

System-Level Poverty and Socially Sustainable Development

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Introduction

A wide variety of poverty measures has been developed and put forward in the last thirty years. While the lack of a general consensus on the best metric for poverty assessments can be perceived as a problem, it could be said that it has had a positive effect on the discussion of concepts and methods of measuring poverty, resulting on an expansion of measurements that includes multidimensional features of poverty and ‘the voices of the poor’. This can be seen in the move from the early income and consumption measures to the later emphasis on participatory assessments; from measures based on objective and absolute physiological needs to measures based on people’s relative social well-being and their ability to formulate goals; from conceptualisations of poverty focusing on lack of achievements to those emphasising lack of capabilities. Indeed, recent contributions to the discussion on poverty measurement, such as those of Kanbur and Squire (1999) and Robb (1999) have suggested a broadening -an improvement- on the definition and measurement of poverty.

And yet, despite this broadening of poverty measures, it seems that one fundamental ethical and causal issue has not been granted enough attention by the very large amount of literature that has flourished in the last years, namely, that the unit of analysis of poverty should, perhaps, not be limited to individuals or households. Why should poverty be defined and measured as a set of properties of individuals? Why are causes of poverty ultimately searched for among attributes of poor individuals? Why is eradicating poverty only in the interest of the poor? Why not, alternatively, conceptualise and measure poverty as a property of general structures and systemic level outcomes? In estimating the incidence of poverty in the world, why should poverty refer to properties of individuals? One could explain, but not justify, the secular focus on poverty as an individual phenomenon, as the perpetuation of a historical bias that started with the English poor laws introduced in 1598. These laws, such as the criminal law and the surveillance in rural England (see Hitchcock, King and Sharpe,

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1997) were a combination of provision for and punitive measures against poor individuals. Another reason for emphasis on the individual nature of poverty definitions is the methodological individualism fostered by Economics –which provides individual rationality postulates and an axiomatic language conducive to the use of individuals as unit of analysis. Finally, as observed by Korsgaard (1993), there is a political dimension, related to liberal conceptions, behind the use of individuals as holders of the notions of the good in society.

Without attempting here to delve into the criticisms of the emphasis on poverty as an individual phenomenon, we could simply define a different, perhaps more interesting, approach that does not use individuals (and households) as the unit of analysis and measurement. This approach would focus on ‘system-level poverty’, that is, the poverty that is due to causes that transcend individual characteristics or circumstances (as discussed in the literature of social capital, see e.g. Dasgupta and Stiglitz, 2000). As a matter of fact, it would seem that what are usually defined as causes of poverty –lack of food/calories, clean water, sanitation, health, education- are consequences of causes that operate at a systemic level, such as, absence of economic growth, ineffectiveness of welfare institutions of a country and gender and political biases within social groups. Poverty at individual level ignores the factors of interdependence behind collective action and externality problems.

System-level poverty is a conceptual category that can be manifested at different levels. It is characterised as such whenever poverty is a result of social factors and structures that cannot be explained in individual terms. System-level poverty refers to the social causes of poverty; it is usually related to chronic poverty but it is not necessarily restricted to it. So defined, it appears that most types of poverty have a system-level element that transcends individuals. This element should not be seen as external to the characterisation of individuals, as if they were exogenous constraints. Because factors affecting system-level poverty express interdependence among individuals, they cannot be derived from a characterisation of individuals nor can they be reduced to it. The paper addresses the empirical significance of focusing measurement on system-level poverty. The notion of system-level poverty is used here to discuss the issue of global poverty and socially sustainable development.

The neglect of system-level poverty in the analysis of poverty as a global phenomenon has been characterised by: i) a universalistic approach to measurement, in which individual situations are homogenised across countries, leading to a search for common measures and patterns across different societies and continents at the expense of an understanding of the differences among distinct types of poverty; ii) philosophical distinctions centred on individuals as unit of analysis that have not been able to provide in practice new empirical foundations for research in poverty. Ravallion (1994: 359) shows how welfare-theoretical arguments are translated into practice “can get quickly blurred by the

realities of data”; iii) a conception of poverty as a linear phenomenon, according to which poverty measured by any individual metric is a multiple in terms of that metric. Important non-linearities due to the interaction of multiple determinants of poverty are ignored by measures based on individuals. Discontinuities among different levels of poverty are not addressed by poverty measures which report the number of individuals with or without certain characteristics; iv) finally, from an ethical perspective, emphasis on poverty as a vector of individual properties has gone hand-in-hand with an attitude of ‘blaming the poor’ for their poverty (for instance, socially excluded people are blamed for not being willing to work; deeply deprived societies for their corruption). While most poverty measures acknowledge the importance of social and systemic factors in the determination of poverty, they do not incorporate these factors in the measurement of poverty. As a result, there is a gap between conceptualisation and measurement of poverty (defined at individual level) and the use of aggregated figures, for instance, to assess the impact of macro-economic policies on the poor or to compare international poverty lines across countries.

