

**Two Poverty Puzzles**  
**Three Variants of Poverty**  
**Four Operational Challenges**  
**One Problem Solving Strategy**

Mary Jo Bane  
DRAFT April 2006

Poverty researchers and analysts tend to focus on issues of policy design and evaluation at a relatively abstract level of specification. Partly this is because they (we) tend to like numbers and quantitative analyses; partly it is because problems of policy design are satisfying to try to solve; partly it is because economists have developed modeling techniques that are appropriate for policy design problems. I argue in this paper, however, that addressing poverty requires solving operational management problems as much or more than solving policy design problems. I start by reviewing two puzzles that arise from simple descriptive data analyses. Analysis of these two puzzles suggest three analytically different variants of poverty that require different policy approaches. I focus then on four operational challenges and close with some observations on problem-solving strategies.

### **A prefatory note on definitions of poverty.**

Poverty has many meanings, both in the ways people use the term to describe states of deprivation and in the ways researchers operationalize the term. Persuasive arguments can and have been made that poverty is multi-dimensional, that it is best conceptualized, following Amartya Sen (1999), as deprivation of basic capabilities, and that measures of human poverty, following the UNDP, ought to incorporate the dimensions of health and longevity, cognitive functioning, physical security and material well being. This paper, however focuses only on the dimension of material well-being.

Operationalizing and measuring poverty in the sense of material deprivation has many pitfalls. Here I use head-count measures of those having income or consumption levels below a set line, primarily because head count measures are much easier to interpret than more sophisticated measures of weighted poverty gaps. When looking at developing countries, I mostly use the poverty lines used by the World Bank and most development researchers; i.e., \$1 or \$2US per person per day adjusted for purchasing power parity. The studies I rely on for developed countries use either national poverty lines (in the US, for example) or lines set at a proportion of median income. The arguments I am making would not change, as best I can tell, if I were to use a different set of plausible poverty lines. What are sometimes considered measurement issues, having to do with the length of the accounting period and the accuracy of income or consumption data enter into my substantive arguments; for the beginning presentation, I accept and use the data as they are available for research.

### **The puzzle of poverty dynamics.**

The availability in the early 1980s of panel study data on income and poverty status in the US made possible the empirical analysis of the dynamics of poverty. An early analysis by David Ellwood and me (Bane and Ellwood, 1986) laid out the basic puzzle: The proportion of the population that is poor during at least one year of an x year period (in our analysis, ten) is much larger than the proportion poor at a point in time, which in turn is much larger than the proportion chronically poor. Most of the people who become poor are poor for only a short period; in our analysis 57 percent of those who became poor were poor for one or two years. At the same time, a majority of the

overall years in poverty, in our analysis 51 percent, are accounted for by the 3 to 4 percent of the population who are in the midst of long spells of poverty.

This basic pattern has been found in other data sets, looking at various periods of time. For example, Mark Rank (2004) has used thirty years of data from the Panel Study of Income Dynamics to analyze the probabilities of ever experiencing poverty, defined as annual income below the official poverty lines set by the US government, during adulthood. He comes up with startlingly high estimates: that almost half of all Americans will have experienced at least one year of poverty between ages 20 and 60, and that almost 60 percent of Americans will have experienced at least one year of poverty by age 75. (Rank, 2004, p. 93) During the time period Rank looked at, the official annual poverty rates for people aged 18-65 ranged between about 9 percent and about 12 percent (fluctuating basically with business cycles); so, obviously, most of the people who were ever poor during the period were poor for a relatively small proportion of the time. These estimates are as high as they are because they look over very long time periods; they are consistent with the estimates Ellwood and I made using a much shorter time period; and most of the estimates in between.

