



WHAT IS POVERTY?

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ABSTRACT

For both groups seeking to engage in poverty reduction or prevention activities and academics seeking to explore issues related to poverty, the first question that must be answered is, "What is poverty?" The answer to this question drives the selection of strategies and interventions for community groups, the selection of research questions and plans for academics, and the choice of standards that will be used to judge success or failure of anti-poverty efforts. This paper outlines some of the most common definitions of poverty in use in Canada today, as well as some more progressive understandings of what it means to be poor.

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As a Senior Editor for *Esurio*, I have had the pleasure of reading nearly every article that has been submitted for consideration to this very young journal, often at several stages of development. In reflecting upon the submissions, I've been struck once again by the myriad of ways in which poverty (as well as its causes and solutions) is conceptualized and framed. Even simply within our own country, there are a number of definitions of poverty, some more well-articulated than others, and the definition that a group (whether a government, a non-governmental organization, or a more informal coalition) espouses ultimately drives both its selection of strategies for poverty reduction and prevention and also the standards that it will use to judge the success of its work.

Although many groups have developed systems of drawing a dividing line between those who are poor and those who are not, the choice of a "poverty line" is ultimately arbitrary, and the differences between one poverty line and another can be far from trivial. Székely et al. (2000) have shown that, depending on the choice of methodology, the Latin American poverty rate in the late 1990s could be measured at anywhere from 4.5% to 37.9%.

The purpose of this essay is to provide a brief introduction to some of the most common definitions of poverty utilized in Canada, as well as to some more innovative notions about how to conceptualize poverty. I hope that this framing may prove beneficial to groups seeking to better articulate their ideas about poverty and poverty reduction, and also to prospective *Esurio* authors as they develop their thoughts for publication.

Poverty = Low Income

The most commonly used definitions of poverty are income-based measures that utilize a formula to calculate some "line" below which one is considered poor. Probably the most commonly used definition of poverty in Canada is Statistics Canada's Low-Income Cut-Off (LICO), a relative measure that defines the "low-income" as those Canadians who spend 20% more of their gross income on food, shelter, and clothing than does the average Canadian. The LICO includes 35 income measures based on size of household and community (since living in an urban area is generally more expensive than living in a rural community). Statistics Canada clarifies, however, that the LICO is not intended to be a poverty measure as such, but rather, a measure of inequality, or the way that wealth is distributed (Fellegi, 1997). In 2008, the pre-tax LICO ranged from \$15,262 to \$22,171 for a single person and from \$28,361 to \$41,198 for a family of four, while the after-tax LICO ranged from \$12,109 to \$18,373 for a single person and from \$22,724 to \$34,378 for a family of four (Statistics Canada, 2009).

Additionally, Statistics Canada produces another national statistic, the Low-Income Measure (LIM). The LIM is equal to half of the median income in a Census Metropolitan Area (CMA), adjusted for family size. In 2007, the pre-tax LIM for a single person was \$18,178 and \$36,456 for a family of four with two adults and two children, while the after-tax LIM was \$16,025 for a single person and \$32,050 for a family of four (Statistics Canada, 2009). Raphael (2007) notes that the calculation used for the LIM is the norm for comparing poverty among developed countries, stating, "Virtually all researchers and agencies concerned with comparative analyses of poverty across wealthy developed nations use the indicators of less than half the median disposable income as a measure of poverty" (p. 44), and citing UNICEF and the United Nations Development Program as examples.

Because both the LICO and LIM are relative measures, it can be argued that they are deficient in their inability to appropriately represent changes in the overall economic health of a population. For instance, if the income of every Canadian were to double overnight, those who

now have incomes under the LIM would still be considered low-income by that measure, since their incomes relative to those of others in the society would not have changed, even though their ability to acquire goods and services may have increased markedly.

Poverty = Insufficient Income

But as Aristotle noted in the 4th century B.C.E., “clearly wealth is not the good we are seeking, since it is merely useful, choiceworthy only for some other end” (1985, p. 8). Absolute measures of poverty seek to go beyond merely measuring income, to determining whether that income is sufficient to allow people to exist without material deprivation and to maintain a quality of life that is adjudged to be “adequate.”

The most commonly used absolute measure for poverty in Canada is the Market Basket Measure (MBM) calculated by Human Resources and Skills Development Canada. The MBM estimates the cost of a specific basket of goods and services for a family of four for a given year, and considers as low-income any household with a post-tax income lower than the cost of the basket. Costs are figured for 19 specific urban areas and another 29 communities of varying sizes. In 2006, MBM thresholds ranged from \$23,781 in mid-sized urban communities in Quebec to \$31,399 in the Toronto CMA (Human Resources & Skills Development Canada, 2008).

