more vulnerable groups.

**Table 8. Frequencies of causes of decline, comparing improving and declining trajectories (ranked according to difference in percentage)**

cause of improvement	all life histories	percent	improving trajectory	percent	declining trajectory	percent	percent difference
crop damage	42	14.3	20	25.3	9	12.7	12.6
floods cyclones storms	49	16.7	17	21.5	11	15.5	6.0
death or illness of livestock	28	9.6	8	10.1	3	4.2	5.9
family and village disputes	29	9.9	12	15.2	7	9.9	5.3
extortion corruption and harassment	17	5.8	9	11.4	5	7.0	4.4
business loss	25	8.5	4	5.1	3	4.2	0.8
divorce and abandonment	19	6.5	6	7.6	5	7.0	0.6
theft or cheating	59	20.1	12	15.2	11	15.5	-0.3
supernatural causes and superstition	20	6.8	7	8.9	7	9.9	-1.0
fire	10	3.4	1	1.3	2	2.8	-1.6
lack of food	12	4.1	3	3.8	4	5.6	-1.8
debt	21	7.2	6	7.6	7	9.9	-2.3
litigation	56	19.1	18	22.8	18	25.4	-2.6
dowry and marriage	114	38.9	34	43.0	33	46.5	-3.4
unemployment low income	26	8.9	7	8.9	9	12.7	-3.8
education and other expense on children	11	3.8	3	3.8	6	8.5	-4.7
death of family member	97	33.1	23	29.1	24	33.8	-4.7
disability	27	9.2	3	3.8	8	11.3	-7.5
illness or injury	220	75.1	55	69.6	56	78.9	-9.3
migration	19	6.5	2	2.5	9	12.7	-10.1
sale or mortgage of land or house	25	8.5	6	7.6	13	18.3	-10.7
violence, conflict or physical insecurity	41	14.0	4	5.1	15	21.1	-16.1
household and property division	63	21.5	13	16.5	25	35.2	-18.8



**Table 9. Frequencies of causes of decline: comparing the chronically not-poor with the chronically poor (ranked according to difference in percentage)**

cause of decline	all life histories	percent	chronic not-poor	percent	chronically poor	percent	difference in percentage
litigation	56	19.1	15	35.7	4	8.0	27.7
theft or cheating	59	20.1	16	38.1	7	14.0	24.1
crop damage	42	14.3	12	28.6	5	10.0	18.6
family and village disputes	29	9.9	9	21.4	2	4.0	17.4
extortion corruption and harassment	17	5.8	7	16.7	0	0.0	16.7
violence conflict physical insecurity	41	14.0	10	23.8	7	14.0	9.8
migration	19	6.5	5	11.9	2	4.0	7.9
education and other expense on children	11	3.8	4	9.5	1	2.0	7.5
death of family member	97	33.1	15	35.7	15	30.0	5.7
business loss	25	8.5	3	7.1	1	2.0	5.1
fire	10	3.4	4	9.5	3	6.0	3.5
divorce and abandonment	19	6.5	3	7.1	2	4.0	3.1
dowry and marriage	114	38.9	14	33.3	16	32.0	1.3
household and property division	63	21.5	11	26.2	13	26.0	0.2
unemployment low income	26	8.9	5	11.9	6	12.0	-0.1
floods cyclones storms	49	16.7	9	21.4	11	22.0	-0.6
supernatural causes and superstition	20	6.8	2	4.8	4	8.0	-3.2
lack of food	12	4.1	1	2.4	3	6.0	-3.6
sale mortgage of land house	25	8.5	1	2.4	3	6.0	-3.6
disability	27	9.2	2	4.8	5	10.0	-5.2
death or illness of livestock	28	9.6	1	2.4	4	8.0	-5.6
debt	21	7.2	1	2.4	5	10.0	-7.6
illness and injury	220	75.1	31	73.8	41	82.0	-8.2

### 5.3 Assets, liabilities and coping

When individuals, households and families face the kinds of crises and downward pressures described above, they often cope by depleting the assets they hold. Wealthier people with more assets at their disposal tend to be able to cope with relatively less impact on their long-term wellbeing, as the assets they hold can usually buffer or mitigate crises: money can be raised to pay for medical care or dowries, crop damage or business losses. The chronically poor tend to hold fewer assets and are therefore more vulnerable when a crisis hits, and they are more likely to deplete assets and further diminish their long-term resilience. The types of crisis experienced are also more likely to damage what is constitutive of their wellbeing (as opposed to what is only instrumental for it) and the way they cope is also more likely to be harmful in the long term. They sell productive land they cannot afford to lose; they allow the crisis to damage their health by going without food; withdraw their children from school, and undertake tasks that damage their social status. This creates liabilities and undermines what constitutes, and is instrumental, for their wellbeing in the longer term.

