

Thinking about chronic urban
poverty

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Introduction

This short paper examines the issue of chronic urban poverty for the Chronic Poverty Research Centre (CPRC)¹. The reports aim is twofold: firstly to review the relevant literature and secondly to suggest research topics and ideas for the first two years of what is envisaged as a five year project. As will become apparent the literature on chronic urban poverty is almost non-existent; thus a lot of what follows is an attempt to reconsider more general urban poverty literature through a chronic poverty lens. Finally it is intended as a first attempt to develop some “working hypotheses” to guide further ongoing research in what is anticipated as a five year research project.

Over the last few years there has been a growing interest in poverty by the International Development agencies. Unfortunately there has often been a tendency to see poverty as a rural phenomena. The implicit assumption has been that urban areas will benefit from growth. In this analysis framework it becomes almost axiomatic that chronic poverty –being a more extreme version- will be also be a rural phenomena. This paper seeks to directly challenge this view and furthermore to suggest that an study of chronic poverty and by implication the CPRC must have an urban dimension.

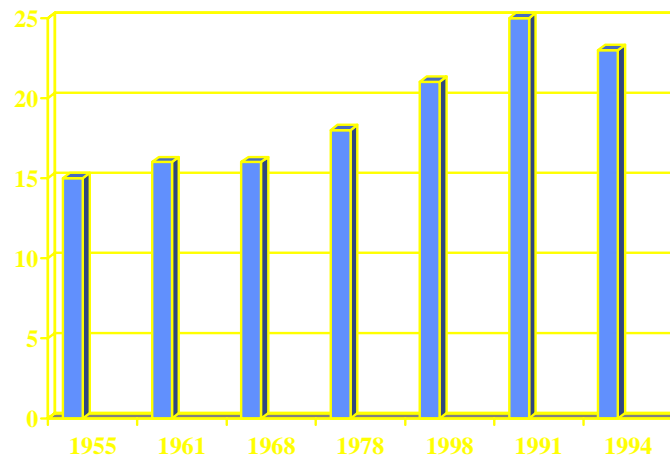
Urban growth and poverty are increasing

In this section we shall look at the general increase in urban poverty. It is interesting and disappointing that the latest WDR 2000/2001 makes almost no attempt to disaggregate poverty into urban and rural categories (World Bank, 2000). This is somewhat surprising as a focus on the local and the necessity of designing policies for local conditions is an important and welcome theme of the report (p 37). Nevertheless it is a clear and overwhelming historical fact that the world is urbanising: in 1999 31% of the population of low income countries are urban while the equivalent figure for middle income countries is 50%. By regions the figures are 75% (Latin America), 58% (Middle East and North Africa), 28% (South Asia), and 34% Sub-Saharan Africa (pp 276-277). The data on poverty is also clear; a recent review suggests that urban poverty as a proportion of total poverty is increasing in Bangladesh, China, Ghana, India, Nigeria, Pakistan and Colombia while decreasing in Indonesia². These eight countries represent two thirds of the developing world's population (Haddad et al, 1999, pp1896-1897).

Table 1 The proportion of India's poor who live in Urban Areas

¹ The Chronic Poverty Research Centre is a collaborative activity of a group of universities, research institutes and NGOs (see www.chronicpoverty.org for details). Chronic Poverty is broadly viewed as being characterised by its permanence and/or extended duration. For a discussion on the concept see Hulme, Moore and, Shepherd (2001).

² The Indonesia figure is for changes between 1990-93: it is likely that the urban population has suffered substantially during the late 1990s recession and financial melt down.



India has the best data set on rural and urban poverty trends: here the evidence is also clear thus as a proportion of total poverty the urban component systematically increases from around 15% in the early 1960s to near 25% in the mid 1990s (Haddad et al, 1999, pp1896-1897). This change is illustrated in the Table above which shows the proportion of India's poor who live in an Urban Areas. (Adapted from Datt, 1998).

To emphasise the point, a quarter of India's poor households lives in urban areas. Recent evidence on the incidence of chronic poverty suggest that approximately 15% of both India's urban and rural populations face conditions of chronic or intense poverty (Mehta, 2001) .

The data -with the exception of China- suggest that the proportion of households below a poverty line are often slightly lower than for rural areas but that given the overall process of urbanisation there is now a substantial amount (at least in excess of 20%) of total poverty in many countries in Africa and Asia in the urban sector. Finally there is good evidence to suggest that even these formal estimates underestimate the extent and severity of urban poverty (Satterthwaite, 1997). The empirical evidence suggests that it is simply not possible to ignore urban poverty.

A related issue is the importance of the labour market in explaining the incidence of urban poverty. Research from India clearly shows the importance of insecurity of employment and/or casual labour in explaining the incidence (Harriss,J et al ,1990). Another common misconception is that urban labour markets are "tight" and/or that the informal sector is capable of absorbing the increases in urban populations. This is no longer the case: indeed the recent World Bank report on Sub Saharan Africa uses the term "unemployment" which is symptomatic of the change (World Bank, 2001). The comfortable assumption that the urban informal sector is capable of absorbing the growing labour force is also not true (Amis, 1995). Indeed the lucrative bits of the informal sector are almost without exception tightly controlled by particular ethnic or other groupings. Further on we shall discuss this in relation to the importance of patronage networks.