The same pattern has been found in other OECD countries, and has also been found in panel studies that are starting to become available from developing countries. Robert Valletta looked at poverty dynamics in Canada, Germany, Great Britain and the United States in a working paper for the Federal Reserve Bank of San Francisco (Valletta, 2004). His analysis used panel studies from the four countries that have been made comparable in terms of variable definitions. His definition of poverty is one that is often used in studies across the OECD: annual disposable income (after taxes and transfers) below 50 percent of median income, adjusted for household size, in the specific country. Looking over a six year time period, he found quite high proportions of people experiencing poverty during at least one of the six years: 25 percent in Canada; 18 percent in Germany; 28 percent in Great Britain, 31 percent in the United States. In all four countries, between 75 and 80 percent of poverty spells were short, one or two years. The proportions of people in poverty all six years were quite small in all four countries: 3.5 percent in Canada; 1.4 percent in Germany; 0.8 percent in Great Britain; 3.9 percent in the US. The proportion of the total years of poverty accounted for by long spells (five

or six years) varied by country but was quite substantial: 38 percent of the total years in poverty in Canada were accounted for by the 8 percent who experienced long spells; 27 percent in Germany; 15 percent in Great Britain, and 37 percent in the US.

Baulch and Hoddinott reviewed the literature on poverty dynamics in developing countries for a special issue of the *Journal of Development Studies* in 2000. (Baulch and Hoddinott, 2000.) The studies used data from panel studies that by then had been done in a few countries. The poverty measure here was the Standard World Bank measure of extreme poverty, \$1/day/person. The patterns are very similar to those found in studies of poverty dynamics in the US and other industrial countries. For example, they report on a nine year panel study in India which found that 88 percent of household were poor at least once during the period but only 15 percent were always poor. A study covering four provinces in China with expenditure data for six years (Jalan and Ravallian, 1999) found that 54 percent of the sample was poor during at least one period, of whom 6 percent were always poor and 20 percent chronically poor; i.e., with average expenditures for the six year period below the poverty line. Thirty three percent were described by the authors as “vulnerable,” i.e., their average income was above the poverty line but they fell into poverty at least once. Two studies in Indonesia found that between 30 and 50 percent of the households were vulnerable to poverty, while about 20 percent were counted as being poor at a point in time (Pritchett et. al., 2000).

The puzzle in all these studies cannot, I believe, simply be explained away as a measurement problem, or an artifact created by an arbitrary poverty line drawn through a continuous income distribution. There seem to be two phenomena, with a blurry line between them, but nonetheless distinguishable in the different countries: a small chronically poor population, using the definition of material poverty appropriate for that country, and a much larger population that is vulnerable to poverty.

I feel quite confident in proposing that vulnerability is both a real problem and a very widespread problem. To get vulnerability estimates on the order of Rank's for the US, we don't have to believe that people move at random between being very rich and very poor; we only have to believe, as seems evident, that most people lie in the lower middle of the income distribution and can be thrown into periods of material deprivation by a variety of events affecting their employment, family structure, health and so on. In

less developed countries, where the average level of living is lower, it seems intuitively clear that these same types of events, plus weather and other natural phenomena, can push people at various times into situations of serious material deprivation.

Arguing that the chronically poor represent a different phenomenon is admittedly more of a hypothesis. Income and consumption are continuous variables, and length of time in poverty is also a continuous variable. It could be that a certain proportion of people end up being chronically poor simply by the random interaction of these two variables. And because the data are very noisy at the lower end of the income distribution, especially in panel studies, it is hard to figure out how to analyze this empirically. We do know, however, that there are other social phenomena for which a small number of people account for the vast proportion of the social ill. We know, for example, that a small number of habitual criminals commit the vast majority of crimes; that a small number of chronically homeless take up a very large proportion of shelter beds; that a relatively small proportion of chronic users of either welfare or health care services use very large proportions of available resources. The data are consistent with a hypothesis that poverty is analogous; that a relatively small number of chronically poor are especially problematic.<sup>1</sup>

### **The puzzle of poverty and place.**

A second puzzle arises, at least for me, when I look at the relationship between poverty and place, specifically between poverty and the overall level of economic development of a country, region or metropolitan area. Although there is in general a relationship between poverty rates in a country or region and average per capita income in that country or region, it is also true that in the world and within some countries where data are available most or at least large numbers of the poor do not live in poor places.