**Table 10. Forms of coping and impacts of dealing with illness, dowry, household or property division, and the death of relatives, when cited as one of the three or four most serious negative events**

form of coping or impact	life histories citing this form of coping	percent of life histories citing this form of coping
all loans	101	34.5
loss of income	97	33.1
sale or mortgage of land	86	29.4
sale of livestock	68	23.2
help from relatives or neighbours	58	19.8
non-NGO loans	49	16.7
psychological distress	46	15.7
other asset or crop sales	40	13.7
non-specified loans	39	13.3
disability or chronic illness	28	9.6
loss of savings	23	7.8
NGO loans	21	7.2
premature death	20	6.8
going without food	16	5.5
family disputes	15	5.1
capital from business	14	4.8
women's extra labour	14	4.8
loss of education	11	3.8
problems with division or inheritance	8	2.7
no medical treatment due to poverty	8	2.7
litigation	6	2.0



Table 10 ranks the coping methods deployed, and some of the impacts experienced as a result of these coping methods, as reported in accounts of the four most frequently cited causes of downward pressure in the life histories: illness, dowry, household or property division, and the death of relatives. Loans of various kinds (e.g. NGO loans, informal interest-free loans from relatives and neighbours, and loans from moneylenders) are extremely common forms of coping in crises. Often these are paid off through the sale of assets. Crises may also cause a loss of income – for example when business capital is used to cope, or illness leads to the inability to work. After these means of coping, the sale of land and livestock are most frequent. Help from relatives and neighbours – often through loans – is common, as is the sale of other assets such as crops, and various stored commodities, trees, bamboo, building materials, rickshaws and bicycles.

**Table 11. Forms of coping: comparing improving and declining trajectories (ranked according to difference in percentage)**

form of coping	all life histories	percent	improving trajectory	percent	declining trajectory	percent	difference in percentage
loss of savings	23	7.8	10	12.7	3	4.2	8.4
non-NGO loan	49	16.7	15	19.0	9	12.7	6.3
other asset or crop sales	40	13.7	12	15.2	7	9.9	5.3
psychological distress	46	15.7	15	19.0	10	14.1	4.9
litigation	6	2.0	3	3.8	0	0.0	3.8
loss of income	97	33.1	24	30.4	20	28.2	2.2
all loans	101	34.5	26	32.9	22	31.0	1.9
NGO loan	21	7.2	6	7.6	6	8.5	-0.9
premature death	20	6.8	6	7.6	6	8.5	-0.9
no treatment of illness due to poverty	8	2.7	0	0.0	1	1.4	-1.4
loss of education	11	3.8	2	2.5	3	4.2	-1.7
money from business	14	4.8	4	5.1	5	7.0	-2.0
non-specified loans	39	13.3	7	8.9	8	11.3	-2.4
problems with property division or inheritance	8	2.7	1	1.3	3	4.2	-3.0
going without food	16	5.5	2	2.5	4	5.6	-3.1
women's extra labour	14	4.8	1	1.3	4	5.6	-4.4
disability or chronic illness	28	9.6	3	3.8	6	8.5	-4.7
family disputes	15	5.1	2	2.5	9	12.7	-10.1
help from relatives or neighbours	58	19.8	12	15.2	19	26.8	-11.6
sale of livestock	68	23.2	13	16.5	21	29.6	-13.1
sale or mortgage of land	86	29.4	15	19.0	34	47.9	-28.9

When we compare improving and declining trajectories (Table 11) we observe different coping patterns between these two groups. For those declining we see more destructive means of coping being deployed, which more frequently involve the sale or mortgage of land,



the sale of livestock, women's extra labour and going without food. This also results in illness and disability and disputes. The only positive difference between these two groups is that people on declining trajectories cited help from relatives or neighbours more often than for those on improving trajectories. This reflects moral economy (Scott, 1976) norms of informal helping, and the absence of more significant forms of coping. Damaging coping strategies are undertaken more often by the chronically poor compared with the chronically not-poor (Table 12), although here the sale or mortgage of land is less frequent for the chronically poor, because this group had less land to sell or mortgage to start with.