The final point to make is that it is impossible now in the twenty-first century to have an anti poverty strategy without an urban dimension. This is precisely what the World Banks latest report 2000/2001 report on Attacking Poverty seeks to do (Amis, 2001). Indeed the thrust of this research is also to suggest that it is impossible to have any poverty strategy without a consideration of chronic poverty.

Chronic poverty is also an urban issue

As mentioned above as well as the general increase in urban poverty chronic poverty is also an urban phenomena. There are not many reliable data sets from which to make judgements of the incidence of chronic urban poverty. However the papers in the first stage of the centre did indicate the following: thus from the KIDS panel survey in KwaZulu-Natal in South Africa it was found that 13% of chronic poor are in urban areas (Aliber,2001). It is likely that this definition of “urban” is likely to greatly underestimate the extent of real urban chronic poverty. The apartheid history of settlement and removals mean that urban and rural are very problematic categories in South Africa. Thus urban dwellers who were forcefully removed from urban areas as part of the relocation policies who have no effective access to rural land or resources and are effectively proletarianised and who often have to commute very long distances to work in the urban economies will be defined as rural³.

In India it was found that the proportion of the population who were in the very poor category was 15% for India’s urban population which was the same proportion as that for India’s rural areas (Mehta, 2001). This is a significant finding which suggests that we must be very careful about assuming that chronic poverty as an extension of poverty patterns in general will necessarily be a rural phenomena⁴. One possible explanation for this state of affairs is the relative age and slow rate of urbanization in the Indian sub continent. Thus –and particularly in comparison sub-Saharan Africa– there are many long established urban centres in Indian which will “generate” their own chronically poor. These may be in terms of particular groups who are unable to participate in the labour markets such as children, disabled, widows and the elderly.

Finally the work in Uganda showed that 8% of the urban population is in the “chronic poor” category. While this is not necessarily a particularly high figure it is perhaps worth noting that HIV/AIDs is a major health problem in many parts of Sub Saharan Africa which is clearly having a major impact on households and is a major cause of chronic poverty. Thus for example AIDs has dramatically reduced life expectancy at birth in some African countries most spectacularly from 60 in Botswana in 1990 to 51 in 1997 which can be expected to decline to 40 in the next decade. Kenya from 60 to 54 over the same time period; Uganda from 52 to 41; Zambia from 53 to 43 and Zimbabwe from 60 to 49. There has also been a dramatic increase in the number of orphans with an estimated eight million children having already been orphaned by HIV/AIDs in Africa. (World Bank, 2001, p20). These are staggering figures which depict an enormous increase in health related risks and an implicit increase in the numbers who are likely to become chronically poor. There are real questions about the ability of traditional safety nets to be able to cope with this onslaught (World Bank, 2001, p 21). The survival strategy for some of these destitute people is likely to be to move to urban areas; furthermore in most countries the incidence of HIV/AIDs is higher in urban areas.

It is possible to get some idea of the magnitude of chronic poverty from recent work on African poverty (*see African poverty at the Millennium from the World Bank written by Howard White and Tony Killick*). The Table below gives some proportions of household who are always poor, sometimes poor and never poor for selected countries.

³ Personal communication Jo Beall 2001

⁴ A finding like this clearly supports the necessity of having an urban dimension in the Centre for Chronic Poverty.

Table 2
Proportion of households who are always poor, sometimes poor and never poor for Selected Countries

| Country | Time periods | Always poor | Sometimes poor | Never poor |
|---------------|--------------|-------------|----------------|------------|
| Côte d'Ivoire | 1987-88 | 25.0 | 22.0 | 53.0 |
| Ethiopia | 1994-95 | 24.8 | 30.1 | 45.1 |
| South Africa | 1993-98 | 22.7 | 31.5 | 45.8 |
| Zimbabwe | 1992-95 | 10.6 | 59.6 | 29.8 |
| India | 1975-83 | 21.8 | 65.8 | 12.4 |

Source Baulch and Hoddinot (1999) in World Bank, 2001,p15

These figures should be treated with extreme caution given that the data are not comparable and are sensitive to the time between the two periods. Nevertheless they do show that a sizeable proportion of the population within the individual country contexts –in excess of 20%- are always poor and that another substantial group are sometimes poor –namely that they move in and out of poverty. Another way of expressing this data is that approximately half of those in poverty at any given time are in it for the long run (chronically poor) while approximately another half are moving in and out of poverty⁵.

This study –for Africa- then makes the following observation that “This phenomenon has great potential policy relevance. The chronically poor are those trapped in poverty from some mix of poverty causes, such as absence of political influence, few assets, and lack of market access. Removing poverty among them requires building their social capital, physical, human and political capital. Transitory poverty, by contrast, directs governments to measures that will reduce the vulnerability to shocks... and offer temporary safety nets.” (World Bank, 2001, pp15). It is interesting to keep these general observations in mind in relation to our discussions over chronic urban poverty in the subsequent sections.