The objective of this paper is to discuss the concept of system-level poverty and its consequences for understanding the relation between global poverty and socially sustainable development. The conceptual framework suggested here aims to establish a closer relation between concept and measurement of global poverty, with emphasis on an ethics founded on society and global concerns – not on individuals. The paper is organised into three parts. The first part discusses the emphasis on individuals as a feature of the literature on poverty measurement. The second part introduces the concepts of global public goods and social capabilities, based on the work of Sen (1982, 1985, 1992, 1999) and Putnam (1993, 2000). It argues that poverty reduction is a global public good (Kaul, Grunberg and Stern, 1999) and that its measurement could benefit from the operationalisation of the notion of social capabilities. Finally, the last part discusses a conceptual framework for an examination of global poverty and socially sustainable development, based on the critical view that poverty is not simply about properties of poor individuals. A brief conclusion follows.

Blaming the Poor

There are now many approaches to poverty measurement. They are based on a variety of conceptual distinctions concerning poverty. As Maxwell (1999: 3) has pointed out, the conceptual complexity in the poverty debate can be understood as a series of fault lines: “individual or household measures? Private consumption or private consumption plus publicly provided goods? Monetary or monetary plus non-monetary components of poverty? Snapshot or timeline? Actual or potential poverty? Stock or flow measures of poverty? Input or output measures? Absolute or relative poverty? Objective or

subjective perceptions of poverty?" [question-marks added]. It must be noted that these lines are far from exhausting the complexity in the poverty debate. To illustrate, other lines concerning rural versus urban poverty and temporary and chronic poverty could also be suggested. These lines have given rise to a sequence of different measures or indicators of poverty. The point to argue here is that, despite their diversity, these measures are all based on a characterisation of poverty as a set of individual properties, that is, properties of poor individuals.

The most traditional and basic of these measures, the head-count ratio, starts by identifying the income of individuals. After the identification of an income or expenditure threshold, considered minimally necessary for a "decent" life, individuals below this threshold are assigned to a homogeneous group and a relative incidence measure in terms of the overall population is established. The final measure, representing a fraction of population, is nothing more than an arbitrary aggregate of individuals that present a certain 'property' (a low income or expenditure). The fundamental critique to this measure is that it is unable to capture the extent to which individual income falls below the poverty line.

Although a second measure, the income-gap index, is more a measure of resources needed to eliminate poverty, rather than a proper measure of poverty, it is also based on individual needs required to bring all the poor people up to the poverty line. Distribution-sensitive measures, such as the Sen measure and the FGT index, link the weights on income shortfalls to inequality among individuals. The weights in the Sen measure reflect a system-level property but the other major factors, provided by the two previous measures, constraint this distribution-sensitive measure to a description of poverty as properties of individuals. The interdependence in the use of inequality assessments make the Sen measure subject to the criticism of first, not being a continuous function of individual incomes and, secondly, not being subgroup-consistent and decomposable (Shorrocks, 1995). On the other hand, the family of poverty measures based on the FGT index is able, by normalising shortfalls of individual incomes, of eliminating interdependence and providing a purely individual metric. Foster and Sen (1997: 184) describe this family of measures arguing that "The deprivation of each person i is made to depend *only* on her own income x_i , relative to the poverty line z , and the poverty measure for each group is built from the individual deprivation measures *without any interdependence*. The family of P_α is, thus, by its very construction, totally decomposable and *a fortiori* subgroup consistent" [original italics]. The axiomatic approach to poverty measurement puts emphasis on the characterisation of poverty as 'individual deprivation without any interdependence among groups'.

A second set of poverty measures, given by the basic needs approach, privileges households, rather than individuals, as the unit of analysis. Both Rowntree's and Orshansky's basic needs measures depend on household estimates of the costs of food plus other items like clothes and housing. Other similar measures usually assume the form of living standards surveys, such as the UK Budget Standard, calculated by the Family Budget Unit (see Parker, 1998). Although this approach provides a more comprehensive picture of poverty –given that many individuals live in houses with other people and that there are important relative aspects of poverty not captured by the income measures- it treats households as if they were individuals. Individual deprivation is still considered the only source of poverty. In estimating the cost of a bundle of goods, food energy and other nutritional requirements are assumed to be the same among different individuals. Moreover, because households are imperfect indicators of what happens at an individual level, measures based on households are criticised for not revealing what happens within households (for more see Lipton and Ravallion, 1995: 2572-75). At the end, the household metric is neither able to reflect poverty as a set of properties that transcend individuals nor able to replace completely the individual metric –what can be a problem with some factors such as, for instance, gender inequality and child abuse. The other measures given by the Food-Ratio Method and a variety of Social Indexes are all aggregates of individual properties. Consequently, dimensions of poverty that result from interaction among individuals are simply ignored.

A third set of poverty measures, based on the notion of social exclusion, provides a multi-dimensional characterisation of the relative dimension of poverty. Emphasis is given to poverty as lack of resources needed by individuals to participate in social activities and enjoy social standards customary in society. It is interesting to note that a social exclusion perspective focuses on the characterisation of social relations considered normal among certain groups or geographical areas. By doing so, this perspective incorporates interdependencies that arise from interaction among multi-dimensional aspects of poverty, such as the lack of health, education and access to services. And yet, the unit of analysis in this perspective is the individual. Individuals are the ones excluded from normal social life due to their lack of resources. This is less of a problem when particular aspects of social exclusion are discussed, such as, homelessness, long-term unemployment or ethnic tension. But in these cases social exclusion becomes more a description of the experience of the poor than a quantitative or analytical study of it.