Let's first look at the world and define very poor places as those in which per capita GDP falls below \$1100 per capita per year, about three times the World Bank's \$1/person/day poverty line. According to tables published in the 2005 Human Development Report (UNDP, 2005), there were seventeen such countries, the largest of

---

<sup>1</sup> A very interesting and provocative summary and interpretation of some of this material is found in a New Yorker article by Gladwell (2006).

which were Nigeria, Ethiopia, Democratic Republic of the Congo, Tanzania and Kenya. (There are a few countries for whom data is not reported, including Afghanistan, Iraq, Liberia and North Korea; they might well fall into this category.) The total population of these seventeen countries in 2003 was 431.5 million. Chen and Ravallion (2004) estimate the total number of poor in the world in 2001 as 1.1 billion if poverty is defined by a \$1/person/day standard and 2.7 billion if poverty is defined at a \$2/person/day standard. (All the data, both for poverty and for GDP, are expressed in US dollars, adjusted for purchasing power parity.) So even if three quarters of the population of the seventeen very poor countries are counted as poor (poverty data are not great in these countries), they would account for slightly less than thirty percent of the extreme poor in the world.

Not surprisingly, the largest numbers of poor in the world are in the two largest countries: 211.6 million in China and 358.6 million in India in 2001, per Chen and Ravallion (2004), using the \$1/day/person poverty standard. Per capita income for 2003 was estimated at \$5000 for China and \$2892 for India and growing; these two countries have very strong development records in recent decades. Growth, however, has been uneven. Within China, development has been especially strong along the coast; interior, western mountainous provinces have lagged, a situation which is of increasing concern to the Chinese government. None of the thirty-one provinces in China had per capita incomes in 2000 below the official level set to define poverty, or even below twice the poverty line. But six provinces had per capita incomes below 2.5 times the poverty line: Sichuan, Guizhou, Ningxia, Gansu, Qinghai, and Inner Mongolia. These six provinces accounted for about 36 percent of the poor in China, defined here as those who fell below the official poverty line. (Data from Wang, 2004) Within China, poverty is indeed concentrated in under-developed provinces, but it is also noteworthy that 64 percent of the poor in China do not live in poor provinces.

In the United States, in 1999, income in the state with the lowest per capita income (Mississippi) was slightly over three times the official poverty line (translated into dollars per person per day the poverty line was about \$14.) Nineteen states had per capita incomes below \$20,000 per year, which is about four times the poverty line; they accounted for 31 percent of the poor in the US.

The largest numbers of US poor were in the largest states—California, Texas, New York, and Florida—three of which have per capita incomes well above the national average. (In the US, poverty lines are not adjusted for the cost of living, so regional cost of living differences, would if anything, increase the number of poor in rich places.)

The right unit of analysis for thinking about the relationship between poverty and place is probably not the state or province but the smaller economic units within which people can move and work relatively easily. In the US, metropolitan areas are defined to represent these economic realities. In the US we can look at the relationship between the overall level of economic development in the MSA and the amount of poverty. When I sort MSAs by 1999 per capita income, I find that there are 153 (of 272) MSAs with per capita income below \$20,000, the poorest of which are McAllen, Laredo, Brownsville and El Paso TX; these MSAs were home to 23 percent of the poor in 1999. The largest numbers of US poor live in New York, Los Angeles and several other large cities, most of which have per capita incomes well above the median, not to mention the poverty line.

There are in the US some very poor places, some Native American reservations and some counties in Appalachia, the Mississippi and the border with Mexico that have very low per capita incomes. The poverty problems here pose very serious problems of development, but they account for only a very small proportion of poverty in the US. There are also some very poor neighborhoods, operationalized as census tracts within American cities. I do not believe these neighborhoods should be thought of as poor places in the sense I am using the concept here; they are located, by and large, within economically healthy metropolitan areas; the problem for these neighborhoods is not overall economic development though it might be transportation or human capital lacks. However we think about them, though, these very poor neighborhoods are home to only a very small proportion of the poor in America. When a poor neighborhood is defined as one where the poverty rate is 40 percent or more, then 3.5 million or ten percent of the poor in 2000 lived in such neighborhoods (Jargowsky, 2003). Two points are important here: the poor in these very poor neighborhoods present hard problems, and one can hypothesize that make up a substantial proportion of the chronically poor. But they are not a large proportion of those who are counted as poor at a point in time, and an even smaller proportion of those who are ever poor.