Participatory studies : Chronic poverty perceptions from urban India

One of the major advances over the last ten years has been the emphasis on a participatory approach to urban poverty; in essence this has through various tools sought to give the poor a voice and listen to their definitions of poverty. This has been particularly helpful in correcting expert bias and in illuminating the problem in different ways. The clearest example was in urban Kenya where the problem was usually perceived by outside commentators as either a shelter issue or an income and employment issue; however when the poor were asked what they saw as the main problem the answer very strongly came back as violence and security (Amis and Rakodi, 1995).

In this context it is interesting to revisit the participatory work that was carried out as part of an impact assessment study of ODAs/DFIDs Slum Improvement Projects in India that was carried out in 1996/97 (Amis, 2001a). As part of this exercise an enormous amount of information was collected via focus groups, in depth individual interviews and other participatory techniques (ranking and visual diagrams) from the

⁵ Interestingly this is roughly the same proportion as the Panel data sets in the UK seem to suggest (Webb, 1997).

12 slums included in the participatory work. The slum selection was representative and the households interviewed were purposively selected after the initial slum profiling exercise. The perceptions are therefore robust and representative of poor households. All the field notes were then coded⁶ and via a process of documentary analysis it was possible to group all the statements into six categories. This are represented by the Pie chart below.

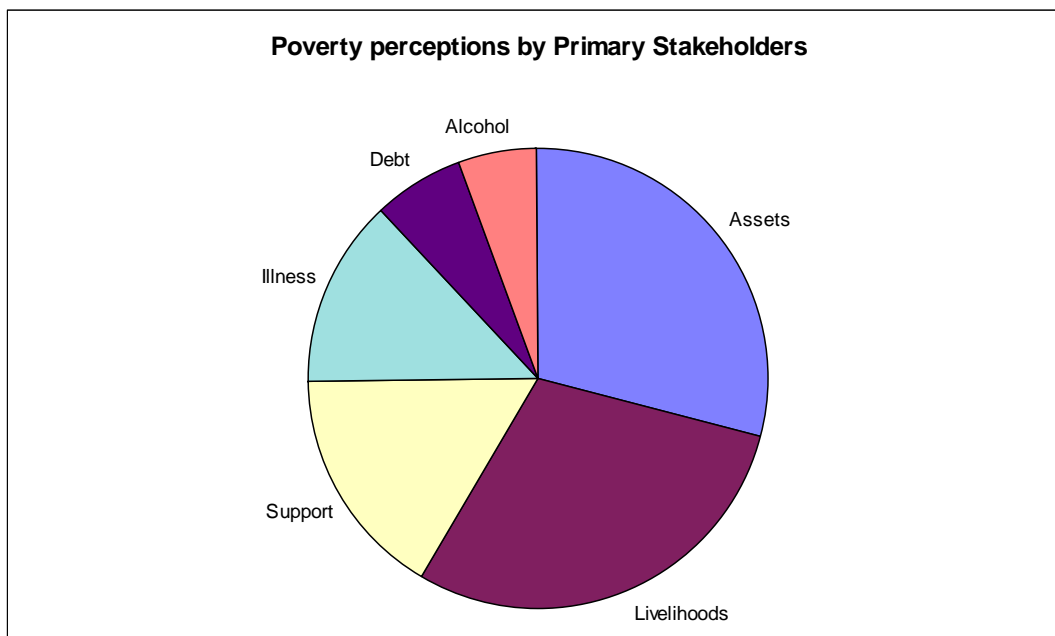


Figure 1 Poverty Perceptions by Primary Stakeholders in Urban India

Source: Amis, 2001a

The multi dimensional and complex nature of urban poverty is confirmed from this analysis⁷. The importance of household assets and saving and possessions as a common statement should not surprise us. This is a common definition of poverty. The importance of assets has long been acknowledged in the literature.⁸

The significance of livelihoods, incomes and assets again is not surprising it also confirms the research on Indian labour markets and their relation to poverty. The importance of security within the labour market was also noted.⁹ The identification of casual daily wage labour as a source of poverty was also clear as was the systematic difference in rates between men and women

⁶ I should like to thank Dr Jenny Phillmore, Centre of Urban Studies at the University of Birmingham for her assistance on this task.

⁷ The poverty perceptions described below are broadly similar to a more participatory Impact Assessment study that ODA commissioned in Calcutta, see Kar et al (1997) *Participatory Impact Assessment of Calcutta Slum improvement Project*, DFID, New Delhi. This again provides support to the robustness and generality of the findings at least in India.

⁸ See Wratten, 1995 "Conceptualising urban poverty" in *Environment and Urbanization* Vol 7 No1. It is interesting to compare these dimensions with the literature on urban poverty Amis,1997 "Indian Urban Poverty: Where are the levers for its effective alleviation?" in *IDS Bulletin* Vol 28 No2

⁹ Harriss,J et al (1990) *Urban Labour Market Structure and Job Access in India: a Study of Coimbatore*, ILO/ILS

The third category relates to questions of a lack of support and/or dependency. The position of female headed households is well established in the literature.¹⁰ The importance of the elderly as a specific disadvantaged group has not received the attention in the literature it deserves. However there is enough anecdotal evidence and newspaper reports in India to suggest that it is a growing and important issue. The comfortable and easy assumption that they will be automatically supported by their kin is not always true. Furthermore while India's urban growth rate and urbanization are relatively low by comparative standards the age and permanence of a substantial amount of its urban population should be noted.