A fourth set of poverty measures has recently received great attention from scholars and official agencies, such as the UNDP. It concerns the notion of Human Poverty based on Amartya Sen's Capability Perspective. According to it, poverty must be understood as lack of certain basic capabilities to function. As Sen (1993: 30) puts it,

The capability approach to a person's advantage is concerned with evaluating it in terms of his or her actual ability to achieve various valuable functionings as a part of living. The corresponding approach to social advantage –for aggregative appraisal as well as for the choice of institutions and policy- takes the sets of individual capabilities as constituting an indispensable and central part of the relevant informational base of such evaluation.

The unit of analysis of Sen's capability approach is the individual. He refers to 'functionings' and 'capabilities' of individuals. According to him (1992: 40) capability "represents the various combinations of functionings (beings and doings) that the person can achieve. Capability is, thus, a set of vectors of functionings, reflecting the person's freedom to lead one type of life or another". He also discusses equality and justice from an individual perspective. As he observes about his *Inequality Reexamined* (1992: 143), "This monography has been much concerned with exploring capabilities as the basis of judging individual advantage" or about *Development as Freedom* (1999: 18), "The analysis of development presented in this book treats the freedoms of *individuals* as the basic building blocks" [emphasis added]. Sen does consider the influence of social factors on the capabilities of the individuals. Yet, when he examines social factors they are portrayed as exogenous to individuals: they are not constitutive of individuals but rather operate like social constraints. For instance, he argues that (1992: 15), "In a country that is generally rich, more income may be needed to buy enough commodities to achieve the *same social functioning*, such as 'appearing in public without shame'. The same applies to the capability of 'taking part in the life of the community'." To a certain extent, these social functionings vary with commodity requirements that are external to individuals. But they are far from becoming constitutive of functionings that may strictly speaking be called social. Thus, functionings are solipsistic in the sense that there does not seem to be any significant interrelation among beings and doings of individuals that give rise to particular social functionings. Alternatively, it could be said that functionings are always properties of individuals and not of social structures. The human poverty index (HPI-1) refers to basic individual functionings, such as being able to read, to survive the age of 40, to drink clean water, to have access to health services and to not be malnourished when a children under five. It must then be emphasised that the human poverty measure is based on individuals as the unit of analysis and that in its implementation, factors of interdependence are lost. The capability approach is discussed in more detail below.

Finally, a last set of poverty measures comprises Participatory Poverty Assessments. They consist in the use of participatory techniques (visual techniques, open-ended interviews, etc) that allow researchers to ask directly to poor people what to them constitutes poverty. Participatory poverty work has become very common in poverty assessments conducted by the World Bank. They highlight other dimensions of poverty, such as, vulnerability, aspects of gender, crime and violence and seasonality. As Robb (1999: xv) points out, "PPAs generally work with information at various levels –

from individuals, households, and communities- and study issues of gender, ethnicity, age, and the relationships and differences among various community groups". Or as Kanbur and Squire (1999: 19) observe "Participatory surveys are designed to learn how individuals from various social groups assess their own poverty and existing poverty strategies". The PPAs should be seen as complementary to household surveys in an ongoing process of interaction in the analysis. PPAs are conducted on the premise that seeing poverty from the point of view of poor individuals, living in poor communities, leads to a better diagnosis of the problem and better implementation of the solution (Robb, 1999: 57, 66). However, it could be asked to what extent are poor people aware not of the symptoms but of the causes of poverty? Can we accept without a shadow of doubt the claim (Robb, 1999: 24-5) that "the poor have the capacity to analyze the *causes* of their vulnerability and *rank* their priorities"? The issue here is not about the subjective nature (as expressed in the problem of adaptation of expectations) of the PPAs but about their inbuilt failure to recognise that lack of capabilities (among them the lack of capability of being able to understand one's poverty) is an intrinsic part in the characterisation of being poor. Similarly, PPAs's emphasis on the capacity to deliver policy and their use of shortcuts to reach the administration may foster the local communities' 'bridging' social capital at the expense of their 'linking' social capital. PPAs also ignore systemic-level elements that transcend individuals and households. At the end, participatory poverty work seems to enrich our understanding of the poor with descriptions that, according to Kanbur and Squire (1999: 22), "probably do not change our view of who is poor significantly".

The above outline of the variety of some poverty measures illustrates the previous claim that these measures characterise poverty as a property of individuals and that system-level elements are lost in the analysis. While this is not applicable to the same extent to all measures, it still remains true that in general their unit of analysis refers to individuals, households or communities that are held to be poor. It could seem obvious, following the Focus Axiom, that poverty is about poor individuals. Sen (1981: 9) asks the following question: "is the concept of poverty to be related to the interests of: (1) only the poor, (2) only the non-poor, or (3) both the poor and the non-poor?" He argues for the first option on the grounds that (1981: 10) "in an obvious sense poverty must be a characteristic of the poor rather than of the non-poor" and that "the focus of the concept of the poverty has to be on the well-being of the poor". But at what level is poverty a characteristic only of the poor? If it is exclusively at the level of effects, what is the analytical gain in terms of our understanding of poverty? Perhaps, a more interesting question would be about the ethical implications that follow from relating poverty only to the interests of the poor.