Comparing the three statistics calculated by the government of Canada allows us to see a more comprehensive picture of low income than can be derived through one statistic alone. In 2006, the percentage of Canadians with incomes under the LICO was 10.5%, and under the MBM, 11.9%. Ontario showed a slightly wider variance, with 10.3% of people having incomes under the LICO and 12.3% under the MBM (Human Resources and Skills Development Canada, 2008). 21.7% of Canadians and 21.1% of Ontarians had incomes under the LIM in 2005 (Centre for the Study of Living Standards, 2007).

The main challenges to Canada’s market basket measure involve the appropriateness of the items selected for inclusion in the basket. Using a different basket of goods and services, and what he terms a “basic needs” poverty line, Chris Sarlo of the Fraser Institute has calculated the 2006 poverty line for a single person at \$10,314 and for a family of four at \$22,852. In Sarlo’s words, this line “excludes a number of amenities that other lines (explicitly or implicitly) include—items such as cable TV, meals at restaurants, and tickets to movies and sports events. While we would like all Canadians to be able to enjoy these and other amenities, people are not necessarily poor for the lack of them” (Sarlo, 2006, p.2). Raphael (2007) responds to what he considers the inadequacy of Sarlo’s calculations, noting that they show “little if any appreciation of the exclusionary effects of material and social deprivation” (p. 43). The percentage of Canadians with incomes under the basic needs poverty line in 2004 was 4.9%. (Sarlo, 2006).

Other Ways of Conceptualizing Poverty

Each of the methods of defining poverty described above, whether a relative or an absolute measure, relies on an income line to separate the poor from the non-poor, thereby reducing poverty to a strictly economic issue. Yet, many groups realize that poverty is an issue far more complex than simply income or its lack. Other models of poverty consider, in addition to income, factors such as assets, resources, social inclusion, and access to opportunities and activities. These models, in the tradition of Amartya Sen, are built upon the notion that poverty is a combination of material and non-material factors. “Ultimately,” Sen (2000) argues, “poverty must be seen in terms of poor living, rather than just as lowness of incomes (and “nothing else”)” (p. 3). Many of these models also have a strong social justice focus, holding

that poverty “is about inability to participate, due to inadequate resources” (Whelan, 2007, p. 212).

What follows are brief descriptions of just a few of the many multi-faceted models that have been developed to conceptualize poverty. This list is by no means inclusive, although an attempt has been made to represent a broad variety of approaches to describing the complexities of poverty. I include here not only models that are currently in use in Canada, but also unique conceptualizations from outside Canada, although an attempt has been made where possible to refer the reader to Canadian groups that have implemented the model or an adaptation thereof.

Poverty = Lack of income, assets, and support. The Family Economic Success (FES) framework was developed by the Annie E. Casey Foundation, headquartered in Baltimore, Maryland, and is a broad, inclusive way of trying to address the difficulties low-income families face in moving towards self-sufficiency. FES moves beyond income to describe poverty as a lack of sufficient earnings, assets, and/or support systems (Annie E. Casey Foundation, 2003). Vibrant Communities Edmonton in Alberta, Canada, one group that uses the FES framework, utilizes a definition of poverty that states that people are poor “when they lack the resources to obtain the type of diet, participate in the activities, and have the living conditions which are customary, or at least widely encouraged or approved in the societies to which they belong” (Makhoul, 2006, p. 4).

Poverty = Lack of income and empowerment, which has deleterious effects on health. The Social Determinants of Health model has grown out of efforts to identify the broader social factors that are at work in determining the health of populations. Although the majority of Canadian studies have focused on income and health inequalities, studies in other nations have examined the relationship between social exclusion and health (Raphael, 2004). The World Health Organization’s Commission on the Social Determinants of Health asserts that economic growth must be accompanied by empowerment. Of this empowerment is said:

We see empowerment operating along three interconnected dimensions: material, psychosocial, and political. People need the basic material requisites for a decent life, they need to have control over their lives, and they need political voice and participation in decision-making processes. Although individuals are at the heart of empowerment, achieving a better distribution of power requires collective social action - the empowerment of nations, institutions, and communities (Commission on Social Determinants of Health, 2007, p. 15).

In 2002, the organizers of the York University conference “Social Determinants of Health Across the Life Span” identified eleven key determinants particularly relevant to the health of Canadians, as follows: Aboriginal status, early life, education, employment and working conditions, food security, health care services, housing, income and its distribution, social safety net, social exclusion, unemployment and employment security (Raphael, 2004).