Broadly speaking it could be argued that this dimension is primarily picking up characteristics that are associated with social exclusion and/or chronic poverty. This idea of lack of support to an extent implies a degree of permanence and/or long term aspects in the nature of poverty. The actual quotes of the respondents are revealing thus "those who can't work for ill health, no support, unemployed" and "those who have no other resources but what they work for and those you are old and unsupported". In summary approximately a fifth of the statements about poverty where in this lack of support category.

The next cluster of statements all relate to questions of illness and ill health. This is a very strong finding which is confirmed by and highlights the critical importance of illness to an income earner as the major shock faced by low income households. The impact of shocks –especially illness- which then through asset depletion and then subsequent debt to fund private health care is one of the most powerful drivers in pushing households into poverty.¹¹ It is surprising how this health as a shock dimension of urban poverty has not been taken up in the general urban poverty literature. As we shall argue health or a lack of ill health related episodes are one of the main contributory factors to the incidence of chronic poverty.

Insights from recent ESCOR research on Urban Governance, Partnership and Poverty¹²

This section provides some insights into the political processes around urban poverty that may be relevant to considering the more specific question of chronic poverty. This was a large three year research project concerned with issues of urban governance and poverty; in particular it was concerned to address the question of how the poor are able to get their concerns on municipal governments agendas. This research was carried out in eleven cities in the Latin America Sub Saharan Africa and Asia (see special issue of *Environment and Urbanization*, Vol 12 No1, 2000 for the city case studies) ; in addition a further four (Kumasi in Ghana, Cebu in Philippines, Johannesburg in South Africa and Bangalore in India) were selected for more in-depth studies. Three insights from this work are potentially relevant for chronic poverty. Firstly it is clear that the processes of Decentralisation and Democracy have allowed the poor more opportunities to lobby and make incremental collective gains; in this sense they have opened up more space for action. However

¹⁰ see note 8

¹¹ Pryer, J (1989) "When breadwinners fall ill: preliminary findings from a case study in Bangladesh" in IDS Bulletin Vol 20, No4. The impact of ill health was also strongly identified in the ODA work in Cochin (Jones, 1994)

¹² This ESCOR project from 1998-2001 was led by Nick Devas and Birmingham University with the International Institute of Environment and Development, LSE and Cardiff University.

these gains have generally been more in terms of infrastructure provision rather than improvements to the income/asset or human capital dimensions of poverty.

The next relevant insight considers the issue of democracy and bad governance. The first stage in this argument was a review of the relevant literature on the relationship between urban economic growth and poverty reduction. The main conclusion was to note that municipal governments *negative* levers in destroying jobs (mainly through inappropriate policies to the informal sector) were much stronger than the positive levers in terms of encouraging inward investment (mainly through hard and soft infrastructure). The main and simple policy lesson was therefore to be as concerned with preventing “bad governance” as with promoting good governance (Amis, 1999: 2001). The next observation was that the poor’s voice was significant in protecting the poor from the worst excesses of bad governance. Democracy and/or voice seemed to work to protect the poor from the worst excesses of bad governance; in particular in terms of harassment and removals of informal traders. There are clearly echoes of Sen’s argument about the positive effects of democratic processes and a free press in preventing famines.

The benefits of patronage and the positive aspects of “vote bargaining” (the behaviour of “vote banks”) are well illustrated in the Bangalore case (Benjamin, 2000). The poor unlike the patronising notion behind the idea of “vote banks” were actively bargaining in a nuanced way with local politicians. The relevance for the chronically poor is that all these groups and limited improvements are accruing to the “organised poor” or those connected via networks –usually patronage- to the system. *It is intended to build upon this research to examine the experience of specific groups within Bangalore’s political economy.*

There are signs that there are marginalized groups/who do not benefit from these developments; this was particularly the case in Johannesburg where the inclusion of one group was sometimes associated with a process of marginalization of other groups (Beall et al, 2000). The point of this short digression is to suggest that there may be strong political dimensions to chronic poverty. Thus one hypothesis might be to suggest that the chronically poor are those who are outside the system of governance and patronage¹³. Clearly this is often to some extent true of the groups that are classically defined as chronically poor namely the elderly, children and the handicapped and those with chronic illhealth conditions.

The Table opposite is an attempt using Moser’s Asset/Vulnerability framework to address to consider how different dimensions of poverty are likely to make impact upon the incidence of chronic poverty (Moser, 1998). This is a framework which seeks to express the complexity and dynamics of urban poverty in relation to the impact and/or changes to households overall Assets. In Moser’s formulation there are four types of asset/capitals namely: income/labour capital; human capital; social capital and productive capital. In my view this formulation which has already been used extensively best captures the diversity of poverty without creating unnecessary or unworkable complexity. It is considered that this is the most useful “livelihoods framework” for urban poverty as it is the only one that was specifically developed for analysing urban poverty. Furthermore unlike some of the rural livelihoods approaches it is not confused with a desire to become an official DFID “position”. In

¹³ This is really standing on its head a common place observation that getting on a patronage network is one of the most sensible survival strategy for poor urban households. If this holds true then those who systematically can not get on such networks are likely to have few chances of mobility and are more likely to be poor for a long time. This is not to say that this causes chronic poverty but it is potentially a likely characteristic.

what follows we shall elucidate how each dimension of poverty relates to chronic poverty.