The conceptualisation of poverty in terms of the conditions only of the poor is intrinsically related to the 'Blaming the Victim' approach to poverty. As argued by Russell (1995: 66), "To say that people are

to blame for their plight or failure assumes that human beings are autonomous and self-determining, that they have full control over their lives and that they can, therefore, be wholly responsible for the way that it is conducted. To accept this means that people can be held personally responsible for their poverty". This approach not only disfavours structural explanations of poverty but also the ethical responsibility that non-poor people have for the well-being of the poor. Not to mention that the non-poor could be interested in poverty for reasons of moral conviction, solidarity or sympathy for those who suffer. Consequently, this approach is imbalanced in its assessment of dimensions of poverty that are partly derived from human individuality and partly derived from the social structures to which individuals belong. O'Boyle (1999: 293) has noted that "defining poverty includes balancing whatever consequences it might have for individual freedom and the human disposition to work alone on the one hand and for teamwork and the human disposition to work with others". As a practical issue, the degree of interdependence between the poor and the non-poor will depend on the social context of their interaction.

The 'Blaming the Victim' view is commonly extrapolated to the analysis of global poverty. Because poverty is defined as a set of properties of the poor, explanations for the poverty of poor countries are usually given in terms of the characteristics of these poor societies. Take for instance, the debate on the impact of structural adjustment policies on the poor. It appears clear that behind Sahn's (1996) and Sahn, Dorosh and Younger's (1997) technical assessment of the impact of economic reforms on poverty in Africa, there is a 'Blaming the Victim' attitude and other moral reprimands concerning the behaviour of African countries. They blame Africans and African governments for partial implementation or reversion of economic reforms; for foreign exchange and trade policies that taxed implicitly tradable goods, contributing to distortions in the relative price of tradables/non-tradeables caused by an array of tariffs and non-tariff barriers; for substantial benefits for the non-poor (urban elites) with access to foreign exchange at the official price; for (1996: 14-5) "poorly trained and overzealous state workers imposing ineffectual and counterproductive rules and regulations that interfere with the activities of productive enterprises" and for rents and privileges to the non-poor such as subsidised food, protection from global competition, public sector employment. They also refer to (1997: 1) "Africa's acute economic failures", to stories of (1997: 195) "corruption and patronage" and blame African states for having failed to give priority to primary health and education and (1997: 186) not spending "their resources in a socially progressive way". Within this framework of analysis there is no scope to discuss the ethical responsibilities and interests of the non-poor countries. Africa is either on itself or dependent on uncommitted charity and benevolence of the World Bank and developed countries. It is not the purpose of this paper to discuss the debate on structural adjustment policies and poverty, so we limit our comments here to the observation that the definition of poverty

in terms of the conditions only of the poor gives an individualistic bias to poverty measurement with relevant repercussions in terms of policies.

When these measurements are applied to the issue of global poverty or international poverty comparisons, we get a picture distorted by the lack of robustness and arbitrariness arising from the use of different measures (Blackburn, 1994 and 1998). More generally, as Chen, Datt and Ravallion (1994: 361) put it, "International comparisons of poverty statistics are plagued with both conceptual and practical problems". National idiosyncrasies are ignored in the search for common measures and patterns across different countries. For instance, Chen, Datt and Ravallion (1994: 362) argue that

While analyses of poverty within any one country should naturally use a concept of 'poverty' appropriate to that specific country, there is a compelling case for ignoring the poverty lines of individual countries when attempting to make 'global' comparisons and aggregations.

Now, it could be suggested that comparability problems exist partly because the unit of analysis of these measures is the individual or household. Individuals are diverse and measures based on individual or household living standards and welfare are bound to be diverse in a complex way. However, the same comparability problems would not arise if differences between distinct types of poverty could be recognised in the first place. There are some marked differences in the evolution of poverty between regions that have not been detected without facing problems of comparability. A very promising approach on defining and measuring global poverty seems to be the one suggested by Rocha (1998). According to her (1998: 2),

The quest for a single internationally agreed recommendation on poverty concepts and measurement methods is not a feasible or productive path. Conversely, to identify and systematize experiences in a wide array of situations seems more promising in the interest of improving the way of dealing with poverty.

Associating a typology (...) to different conceptual approaches and levels of complexity of measurement methodologies could be conceived as a way to organise diversity and to indicate promising paths.

In what follows, we explore the building blocks of an alternative way to conceptualise global poverty and socially sustainable development.

Global Public Goods and Social Capabilities

Most analyses of global poverty treat countries as if they were individuals. Arbitrary aggregation among different constitutive elements of poverty is certainly part of the problem: multi-dimensional

poverty is reduced to a list of unidimensional values that differ among themselves to the extent of their quantitative metrics. A second arbitrary aggregation happens when global poverty is considered a composite of individual countries that provide no further information about the qualitative dimension of their distinct experiences. Measures of global poverty appear as homogeneous and unidimensional composites of poverty in the diverse regions of the world. Because the unit of measurement of these composites is the individual, no further differences apart from the differences in scale are observed. This, I would like to suggest, is a very unsatisfactory state of measurement, both from a causal and ethical perspective.

Concepts and measures of poverty are about understanding and establishing the causes of poverty. As argued in the *UNDP Poverty Report* (1998: 18-9), "Choosing the right tools for the measurement of poverty is critical –not only for identifying the poor but also for determining the causes of poverty and predicting the impact of policy interventions". Definitions are expected to differ across countries and people's perceptions of poverty are expected to reflect complex patterns that reflect the multidimensional nature of poverty. It is important to note that because most poverty measures refer to properties of individuals they are not fit to describe the properties of the systems in which this poverty takes place. A structural analysis of global poverty, focusing on national and global causal factors, should be able to measure poverty at a systemic level, where qualitative distinctions, externalities and non-linearities are an intrinsic part of the definition.