In China, a country with a much lower level of development, these are hints of the same phenomenon. Both the Chinese government and the provinces designate poor counties to receive the bulk of the government resources directed at rural poverty alleviation. An analysis of the effects of this targeted aid suggests that in 2001, 38 percent of the rural poor did not live in designated poor counties. (Wang, 2004) This to some extent reflects a targeting problem, but may also reflect the fact that that poverty can affect households and groups in areas that are in general better developed.

The puzzle here is that when poverty in the world is examined, the focus is almost entirely on development, usually at the country level, sometimes at the regional level, occasionally at a smaller scale; but when we look more closely, the relationships between poverty and development are weak. I suspect but do not know that the relationship may be stronger within countries at lower levels of overall development. But the data point us to the fact that development does not eliminate poverty.

The data that I have looked at in examining these two puzzles suggest to me that there are three analytically distinct though empirically fuzzy poverty problems relevant to policy:

The poverty of poor, underdeveloped places;

Vulnerability: temporary poverty and the risks thereof;

Chronic poverty distinct from underdevelopment; the “hard cases.”

Each of these requires a different policy approach. The argument in the rest of this paper is that each also poses an important operational or management problem (or two) which need to be tackled if significant progress is to be made against poverty. Moreover, I argue that these operational problems have in common characteristics that make data-based problem solving an important set of skills for anti-poverty professionals.

### **The poverty of poor underdeveloped places.**

The clearest successes in reducing poverty have resulted from robust economic development. In the United States, the only really dramatic reductions in officially measured income poverty occurred between 1969 and 1974, a period of substantial economic growth. A more modest reduction in poverty rates occurred between 1994 and 2000, another period of robust growth, which was followed by increases in poverty rates

between 2000 and 2004. The persistence of relatively high official poverty rates in the last decade in the United States also suggests that growth alone does not solve poverty problems.<sup>2</sup>

In China, poverty rates declined dramatically between 1981 and 2001, measured either by the Chinese official poverty definition or by the World Bank \$1/day/person definition, with most of the progress in the first few years of the 1980s. (Ravallion and Chen, 2004) Most analysts attribute this to overall growth, especially in agricultural productivity, that followed China's opening to the market in 1978. Since 1995, poverty reduction has proceeded more slowly and unevenly, with continuing high poverty rates in the western provinces.

The mysteries of development are the focus of intense studies by development economists, who are supplementing their macroeconomic studies and prescriptions with an increasingly sophisticated understanding of the importance of institutions and also the importance of fine-grained analysis of successful business and industry clusters. The "Washington consensus" on development policy, which relied on macroeconomic stability and budget tightening to stimulate growth failed in many places. Successful development, in contrast, occurred in places that developed uniquely productive clusters of businesses and built on them. In many such successful development efforts, government played an important role. Careful tailoring of business and governance strategies to specific environments has also been responsible for the economic success of some Native American tribes in the US. (Cornell and Kalt, 1995)

**Operational challenge one: Development in "hard places" must be very specifically tailored to the place and its people.**

Rodrik (2004), Hausmann and colleagues (2002, 2005) have argued persuasively that what countries export, not simply that they export, is important to how well they develop, and that successful countries have diversified economies centered on a few very profitable clusters of enterprises. They have also argued that a process of "self-

---

<sup>2</sup> Information on the definition of the poverty in the US and data on officially measured poverty are found at the website of the Current Population Survey, US Bureau of the Census.  
<http://www.census.gov/hhes/www/poverty/poverty.html>

discovery” is important to getting this right. Countries (and presumably regions as well) need to engage in a process of learning about and experimenting with business models that leads them to develop a model that exploits their unique resources and potential cost advantages. In many successful examples of this process, government has played an important role in cooperation with the private sector in stimulating learning and coordination processes.

These analyses suggest to me that development, especially development in specific regions or places, may be as much a management problem as a macroeconomic problem. They suggest that development professionals need to organize and exploit learning networks, and that they need collective processes to identify both opportunities and barriers to the growth of productive businesses. Hausman and Rodrik argue that this is not “industrial policy” in its traditional sense, but instead a collaborative process of learning and problem-solving. To the extent this is true, development professionals need to become skillful in managing people and information to promote experimentation and learning, classic management tasks. They may need to acquire skills in idiosyncratic problem solving and institutional design, a theme which will arise again later.