Table 3 Impact of dimension on poverty on the incidence of chronic ¹⁴urban poverty

| | |
|-------------------------|---|
| Income/Assets dimension | This dimension relates most clearly to livelihoods and the labour market. There are two elements to this: firstly those who are <i>unable to</i> participate in the labour market (elderly, handicapped, children, those with ill-health problems and unemployed) and secondly those who are <i>able to</i> participate in the labour market but whose remuneration may be such that they are below a nominal poverty line over two time periods. The latter is likely to exist in some cities in SSAfrica and SAsia. |
| Human Capital | Low levels of Human Capital are likely to interact with abilities to participate in the labour market as above. Improved levels of education and health are likely to make escape from poverty easier. Health related shocks are major events which are likely to deplete assets and keep households from benefiting from other possible sources of improvements and may lead indirectly to chronic poverty. Illness and episodes which result in chronic poverty can effectively make households unable to participate in labour market. |
| Social Capital | Low levels of Social capital are likely to increase chronic poverty via a shortage of networks to protect households from shocks; weak networks/patronage into the labour market; some areas/group will suffer from labelling and exclusion. Ethnicity and caste may reinforce this. In some settlements there are important insider/resident Vs outsider/newcomer |
| Productive Capital | Households who do not own a productive asset –which in the urban sphere is mainly shelter- are more likely to experience chronic poverty as they are unable to use their housing as an asset and buffer against negative shocks. Households that are proletarianized – dependent upon wage labour- with no access to rural resources are more likely to be chronically poor. |

¹⁴ There is a problem here in what are the dimensions of chronic poverty that we are measuring e.g. If the problem is defined as duration what is it that one has been below for how long? For simplicity here we are assuming a money metric approach. Hume, Moore and Shepherd (2001) are proposing both a moneymetric and holistic approach depending upon data availability.

Income/Asset: both those unable to participate in the labour market and those who do not receive sufficient remuneration

This dimension of poverty is most clearly related to participation in the labour market. This approach to chronic poverty most clearly follows the seminal work of John Illife on poverty in Africa. The first distinction is between structural and conjunctural poverty; the former is a permanent condition while the latter is temporary condition (Illife, 1987, 2-4). There is a further distinction which relates to resources thus..

“One is Dr Gutton’s dichotomy of structural poverty, which is the long-term poverty of individuals due to their personal or social circumstances, and conjunctural poverty, which is the temporary poverty into which ordinary self-sufficient people may be thrown by a crisis. The second distinction is between the structural poverty characteristic of societies with relatively ample resources, especially land, and that characteristic of societies where such resources are scarce. In land-rich societies the very poor are characteristically those who lack access to the labour needed to exploit land –both their own labour (perhaps because they are incapacitated, elderly , or young) and the labour of others (because they are bereft of family or other support). In land-scarce societies the very poor continue to include such people but also include those among the able-bodied who lack access to land (or other resources) and are unable to sell their labour power at a price sufficient to meet their minimum needs.” (Illife, 1987,4).

Illife then goes to show how the history of Western Europe hinges on this distinction and that in England for example...

“By the end of the sixteen century and still more by the mid seventeen century, the poor were no longer the destitute victims of misfortune and old age, but a substantial proportion of the population living in danger of destitution, many of them full-time wage labourers. In both town and country a permanent proletariat had emerged, collectively designated “the poor”. (Wrightson, 1982, p141 in Illife, 1987,5)

Illife argues that this transition has taken place in other continents and that “Most Poverty in Asia is due to land shortage, unemployment, and low wages. Poverty in India is closely associated with large families” (Illife, 1987,5).

The point of this long historical digression is to suggest that at least from historical analysis we should expect chronic poverty in both those unable to participate in the labour market because of low capabilities¹⁵ but also those who participate directly in the labour market. Secondly it supports a view that the process of proletarianization is important in understanding urban poverty (Amis,1995: Amis, 2001). The extent to which there will be chronically poor urban households¹⁶ who are actively involved in the labour market at very low levels of remuneration is an important empirical observation to be tested. Clearly the number of members of the household is an important variable which impacts together with the wage level to increase the incidence of such income based poverty.

¹⁵ Using a Capabilities framework is a good way of integrating the problems of specific groups into one continuous framework. In this formulation the issue for the elderly, handicapped, chronically ill and children are all understood in terms of their low capability rather than any other characteristic. I am indebted to the representatives of Age Concern (Mandy Heslop and Mark Gorman for this insight.)

¹⁶ In this context this could be defined as households who are below the local poverty line over at least two time periods –say five years-.

The recent (2001) study of *African poverty at the Millennium* noted that the “urban working poor have earnings (usually within the informal sector) below the poverty line” and that there is a secular decline¹⁷ in most African countries formal sector (mainly urban wages) over a long time and that it is highly likely that the informal wages will also be moving in the same direction and that “the function of this sector as an employer of last resort makes it intrinsically likely to generate low earnings, in the face of labour forces growing far more rapidly than formal-sector employment.” (World Bank,2001,p17).