In addition, concepts of poverty and their corresponding measures are intrinsically value-laden. They are about features considered unacceptable by people's ethical judgements. To a certain extent, they could be seen as socially and culturally defined. More importantly, perhaps, is that there is a sense of purpose behind the conceptualisation and measurement of poverty. As Lipton and Ravallion (1995: 2575) argue in the context of welfare assessment, "measurement may also be influenced by the purpose for which a measure is used". Poverty measures are used to identify and simplify the experience of poverty. They also allow poverty to be monitored and combated. It could be said that measuring poverty is about operationalising ethical attitudes towards human beings considered to be living in unacceptable physical or social circumstances. Now, if we start from a premise that poverty is exclusively of interest to poor people, we end up with an ethics of charity and help to the deprived. Alternatively, if we start from a premise that poverty is a problem of interest to both poor and non-poor, we might end up with a theory of justice and social well-being.

This point is discussed by Dower (1993: 274) who argues that "we tend to think of charity very much in terms of the responses of individuals, whereas the idea of justice does not simply cover what individuals do to one another but also covers the general structures and relationships which exist, or

ought to exist, in a society.” Similarly, interest in global poverty should be described not as charity, in terms of the responses of individuals, but rather as a question of justice, covering the general global structures and relationships that exist, or ought to exist, in the world. By doing so, individual ethics could be replaced by a social ethics. Two very important elements in the elaboration of this social ethics on poverty are the notions of global public goods and social capabilities.

According to Kaul, Grunberg and Stern (1999), global public goods can be defined as those goods that meet two criteria. First, they should be marked by nonrivalry in consumption and nonexcludability, that is, they must be public goods. Secondly, they should be quasi universal in terms of countries, that is, they must be global goods; at least they should cover more than a group of countries. One important feature of public goods is that they are generally under-supplied; they are offered in a quantity that is less than socially optimum. Other requirements for a global public good are that (1999: 10-11)

- i) it includes more than one group of countries; otherwise it would be a regional or a club good;
- ii) it reaches a wide spectrum of the world population;
- iii) it does not jeopardise sustainable development, that is, that it does not attend the needs of the present generations at the expense those of the future.

A global public good does not need to be pure, in the sense that it could only tend towards universality without benefiting all countries, people and generations. But could poverty alleviation be considered a global public good? Kaul, Grunberg and Stern (1999: 12) argue that

a poverty alleviation programme for Sub-Saharan Africa could be a global public good if, by meeting the needs of local populations, it were also to contribute to conflict prevention and international peace, reduce environmental degradation of potentially international consequences and improve global health conditions.

These criteria do not seem too difficult to satisfy. We could also suggest an extension of these criteria to include a system-level dimension that transcends the utilitarian individual metrics assumed by the definition of public goods. The benefits of public goods do not need to be directly internalised as suggested by these authors. I discuss below how the notion of social capabilities can provide an extension of these criteria. Thus, if poverty is not simply about poor individuals, but about social structures, then the extension of benefits of poverty alleviation might include improvements on these structures that pervade the societies of poor and non-poor. At a global level, equity and justice are public goods that, by producing social cohesion and defining moral motives, are the foundations of international cooperation. Rao (1999) comments how countries’s demand for public goods and their capacity to supply them depend on their different stages of development. Also, he points out (1999: 80) that “In the global (as in the national) context it might be argued that the poor are powerless. [and

that] For example, indebted poor countries have virtually no exit options open to them". The ethical dimension that goes hand-in-hand with the notion of global public goods seems at odds with poverty notions that identify poverty as only a problem of the poor. We could use, tentatively, the notion of global common good to approximate the ethical foundation behind the notion of global public goods.

Common good is an elusive notion. However, it could be said, following Russell (1995: 97) that under the common good perspective "The human person achieves his or her potential as a member of society. Individuals and groups therefore have to set their own interests in the context of the good of all." Moreover, a common good perspective implies that social well-being is not decomposable to the well-being of individuals, that is, that common good is more than the aggregation of individual goods. This is a very important characteristic of the notion of common good that approximates it to the notion of public good. Both goods are nonrival and nonexcludable; both are based on system-level outcomes that are superior to the sum of individual outcomes. As argued below, there is a third sort of good that possesses the same sort of properties. We call this good social capabilities. To conclude this discussion on global public goods we could paraphrase Lutz's (1999) arguments on the importance of acknowledging common good in economic analysis, by arguing that appeals to the common good should be understood as arguments of how to organise the global economy so as to allow its members to realise a common interest in the provision of certain basic goods to all nations.