### **Operational challenge two: Building human capital requires attention to the specifics of instructional and health services.**

Development requires healthy, educated workers—human capital, in short—as well as physical capital and “self-discovery.” But just as it now seems clear that macroeconomic policy alone does not guarantee development, so too development professionals are documenting the shortcomings of much traditional educational reform. Lant Pritchett (2001) asks, “Where has all the education gone?” He documents a weak relationship between levels of educational attainment and economic growth, and answers that in many places education seems not to have been useful in terms of equipping either entrepreneurs or workers to learn and work productively.

Richard Elmore (2004, 2005), after decades of work on education reform in the United States, argues that “education policy” as it is normally thought of cannot bring about real reform. He argues instead that the key to education reform is the instructional process: kids in classrooms with qualified teachers and challenging content. Here too a

process of learning about and solving problems within a specific context is crucial. In a particular place, what is keeping kids from being in school and how can those barriers be overcome? If teachers don't come to school, how can they be made to? How can large numbers of teachers be trained in the content and skills they need to teach the children in their classrooms the content they need? What instructional materials are needed and how can they be developed? I see these as management challenges that, like the hard development challenges discussed above, require intensive, context specific work with people, information and resources. Elmore documents successes in this kind of work in school District 2 in New York City, among other places. An remedial education project in India used less skilled workers in an innovative approach to tutoring children, with documented results. (Banerjee et al, 2004)

### **Vulnerability to material deprivation.**

Estimates of vulnerability to poverty can produce almost unbelievably high proportions vulnerable, as illustrated by the calculations done for poverty in the United States by Mark Rank, summarized above. Even shorter term studies that use actual data rather than extrapolations, however, produce estimates of the probability of being poor at least one year out of, say, ten that are two or three times higher than poverty rates at a point in time. Different definitions of poverty and different time periods can produce very different estimates. But high proportions of people vulnerable to poverty show up in analyses from places as different as the United States, Indonesia and China.

Development professionals are increasingly emphasizing the importance of well designed social protection systems, even in relatively poor countries. (Ravallion, 2003) Without protection against the risk of income loss, farmers and potential entrepreneurs are much less willing to make investments that involve some risk, for example in new crops, new production techniques or new businesses. Another impetus for developing social protection systems is the realization that households often cope with risk through strategies that are extremely detrimental in the long run, like taking kids out of school and sending them to work, or skimping on preventive health care.

In many ways, social protection systems pose classic policy design issues. They should be fair and transparent; they should distinguish those who are experiencing

hardship from those who are not; they should to incorporate incentives to work or at least to avoid disincentives; they should complement not replace family and community networks; they should encourage or at least not deter investments in assets, both human and physical; they should deter fraud and abuse without discouraging application by those who need help. In general social protection policy requires establishing a minimum benefit level and a benefit reduction rate that provide appropriate coverage at affordable cost. It also requires specifying procedure for counting and verifying income. All these issues have been spelled out by the World Bank in a series of Social Protection Discussion Papers, which has also analyzed design options in a Social Safety Net Primer Series. (e.g., Holzmann and Jorgensen, 2000; Vodopivec and Raju, 2002; Ravallion, 2003)

Time limited programs are an attractive design alternative for dealing with short term poverty or unemployment. When benefits are authorized for short periods of time, say six months or a year, the application and verification procedure can be simpler, since financial risks are limited. The application and reapplication procedure itself serves as something of a deterrent to those who are not genuinely in need.

The challenge comes, however, in making eligibility procedures for means-tested safety net programs actually work in a world where the temporarily and chronically poor need to be distinguished.

**Operational challenge three: Managing means-tested safety net programs requires hard-to-make decisions about who is needy.**

World Bank studies and advice cite the US Food Stamps program as being the “gold standard” for implementation, because of its thorough procedures for documentation and verification. (Castaneda et. al. 2005) But analyses of the Food Stamp program have also documented relatively low levels of participation, about 56 percent in 2003,<sup>3</sup> implying that lots of eligible individuals are being deterred from applying. These non-participants are presumably both those who don’t need the program very much (which is fine) and those who are too disorganized to conform with application

---

<sup>3</sup> Food Research and Action Center an advocacy organization, summarizing a report done by the US Department of Agriculture. [http://www.frac.org/html/federal\\_food\\_programs/FSP/rates03\\_bystate.html](http://www.frac.org/html/federal_food_programs/FSP/rates03_bystate.html)

requirements (which is not so fine). Food Stamps, in the eyes of US analysts and advocates, has not solved this problem very well. The eligibility procedure for Food Stamps is governed by rules meant to cover a wide variety of financial circumstances; this has led to a length and time-consuming application form. Procedures to protect against fraud have led to substantial documentation requirements, all of which may serve to deter especially those in difficult, multi-problem circumstances.