Poverty = Lack of assets allowing resiliency when faced by shocks. Sustainable livelihoods approaches to poverty have their roots in rural and international development work. The term “sustainable livelihood” was first defined in 1991 by Chambers and Conway, as follows:

“A livelihood comprises people, their capabilities and their means of living, including food, income and assets. Tangible assets are resources and stores, and intangible assets are claims and access. A livelihood is environmentally sustainable when it maintains or enhances the local and global assets in which livelihoods depend, and has net beneficial effects on other livelihoods. A livelihood is socially sustainable which can cope with and recover from stress and shocks, and provide for future generations” (p. i).

Sustainable livelihoods approaches are used by a number of international development organizations including the United Nations Development Program and the UK's Department for International Development (DFID). DFID's model describes the necessity of recognizing vulnerability as a key component of poverty, noting,

"A broader understanding of poverty must take into account those factors that increase vulnerability. These include the effects of discrimination on the grounds of gender, disability, race, age or ill health, which may make it more difficult for people to earn a living. They also include natural and man-made shocks such as economic collapse, conflict, drought or flood. Such shocks have more impact on the poorest, as they have fewer assets to cushion them." (Boulton et al., 2001, p. 24)

DFID's framework identifies five types of capital that must be developed in order to keep people from poverty. These are human capital (such as knowledge, skills and abilities), natural capital (access to land, fresh water, clean air, etc.), physical capital (infrastructure), financial capital, and social capital (including friends, family and social organizations) (Boulton et al, 2001). According to Opportunities Waterloo Region, one Canadian group that utilizes a sustainable livelihoods understanding of poverty, a key value of the approach is that it allows for seeing people in poverty "in a more holistic manner, their lives, their obstacles, their strengths and their vulnerabilities" (MacKeigan & Govindaraj, 2004, p. 27).

Poverty = Lack of income and resources, preventing full participation in society. Ireland's National Action Plan for Social Inclusion 2007-2016 has adopted a definition of poverty as follows:

"People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and other resources people may be excluded and marginalized from participating in activities, which are considered the norm for other people in society" (p. 20).

The standard of measurement used to determine poverty in Ireland is unique, including both income and deprivation indicators. An income below 60% of the median is adjudged to put a person at risk of poverty, and people are regarded as being in what is termed "consistent poverty" if, in addition to having a low income, they also lack two or more items from an eleven-item index that includes such things as, "Two pairs of strong shoes," "Have a roast joint or its equivalent once a week," "Keep the home adequately warm," and "Have a morning, afternoon or evening out in the last fortnight, for entertainment" (p. 93).

Poverty = Lack of the ability to be self-sufficient. The Missouri Self-Sufficiency Scales are not put forward as a way to measure poverty *per se*, but were developed as a multi-dimensional way of measuring the self-sufficiency of families involved in case management programs in Missouri's Community Action Agencies. The model views self-sufficiency as an agglomeration of twelve components: educational attainment, academic skills including reading and math, income, employment, health insurance, physical health, mental health and substance abuse, housing, food, child care, transportation, and psychosocial and environmental stressors. In use, each of these components is rated on a scale ranging from "In-Crisis" through "Vulnerable," "Stable," and "Safe," and culminating with "Thriving." The scales have been tested for both reliability and validity, and can allow for comparison of individuals or families in very disparate situations (Missouri Association for Community Action & Backs, 1999).

Conclusion

These multi-faceted understandings of poverty are more comprehensive in their understanding of what it means to be poor, but it is also more complex to measure poverty as adjudged by these models. Although several models, including Ireland's National Action Plan and the Missouri Self-Sufficiency Scales, include measurement tools to accompany their definitions, it can be difficult for a local anti-poverty group or a single researcher to go beyond applying these measures to individuals or households to make a larger statement about poverty in a community or in a society. For that reason, even groups that articulate a multi-faceted understanding of poverty often rely upon an income-based measure as a proxy indicator for poverty in at least some aspects of their work.

Because notions regarding poverty are so disparate, and because Canada, unlike some other nations, does not have an official "poverty line," it is important that groups and individuals working to reduce or prevent poverty in our communities have clear and well-articulated notions of how they consider poverty. Articulating an answer to the question, "What is poverty?" is the first step in both designing interventions and measuring the success of our work. For students working to advance our understanding of poverty and poverty reduction by writing for *Esurio*, establishing the definition of poverty that guides their work is likewise an essential first step.

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