The second element in the proposed social ethics is the notion of social capabilities. In its simplest terms, the notion of social capabilities results from a theoretical integration between Putnam's contribution to social capital and Sen's work on capabilities. We have discussed the justification for this notion elsewhere (Comim and Carey, 2001) and will not go into the details here. In general lines, social capabilities refer to those set of functionings that are achieved by individuals as socialised beings that transcend their individual capabilities. Thus, social capabilities refer to those features of social organisations such as trust, norms and networks that facilitate coordinated actions. Therefore, what this concept is about is the existence of system-level behaviour: the existence of social relations and social structures that cannot be achieved at individual level. Similarly to the notions of public good and common good, the outcome of social capabilities is more than the aggregation of individual capabilities. Unlike Putnam's notion of social capital, social capabilities are not based on a 'theory of associations' but on a 'theory of justice'. Unlike Sen's notion of capabilities, social capabilities are not external to the characterisation of individuals' capabilities but intrinsically constitutive of individuals' evaluative behaviour. In other words, it could be said that for Sen, social aspects 'affect' or 'constrain' individual capabilities; but in the notion of social capabilities, social aspects are constitutive elements. The evaluation of social aspects of social arrangements is at the heart of the notion of social capabilities.

Sen (1999) defines poverty as deprivation of basic individual capabilities. With this approach he is criticising (1999: 92) the “danger in seeing poverty in narrow terms of income deprivation, and then justifying investment in education, health care and so forth on the ground that they are good means to the end of reducing income poverty. This would be a confounding of ends and means”. While Sen’s emphasis on individual capabilities seems appropriate to assess certain types of poverty, where individual characteristics constitute a relevant factor, it appears less relevant to an understanding of system-level poverty. What is the importance of personal characteristics and circumstances in understanding mass poverty? What difference does it make, for instance, if in a country where 85% of people have less than \$1 per day individuals can convert this income at different rates? Would it not be more illuminating if the social or global circumstances were characterised under this situation? Because poverty is seen by Sen as a set of features only of the poor, when he discusses the characteristics of the systems in which individuals are embedded, he seems to reduce those features to individual properties, for instance when he discusses the importance of democracy he emphasises political freedom on the lives and capabilities of individual citizens. Yet, empirical evidence (UNDP Poverty Report 1998) suggests that system-level factors are important for the characterisation of the poor.

When put together, the concepts of global public goods and social capabilities are both related to a social ethics based on common good values such as cooperation, sympathy and justice. When poverty is understood as a global public good, the problem of eradicating poverty becomes the problem of improving social capabilities of nations. Non-poor countries are as intrinsic a part of the problem as they must be of the solution. Now, the question becomes how to use these concepts in order to conceptualise global poverty and socially sustainable development. That is the topic of the next section.

Socially Sustainable Development and System-Level Poverty

The variety of issues raised by the notion of sustainable development (SD) has led some (see e.g. Polese and Stren, 2000) to refer to the concept of “social sustainability” in order to draw attention to the social dimensions present in the notion of SD¹. As noted by Kane (1999: 22), “The notion of a

¹ It is true that much of the literature on SD concerns the issues of sustainable production and sustainable consumption (e.g. Heap and Kent, 2000) in which the social dimensions of SD are less emphasised. Many conservationist arguments made by scientists and some economists, such as those of Solow (1974) and Hartwick (1977, 1993), are based on the assumption that natural capital can be substituted by other forms of capital (weak

strictly social sustainability is somewhat more recent than the notion of either a strictly ecological or economic sustainability and is much less well articulated". Yet, to a certain extent, this social dimension was originally present in the widely acknowledged definition of SD put forward by the Brundtland Report (1987), according to which, sustainable development involved meeting "the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987: 8). Some critics of the Brundtland Report, such as Warburton (1998: 1), claim that the social dimension of SD has not been sufficiently emphasised and that "it has been the environmental implications that have received most attention" in this Report. Others, such as Clark (1995: 226) argue that "WCED fostered the unsubstantiated idea that economic development and environmental protection were compatible" and that (p. 231) "their theory that something might trickle down to the poor formed an essential part of the political agenda, attesting in part to the failure of WCED and UNCED to fashion an idea of sustainability that encompassed equity, justice, and ecological health".

The concept of social sustainability has been used, for example, to discuss the linkages between poverty² and environmental degradation (Perrings, 1996), the role of public participation in decision-making about development (Patel, 2000) and the strengthening of community-based collective action for achieving desirable goals (Veron, 2001). Two characteristics emerge from the literature on social sustainable development:

1. SD is not limited to issues of inter-generational inequality, but it focuses to current problems of intra-generational inequality³;
2. SD is not limited to an investigation of individuals' behaviour, but rather it emphasises the role of communities, norms, networks and social structures in the characterisation of the challenges to be overcome by socially sustainable policies.

It is important to note that coordination between the social, the economic and the environmental levels cannot depend only on individual action. Interdependency between individuals might generate collective-action problems, such as free-riding, that cannot be solved only by appealing to individual action (Pavola, 2001). For instance, it has been acknowledged that "poverty promotes a myopic approach to the management of resources" (Perrings, 1996: 4) because poverty leads individuals to

sustainability), leading to a substitution of environment-intensive activities by less environment-intensive activities (see Bretschger, 1999: 189).

² The reason for including the current generations of poor people into a SD framework is exactly the same reason used for concern with future generations, namely, that by definition their voice cannot be heard in the current political and social decision-making. But the concept of socially sustainable development should not be restricted to a pair of static distributive exercises of resource allocation within and between the current and future generations. More importantly, perhaps, the consequences of current intra-generational inequalities on the choices and possibilities of future generations should be assessed.