To reiterate while we have little direct evidence there does seem good grounds for suggesting that there will be a group of the urban poor¹⁸ who are participating in the labour market¹⁹ who could be characterised as “chronically poor”. The numbers and how they relate to other variables like for example household size, human capabilities, gender divisions of labour, and whether they are only in the “informal” or “formal” sectors is an empirical question. My working hypothesis is that we will find them employed in both sectors; this has been made more likely by the increasingly blurred nature of the two sectors caused by the processes of casualization in most, if not all, labour markets. Very approximately if, given that in most countries in SSAfrica and South Asia something like 30/40% of the urban population is below a nominal poverty line, and perhaps a third of these might be defined as chronically poor then we are looking at 10% of an urban population in the chronic category. I think this can not only be made up of those unable to participate in the labour market, given that without a welfare system everybody will need to participate. This has potentially significant implications for the direction of the Centre in that it suggests a need to reconsider the dynamics of chronic poverty to include those who are directly incorporated in the global capitalist system as well as those with more exceptional characteristics.

¹⁷ This was very clear up to 1990 see Amis, 1989. The data seems to be harder to get. This decline predates the process of structural adjustment but there is no question that the urban poor have been major losers from processes of adjustment; this has been acknowledged in the latest WDR 2001(p 66). While it has been an accepted fact for the last ten years that the urban poor have disproportionately suffered from the process of structural adjustment: this has primarily been through three mechanisms: increases in consumer prices (especially food); limits on wage increases and public sector employment and finally a limit on spending on urban infrastructure. The first two are relatively well know but the latter is less familiar and is the result of cutting expenditure on urban services –infrastructure, health and education which are seen as using often using foreign exchange and not earning any revenue. The result has been in Africa and Latin America a discernible decline in the provision of such services (Moser, Herbert and Makonnen, 1993).

¹⁸ The same logic would suggest that certain rural groups like estate workers might fall into the same category.

¹⁹ The recently introduced working families tax credit, given that benefit levels serve as an unofficial “poverty line” in the UK, is an implicit admission that there are fully employed households who are permanently below a “poverty line” and are thus by our definitions chronically poor.

Human Capital in Chronic poverty: is it a major driver in influencing chronic poverty?

The importance of the human capital dimension of chronic poverty has been confirmed by the use of panel data from the Côte d'Ivoire. Panel data involves interviewing the same households repeatedly, it therefore allows us to consider poverty dynamics; namely what are the processes that are moving some households into poverty and facilitating some to escape. This is in contrast to the "snapshot" approach of most poverty studies. Through this method it is possible to distinguish between those in temporary and chronic (permanent) poverty and to consider different policy options. The analysis of this panel data suggests that in urban areas human capital is the *most important endowment* explaining welfare changes over time. Households with well-educated members suffered less loss of welfare over time than other households. What seemed to matter were skills learnt through education rather than diplomas obtained. Indeed diplomas may even have worked against some households in having orientated workers too much towards a formal sector job when employment growth came almost exclusively from small enterprises. (Gootaert et al, 1995).

Low levels of Human capital can prevent households from benefiting from growth

The box below illustrates the case of casual workers in the booming port of Vishakhapatnam in South India who through the lack of nutrition are unable to share in this growth. Visag is now the fastest growing urban centre in India, and while there is enough casual work to be had, the workforce is not fit and/or healthy enough to benefit from this growth. This is an important finding that again confirms the importance of investment in human capital to prevent poverty –both chronic and otherwise- in India and elsewhere.

Box 1 Resting or Lazy: The health limits to how much the poor can work

A very important finding of the Qualitative team (Thinksoft) has been the observation that there are fit young individuals who are unable to consistently carry out daily wage labour. At first appearance they may appear to be lazy -this was the research team's first reaction-. However after further investigation this appeared not to be the case. The conclusion was that these individuals were "resting" rather than idle; they are recovering from the very hard physical exertion such jobs often require.

This was also confirmed by a recent anthropological work in Gujarat²⁰ and in Visag²¹. These Pedda Coolies who may be paid 50Rp to 70Rp a day with an average of around 55Rp from the Bazaar (March 1997 rates) are only able to work three or four days a week. (At the time there were 57Rp to £1 or 35Rp to US\$1). In a month they can only work approximately fifteen to sixteen days. It is impossible to work 30 days. These are individuals who are working on their own; there can be no lightening of the load by informally sharing the work around. Paradoxically those who work in groups –which is lighter work- but less well paid at around 35/40Rp a day may be able to work for the majority of the month.

²⁰ This observation has also been made about informal migrant labour who have to take time off to recuperate because of the "murderous work pace" (p.70) Bremen, J (1996) *Footloose Labour* Cambridge University Press.

²¹ Personal Communication Rajesh Patnaik *Urban Poor, Social Policy and International Assistance: Dimensions of Planned Interventions in the Slums of Visakhapatnam* PhD thesis .

It is worth emphasising two things: firstly it is only in a relatively buoyant economy (tight labour market) like Visag that this issue is ever likely to present itself. In many places the option of working 30 days a month is simply not on offer. Secondly these individuals are young and able bodied. The problem is not one of direct ill health but of overall nutritional levels, poor diet and physical fitness and the severity of the physical labour. The policy implications are enormous; namely that the labour force of Indian is physically not fit enough to participate in economic growth. The implication is to emphasise the importance of health provision for workers. This is an extension of the familiar ill health –asset loss- debt argument.
Source: (Amis and Kumar, 2000).