**Table 12. Forms of coping: comparing the chronically not-poor with the chronically poor (ranked according to difference in percentage)**

form of coping	all life histories	percent	chronic not poor	percent	chronically poor	percent	difference in percentage
other asset or crop sales	40	13.7	10	23.8	5	10.0	13.8
loss of savings	23	7.8	4	9.5	2	4.0	5.5
money from business	14	4.8	4	9.5	2	4.0	5.5
problems with division or inheritance	8	2.7	3	7.1	1	2.0	5.1
non-NGO loans	49	16.7	4	9.5	3	6.0	3.5
premature death	20	6.8	4	9.5	3	6.0	3.5
family disputes	15	5.1	3	7.1	2	4.0	3.1
psychological distress	46	15.7	7	16.7	7	14.0	2.7
sale or mortgage of land	86	29.4	12	28.6	13	26.0	2.6
litigation	6	2.0	1	2.4	0	0.0	2.4
help from relatives or neighbours	58	19.8	6	14.3	6	12.0	2.3
NGO loans	21	7.2	2	4.8	3	6.0	-1.2
going without food	16	5.5	2	4.8	3	6.0	-1.2
loss of education	11	3.8	1	2.4	2	4.0	-1.6
sale of livestock	68	23.2	8	19.0	12	24.0	-5.0
no treatment due to poverty	8	2.7	0	0.0	3	6.0	-6.0
all loans	101	34.5	8	19.0	13	26.0	-7.0
disability or chronic illness	28	9.6	2	4.8	6	12.0	-7.2
women's extra labour	14	4.8	0	0.0	5	10.0	-10.0
non-specified loans	39	13.3	1	2.4	7	14.0	-11.6
loss of income	97	33.1	7	16.7	25	50.0	-33.3

When we examine individual life histories in more detail we are able to recognise how these patterns work out across a life trajectory. For example, the life histories of Monir and Zeehan illustrate the difference in consequences between coping strategies of the chronically poor and the chronically not-poor.<sup>20</sup>

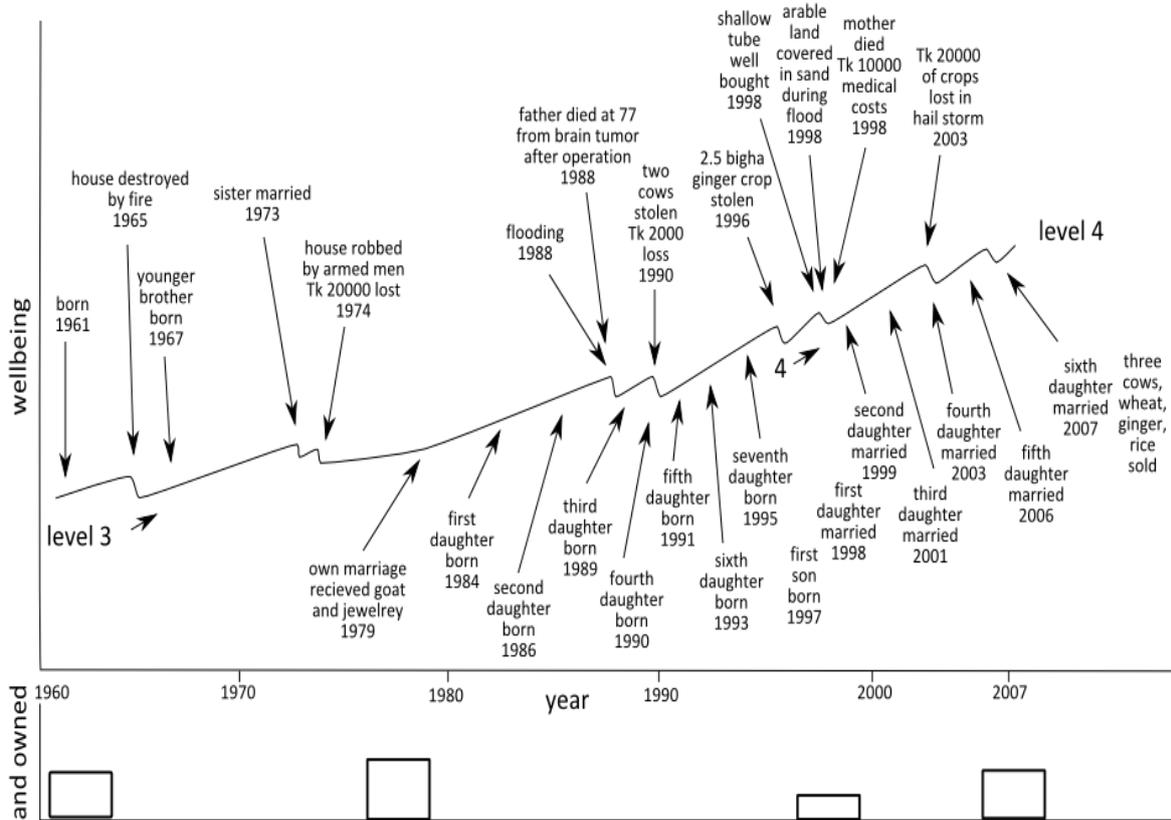
<sup>20</sup> All names have been changed to protect the anonymity of our research participants.