³ This does not apply to other branches of SD. As pointed out by Heyes and Liston-Heyes (1995: 3), "it may be that those embroiled in the environmental sustainability debate have become so obsessed with intergenerational equity that intragenerational equity considerations have been swept under the rug".

give less importance to the future, ignoring the negative consequences of the over-utilisation of natural resources. But it would be wrong to blame the poor for this myopic approach; partly because the sub-optimality of their decisions is a result of structures of incentives generated under environments of extreme inequality and partly because the negative externalities generated by their behaviour is simply another manifestation of a lack of institutional and social coordination in the use of resources. Poor individuals can be “accused” of being risk averse and of having high rates of time preference, but most often than not, their individual access to the use of resources being depleted is very limited.

Coordination problems and system-level behaviour are more evident in the current literature on community-based social development, which focuses on the role of local groups and citizen participation as essential in the implementation of SD. Veron (2001) notes how social conditions needed for SD are present in the Indian state of Kerala. Yet, coordination is difficult to be achieved within and among communities and some sort of coordination at higher levels might be needed to create system-level synergies. As he puts it (2001: 614),

Participatory initiatives at the local level have a limited reach because they take place in state and national political contexts, global markets and wider ecological systems. This implies that community-based sustainable development and co-management of resources are no substitute for environmental planning and regulation at state and international levels.

Not any planning will do, as Patel (2000: 389, 394) argues, but only that planning resulting from “consciously and actively” policy agendas that emerge from “a shift not only in the balance but also in the conception of power”. Special attention should be given to the needs of the poor and marginalized communities.

It can be argued that the concept of system-level poverty might illuminate many central characteristics of the notion of socially sustainable development that are not apparent when we use the traditional measures of poverty based on properties of individuals. First, as the concept of system-level poverty focuses on how poverty measures have to relate to the ‘non-poor’ [because poverty is not simply a property of poor individuals], it might be suggested that social sustainability can only be achieved as a synergetic effort between developed and developing countries. Indeed, as noted by Lafferty and Meadowcroft (2000: 3), “the attitude of developed countries becomes crucial to the viability of the entire international process of engagement with sustainable development”. Thus, by using the notion of system-level poverty it seems that there is a higher level of coherence between related inclusive measures.

Secondly, by focusing on the concept of system-level poverty, we might focus attention on international constraints that also affect socially sustainable development. At a global level, many factors seem not to be favourable to poor nations, such as the global political imbalance among increasingly unequal nations, the volatile and adverse terms of international trade, foreign debt, instability in international financial markets, perverse terms of transference of technology, misuse of international aid by donors, worsening of local environments due to changes in global environment (higher carbon dioxide emissions), and the spread of the AIDS epidemic. Emphasis on global forces and trends, that transcend the characterisation of individuals and individual countries, appears to be the most promising way of addressing the widespread mass poverty in the world and the hurdles faced by poor countries in achieving socially sustainable development. Now, if there are many global factors that are relevant to an understanding of poverty, such as those mentioned above, why is the individual or household the unit of analysis in poverty assessments at the expense of a proper assessment of the structures and system-level properties that are conducive to poverty?

Thirdly, because factors affecting system-level poverty express interdependence among individuals, they are best characterised by the nature of the social networks and institutional building needed to promote socially sustainable development. Conversely, if poverty analysis is seen simply as reducing individuals' deprivation of solipsistic capabilities, then there is no much that could be said about the role of institutions and networks in the creation of social structures conducive to sustainable development. They would be external to the individuals and not part of a set of valuable social capabilities. Now, it could be suggested that social capability features of different societies might provide a better indicator of system-level poverty that could throw light on how different society might achieve distinct paths of sustainable development.

Fourthly, it is important to note that socially sustainable development is not a linear phenomenon. That is, the quality of the social terms does not evolve along a continuous line of progress (or lack of it). Important non-linearities are present as a result of the interaction between different agents, institutions, norms, external influences, etc. The concept of system-level poverty is based on the same sort of non-linearity assumption. It respects the important role of externalities on the achievement of different levels of sustainable development. In other words, it can be argued that negative externalities involved in the increase of poverty might undermine SD to an extent larger than what could be expected based on an isolated analysis of poverty trends. Negative externalities might generate non-linearities that might affect greatly socially sustainable development.

A numerical illustration of the influence of system-level poverty on socially sustainable development might clarify the meaning of this relationship. Reference is also made to individualistic measures of

poverty. We concentrate here on the system-level properties of health systems, as defined by the 2000 *World Health Report*⁴. Thus, problems faced by poor people can be contextualised as structural problems that are a result of particular social interactions present in societies where poor individuals live. Instead of describing simply the individual statistics related to health, we also refer to the properties of systems that provide the background for those statistics. In other words, it could be argued that poor people are unhealthy, not simply because they fail in their health choices or lack private resources to achieve higher levels of health, but also because the health systems they have available are themselves (2000: 4) “Poorly structured, badly led, inefficiently organized and inadequately funded”. Moreover, it could be noted that resources within health systems are more often than not very unequally distributed among the rich-poor populations.