Importance of human capital and social exclusion again limit the impact of economic growth on the urban poor: Evidence from Santiago in Chile

There were clear signs that the processes of urban economic growth had resulted in reduction in urban poverty rates in Santiago in Chile. Thus the average annual growth rate for the last decade for the Metropolitan area at 8.1% exceeds national growth rate at 7.7%. This has resulted in a decline in poverty; the indigence rate for Santiago has declined from 13.5% in 1987 to 2.7% in 1996. While the “poverty rate” has declined from 38.7% in 1987 to 14.8% in 1996. Indigent is a minimum “poverty line” only allowing for basic nutrition while in “poverty” is a “poverty line” which includes other non food items. These impressive declines have taken place alongside significant increases in inequality and spatial segregation and stigmatisation. There remains a significant persistence of “hard” core poverty with low skills and education and limited access to opportunity networks. Furthermore this group has a trend towards inter-generational “perpetuation” of poverty itself (Dockendorff et al, 2000). It is clear from the above that this group has many of the features of chronic poverty however what is also interesting is that it also has categories of groups that in the EU are defined in terms of “social exclusion”.

The point is that the length and chronic nature of their poverty is very clearly related to their “unemployability” which in itself is a function of *inter alia*: low education and technical skills, physical access, attitude, problems of role confusion within the household (namely unemployed men staying at home and women going out to work) and the problems of negative labelling. This is a very “modern” form or representation of poverty but one which is strong in many of the urban areas of the developing world.

Shocks, ill health and chronic poverty

Research in Bangladesh and India has very strongly showed the relationship between shocks like illhealth –in particular chronic conditions like TB and Industrial Accidents and increasingly HIV/AIDs- and poverty. The logic is as follows: ill-health and shock reduces income earning potential of household but also an increase in expenditure required through the need to use private medicine and purchase drugs this then leads to asset depletion and increased debt and worsening poverty and so the cycle continues. (Pryer,1989: Amis, 1994: Amis, 2001a).

Evidence from a small Panel data in Vijaywada in Andhra Pradesh in Southern India of revisiting 16 in 1997 out of the 32 households interviewed in 1993 revealed that

fully 50% of the vulnerable households had had serious health incidents in the four year period.²² *It is intended to revisit this material to see if it is possible to distinguish any systematic differences between households and the frequency of their ill health shocks and its subsequent impact upon household trajectories.*

It is now abundantly clear that the HIV/AIDs pandemic in sub-Saharan Africa will be a major new and ongoing source of such shocks and as a cause for chronic poverty both by reducing capabilities and increasing expenditure. Because these shocks are the single most powerful driver in terms of pushing households into poverty it seems reasonable to suggest that those who do not suffer such shocks –or have relatively few- have a chance to escape chronic poverty. The alternative is also true in that those who suffer frequent or a debilitating shocks are likely to be chronically poor. This leads on to a suggestion that to some extent that it is those who are unlucky²³ are likely to be the chronically poor in urban areas. This is made more so as often urban shocks are idiosyncratic, (i.e. individual and random) in their nature. While this might not fit conventional academic analysis it does often seem to play a part in popular culture in both SSAfrican and South Asia; here “fate” is a frequent aspect of households fortunes.

Social capital: those without networks are more likely to be chronically poor

While there is little literature that address the relationship between social capital and chronic poverty it does seem possible to make some suggestions from our general understanding of poverty processes in general. First a shortage of networks is likely to limit the amount of protection that can be gained from outside the household to withstand and/or act as a buffer against shocks. Thus for example access to credit from friends in times of household crisis. Secondly it is reasonable to assert that low levels of social capital are likely to make escape from poverty less likely and the likelihood of chronic (long-term) poverty more likely. This is because weak networks and links into patronage are likely to make access to the labour market harder²⁴. Thirdly some areas and/or groups are likely to suffer from discrimination, labelling and exclusion. This may well be reinforced by ethnicity and caste. The niche some ethnic and or caste groups occupy is likely to restrict their upward mobility and by inference increase their likelihood of becoming chronically poor. Research has often shown how access to informal sector resources and for example pitches on streets are often controlled by one ethnic group and this is ultimately underwritten by violence. Veena Das’ work on the riots after Mrs Ghandi’s assassination in 1984 in New Delhi strikingly shows how access to the informal sector is controlled by patrons and violence (Das,1996).

²² This is unpublished work that was carried out as part of the impact assessment study of Slum Improvement Projects in India. The original baseline in Vijayawada was carried out by Sue Jones in 1993 and the revisit as part of the above study was carried out by Lalita of Thinksoft consultants. The analysis was carried out by Elizabeth Vidler at the University of Birmingham in 1997.

²³ Luck is not a term usually used in socio-economic analysis but was used in work on household labour strategies in the UK: specifically the way that some households became either job-rich or job-poor in the early 1980s was explained by random or lucky events. (see Pahl, 1984 *Division of Labour* Blackwell.)

²⁴ In the UK context Perry 6 (his real name) argues that a lack of networks is one of the main problems that the poor face. In the UK working class households traditionally have lots of local strong links to similar people. Conversely the middle class tend to have more diverse links to a variety of people “the strength of weak ties argument”. The latter are much more useful in job-search and in supportive networks.