Monir is a 46 year-old man who has been not-poor for most of his life and Zehaan is a 52 year-old woman who has declined from moderate poverty into extreme poverty in recent years. Both individuals are from the same village in Nilphamari District in the North-West of Bangladesh and both have struggled with arranging marriages for an unusually large number of daughters. Monir has married off his six daughters and paid hefty dowries to manage this, and Zehaan has paid dowries for the marriages of seven daughters – with one more daughter yet to be married.

The trajectory diagram illustrates how Monir has been able to cope with these downward pressures and to continue to accumulate land assets despite the pressure of dowry expenses. This is because of his relatively larger initial land holdings and other productive assets in the form of livestock and agricultural machinery. When Monir married, his father owned 20 *bighas* (6.6 acres) of land and they lived in an extended household with his parents and brothers. From the time of his marriage, he and his wife Bimola started to accumulate assets. The pattern of accumulation was from smaller livestock (goats and poultry) to larger livestock (cattle) and then to land. In the year following the death of Monir's father, the family's then 15 *bigha* homestead was divided and in Monir received 8 *bighas*. Since then Monir and Bimola increased the amount of land they own to 16 *bighas* in 2007. Over the years Monir raised large dowries to arrange for suitable marriages for his six daughters, but each time was able to raise the money through the sale of crops or livestock, but never from the sale of land.

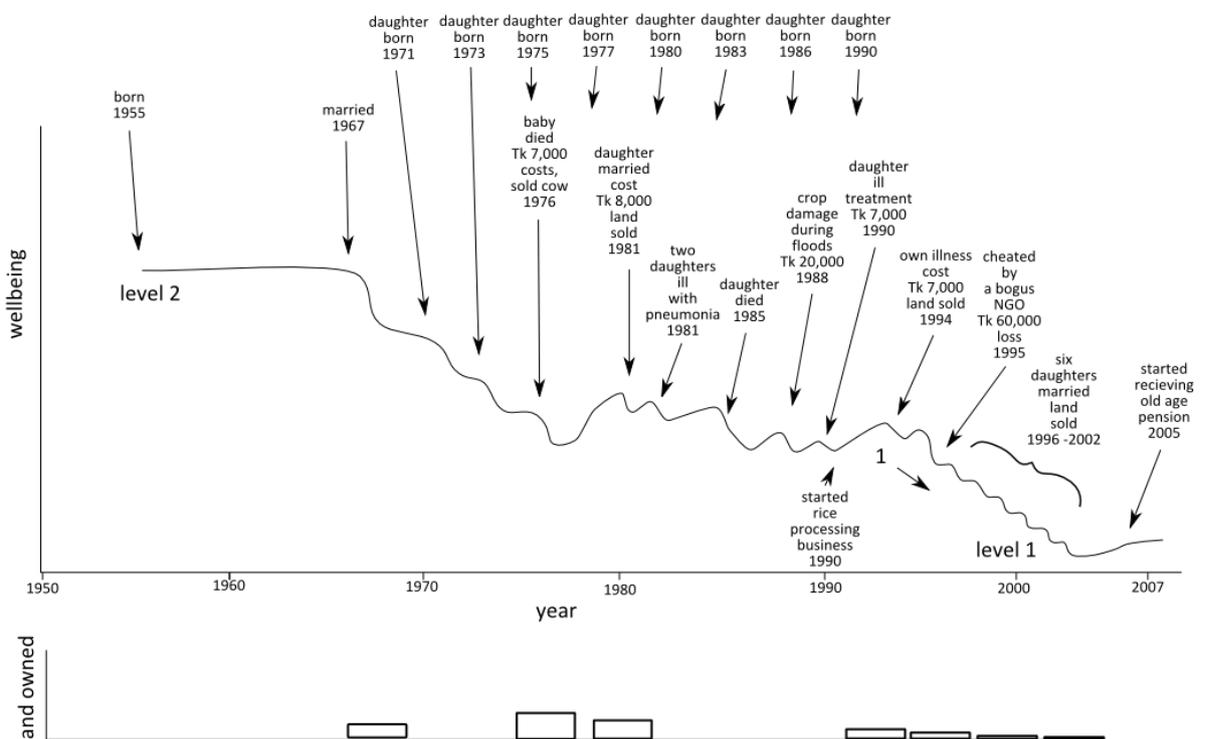
Figure 2. Monir: 46 year-old man, Nilphamari District