Table 1 - Examples of Poverty in Different Countries

| | Brazil | Cuba | India | South Africa | Uganda | UK | Zambia |
|---|---------------|----------------|----------------|---------------------|------------------|------------------|---------------|
| GDP per capita (PPP 1998) | 6625 | 3967 | 2077 | 8488 | 1074 | 20336 | 719 |
| Human Poverty Index % (1998) | 15.6 | 4.6 | 34.6 | 20.2 | 39.7 | 14.6 (HPI-2) | 37.9 |
| Population below \$ 1 a day | 5.1 | -- | 44.2 | 11.5 | 36.7 | 13.1 (\$14.4) | 72.6 |
| Under-5 Mortality Rate (1998) | 42 | 8 | 105 | 83 | 134 | 6 | 202 |
| Life Expectancy at birth | 66.8 | 75.7 | 62.6 | 54.7 | 39.6 | 77.2 | 40.1 |
| Total Expenditure of Health as % GDP (1997) | 6.5 | 6.3 | 5.2 | 7.1 | 4.7 | 5.8 | 5.9 |
| Out-of-Pocket Expenditure as % of total expenditure on Health | 45.6 | 12.5 | 84.6 | 46.3 | 48.2 | 3.1 | 42.4 |
| Fairness of Financial Contribution to Health Systems - Rank/Index (1997) | 189 0.623 | 23-25 0.972 | 42-44 0.962 | 142-143 0.904 | 128-130 0.913 | 8-11 0.977 | 155 0.891 |

Sources: HDR, 2000 and WHR, 2000.

⁴ According to the WHR (2000: i) “health systems are defined as comprising all the organizations, institutions and resources that are devoted to producing health actions”. We use here some statistics related to the performance of health systems as an illustration of system-level properties, that is, properties that refer to institutional or coordinated behaviour of individuals, instead of simply to properties of individuals.

Measures such as the HPI and the \$1 a day are not able to illustrate the discontinuities presented in the comparisons between poorer and richer societies. That is, the differences between indices don't seem to reflect the extent of divergence in the degrees of poverty between these countries. In addition, the HPI seems to minimise the differences between poverty levels among countries. Measures based on resources, such as total expenditure of health as % of GDP are similarly inadequate to capture system-level properties of poverty in these countries. Specific statistics, however, to the extent that they express the indirect effects of system-level characteristics, such as the lack of institutions, community-based arrangements, inefficiency of public services, etc, constitute a good representation of the non-linearities involved in the comparison between different levels of sustainable development. More importantly, perhaps, are those indices related to social capabilities, that is, to the normative content of social functionings within different societies. The index on fairness of financial contribution to health systems seems to provide a good illustration of how poor people suffer the burden of the lack of social support in their attempts to achieve basic health capabilities.

So far no attention has been given to environmental aspects related to the pursuit of socially sustainable development. Yet, they should not be taken for granted. As showed by Qizilbash (2001: 158), "there are many countries which are doing well (badly) in terms of environmental concerns and doing badly (well) in terms of well-being and poverty". This means that socially sustainable development should also be seen within the wider context of SD that involves a special concern with environmental issues. Yet, it might be argued that the nature of the trade-offs between the environmental and social dimensions faced by countries can be better understood as an expression of their institutional mechanisms and normative characteristics through which these dilemmas might take place. For instance, Jacobs (1991, Chapter 11) discusses how voluntary mechanisms, regulations, governmental expenditures and financial incentives can be used to deal with environmental problems within a SD framework. It seems difficult to discuss these institutional features without reference to system-level properties of those societies where they take place. In particular, it might be argued that societies where poverty is high might be subject to lower levels of social capabilities (deficient levels of justice, cooperation and fairness) and less able to provide efficient and fair solutions to the management of social and environmental systems.

Conclusion

It might not be a coincidence that the profusion of poverty indices based on individualistic measures of poverty has been accompanied by poverty eradication policies that focus on individuals, households and local-based communities. By doing so, an important global dimension of causes and measures of poverty is missed. The most important global factors, such as international debt, terms of trade, etc, are all taken in isolation and assessed individually in terms of their impacts on poverty or other social indicators of poor countries. It should not come as a surprise that more often than not, debates around these global issues are inconclusive, as the Sahn-Stewart exchange on the debt issue illustrates. However, it seems that much of poverty is caused not simply by international factors but also by domestic factors that are a result of years of social deprivation and lack of social structures able to empower the poor and the non-poor in search for SD. We referred to those valuable structures of coordination and power as social capabilities and focused on the importance of valuables such as common good in the pursuit of SD.

The concept of system-level poverty claims that $1+1 = 3$. In other words, that when two poor people get together, the outcome of a “poor society of two” is worse (or inferior) –due to negative externalities resulting from lack of trust, cooperation, etc- than (to) the simple aggregation of the individual characteristics of the two people. We used the expression “non-linearities” to describe this phenomenon. The consequences for poverty analysis are manifold. First, emphasis has to be given to inclusive measures of poverty, that can describe properties of the whole societies where poverty takes place and not simply properties of the poor people. Poverty is not simply caused by the poor. This offers an invitation to discuss the problem of poverty eradication as a global public good from a perspective of just and fair outcomes. At a global level, many factors are not favourable to poor nations. At a national level, poverty gives rise to complex, non-linear paths of underdevelopment that might not be seen in their depth if not contextualised as part of endogenous social structures originated within environments where poverty is a defining feature of those societies.

In this first draft, a very timid claim about the importance of system-level poverty to socially sustainable development is put forward. This will be the main issue to be further explored in the revision of the paper.

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