Groups with no citizenship entitlements are particularly vulnerable in urban area, this would include illegal immigrants and/or refugees. They are likely to have to accept the lowest paid employment and will have no recourse to what legislation that might be available. This is clear in the case of illegal migrants in the urban areas of South Africa and in Johannesburg (Beall, et al, 2000). In some unauthorised settlements you also get conflicts along the lines of insider Vs outsider, in these settlements it is reasonable to assert that the newcomers –or more recent migrants - are less likely to have strong social networks. However this disadvantage may often be outweighed as recent migrants are often amongst the most economically active.

Those with no access to productive capital and/or a classic proletariat are more likely to be chronically poor

Following the Moser Vulnerability framework the last element is “productive capital”; in an the context of the urban poor this is primarily the “ownership” and/or use of housing as an asset –whatever the precise legal status-. Indeed she claims that allowing the use of housing as an asset through “the removal of tenure-insecurity related obstacles that prevent or constrain households from using their housing effectively as a productive asset is possibly the single most critical poverty reduction intervention” (Moser,1998,11). This statement is very contingent on the state of the informal housing market and the distribution of ownership within it. In some circumstances the majority of poor households may “own” their own shelter while in others –Mumbai and Nairobi- the enormous majority are tenants, this will clearly make an impact on the extent to which the poor can use housing as an asset and the extent to which they can use it as a buffer against shocks and/or a potential source of income. In summary it seems reasonable to assert those without access to productive capital are more likely to be chronically poor in an urban setting.

The final asset which the urban poor may have access to are rural resources in terms of networks and critically access to rural land. There is a substantial literature in sub-Saharan Africa which had documented the “insurance” policy aspects of this and how many households construct a survival strategies that combines both rural and urban elements (Rakodi,1995). Remittances have also been noted as a very important component of rural urban relations; declines in urban wages and/or incomes can have a significant impact on rural households as remittances may decline. Similarly migration both rural and urban and return migration in some circumstances – especially in Sub Saharan Africa- can be an important survival strategy. Elsewhere I have argued that this complexity can best be understood in terms of the historical process of proleterianization namely how households become solely dependent upon wage labour for their survival (Amis, 1995; Amis 2001). While this process takes different forms in different situations and is not always adhered to as an “ideal type” it does seem reasonable to assert that the more proleterianized an already poor household becomes the more likely it is to be in a condition of chronic poverty²⁵.

²⁵ In another discourse this is really only saying something as simple as those with less options combined with low capabilities are at the same level of income/remuneration are more likely to be chronically poor.

Women are more likely to be chronically poor in urban areas

Finally because so many of the above dimensions (low capabilities, low rewards in the labour market, poor networks, being unconnected to a patron, exclusion through social stigma and discrimination and a lack of productive and other assets and resources) are more likely to bear down hardest upon the condition of women in urban areas it seemed appropriate to highlight the obvious fact that women are likely to be over-represented amongst the chronically poor.

Conclusion: some working hypothesis on the characteristics of the chronic urban poor

This paper has sought to open up a discussion of what are the characteristics of the chronically urban poor. At the risk of excessive simplification we might suggest the following:

1. Firstly it is those who can not participate in the labour market; the elderly handicapped, children and those suffering from chronic ill health. These are the classic disadvantaged and marginalised groups. These problems can be both “innate” and socially constructed. It is helpful to perceive this as a problem along a continuum of limited capabilities rather than as a one off issue.
2. Secondly those with low levels of human capital are less likely to benefit from labour and economic growth. This hypothesis also includes the group discussed earlier who are in employment –whether formal or informal- but who do not receive sufficient remuneration to lift them above a poverty line over two time periods. This hypothesis is suggesting the likely household causes of this situation. It should be noted that this is only a “supply side explanation” which will clearly be influenced by the condition of the local labour market and the extent to which households may or may not be dependent upon wage employment or the extent of the process of proleterianization. This is also clearly related to hypothesis five below.
3. Thirdly those who do not have a patron or support. This hypothesis is concerned with the critical importance of patron-client relations in the urban sphere. For many households or individuals it is one of the most critical survival strategies not least because it often de facto controls access to employment and also productive assets in the urban sphere namely land and/or property rights.
4. Fourthly those who are unlucky: life chances especially health have to some extent a random and individual nature. Life chances particularly ill health as a shock while clearly do have a structural bias in their incidence are also random and accidental. This is perhaps most clear in a shock like industrial accidents.
5. Fifthly those with limited productive assets. This is clearly related to all of the above hypotheses the acquisition of productive assets which can form a source of income but also act as a buffer in the face of shocks. In an urban economy the most critical productive assets are those associated with property/land/shelter. In some situations it is possible to see improvements in individuals urban living conditions as being very much related to this process of establishing oneself in the urban economy.
6. Finally as an observation since women are often disadvantaged in many of the above dimensions they are certain to be over-represented amongst the

chronically urban poor. It is clear that while it varies with the social context women are likely to suffer from many of the above notably: low levels of human capital; weak links to client network; institutional discrimination which may limit access to productive assets (not least through patriarchal inheritance systems).

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