Zehaan, on the other hand, started out with a smaller area of land, and sold land each time one of her daughters was married. When Zehaan was married they owned and cultivated 4 *bighas* of land. When their first daughter was married in 1981 they sold 16 decimals (0.16 acres) of land in order to raise the Tk. 6,000 dowry. Then from 1996-2002 six other daughters were married and each time between 8 and 24 decimals of land was sold to raise the dowries of between Tk. 6,000 and Tk. 18,000 for each marriage. In 1989, Zehaan also lost Tk. 60,000 which she deposited with a bogus NGO – money which she got from some land her father had left her when he died. In the end Zehaan and her husband were left with only the small plot land their house is built on.

Figure 3. Zehaan: 52 year-old woman, Niphamari District





## 6 Concluding remarks

The analysis of life histories shows that the accumulation of assets is one of the most important means by which poor people in rural Bangladesh improve their lives. Tangible assets such as those linked to small businesses, land, livestock and agricultural machinery – are of key importance. The important intangible assets are in the form of family-based social capital which allows resources to be transferred across generations as inheritance or as children supporting their parents via remittances, or in the form of general helping in crises. Human capital, in the form of skills, is also important though difficult to directly measure. However, the importance of salaried jobs which invariably require special skills or educational qualifications, suggests that these kinds of human capital assets are important for socio-economic improvement.

The differences observed between people on improving trajectories compared with those on declining trajectories, suggest that endowments of both assets *and* liabilities are important for understanding socio-economic mobility and the generation of inequality in rural Bangladesh. The assets providing opportunities for those on declining trajectories tend to be more protective – in terms of official social protection programmes, various forms of social capital, and day labour. However these assets are less likely to lift poor people permanently out of poverty than the key tangible assets such as business assets or land and livestock which are more enjoyed by those on improving trajectories.

It seems also that those on declining trajectories disproportionately suffer crises which can become liabilities in the form of; monetary debt, ill health, poorer educated children, physical insecurity, lower social status and other problems which offset the benefits of assets. Thus the poorest are likely to be held back in an asset *and* liability trap – rather than just one of low levels of asset endowments.

These findings suggest that studies of poverty traps should take more account of liabilities suffered by the poor, in addition to the problems of having low levels of assets. Also, poverty reduction strategies should seek to strengthen the tangible asset base of poor people, but also address the liabilities that they face, in terms of health provision, the removal of dowry, support in crises without indebtedness, amelioration of social stigma, and improved physical safety.

The life history narratives also highlight that:

- 1) further conceptual clarification about assets is needed than is currently found in the existing assets and poverty literature – particularly taking into account liabilities (negative assets rather than the lack of an asset) and the distinctive protective and productive functions of assets;
- 2) the challenges to combining asset-based and expenditure-based measures in poverty dynamics research are considerable, but not insurmountable;



3) the links between asset accumulation (or depletion) and significant life events need to be better understood if asset-inclusive approaches to poverty research and policy are to be successfully implemented.



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