A means-tested program which is administered in a very different way is the Minimum Living Standard Program in urban China. The program is meant to provide basic subsistence to very poor urban households. Administration of the program has been devolved to grass-roots residents' committees, who are meant to apply a set of centrally defined eligibility criteria, but who in fact exercise a fair amount of discretion. A study of the program showed that many of the grass roots cadres take great pride in saving the money that has been allocated to them, and in making very strict determinations of who is really needy. It appears that in many places very few of the urban poor are actually benefiting from the minimum living standard program. (Tang Jun, 2004)

The operational challenge here arises from the diversity of the poor and vulnerable population as described above: a large population that needs short term relief in order to return to productive income generation without dysfunctional disinvestments; a small population that is inclined to cheat or take advantage of the system; and a small population of chronically poor hard cases. For the first group, the process of applying for and receiving benefits ought to be short and easy; time-limited benefits (six months or a year) with a reapplication requirement would make sense. Deterring the second group requires some set of procedures for detection and punishment of fraud.

Identifying the third group requires more extensive and detailed information, and interaction by professionals alert to the signs and patterns of multiple difficulties. This is because some of these poor are indeed hard cases, the topic to which we now turn.

### **“Hard cases” chronic poverty.**

A small proportion of the point-in-time or ever poor are truly hard cases, chronically poor with multiple difficulties. Small numbers make it possible, though expensive on a per case basis, to deal with these cases.

The corollary of the finding about widespread vulnerability to poverty is that a relatively small proportion of those who ever become poor, or go on welfare, or become homeless, end up being chronically in that state. But it is clear in a variety of contexts that the chronic hard cases use a vastly disproportionate quantity of resources. Often the pattern of resource use is harmful to the person and expensive for the government. For example, the chronically homeless are often heavy users of expensive emergency room health services. Kids who move in and out of foster care from abusive families disproportionately end up in jail, one of the most expensive “services” imaginable. Identifying and working with some of these hard cases, though expensive, can end up being considerably less expensive than the alternative.

**Operational challenge four: Hard cases of poverty require an intensive individualized approach, quite different from the rule guided approach of means-tested programs.**

There are two important challenges. The first is identification of the chronic hard cases, preferably before they have been chronic for long periods of time. Cases can “come to the attention” of folks in a position to do something about them in a variety of ways: they might apply for services, though this may well be the least likely route; they may apply for welfare; they may show up repeatedly in emergency rooms; their kids may fail academically, show up repeatedly in the principal’s office, or come to the attention of the police. Often times, one of the people encountered—the emergency room nurse, or the principal—has no way of knowing about other encounters, and thus no way to know that this is indeed a chronic hard case. Thus the management of sensitive information and some mechanisms for detecting patterns are very important pieces.

The second important challenge is figuring out and delivering whatever the most crucial interventions are. The crucial activities here are assessing the details of the situation, being creative about intervening in effective ways, and being willing to experiment and evaluate. The most successful interventions may turn out to be the most direct; e.g., housing, not substance abuse treatment, for a homeless person; a job, not a training program for a long term welfare recipient. Sometimes they are quite intrusive; e.g., the visiting nurse who just keeps showing up to see a very young mother; or the

community health workers who monitor TB treatment in remote villages on a daily basis. They are often the result of trial and error. The challenge is to be able to gather information, see patterns, hypothesize solutions to the problem and experiment until something works.

### **Addressing the challenges**

It may seem foolhardy to look for commonalities across these operational challenges, or to attempt to formulate common strategies for addressing them. But I think there are some general principles and strategies that emerge.<sup>4</sup>

First, it is important to talk concretely and honestly about the character and magnitude of the problems of poverty. Discourse about poverty seems to get caught in two dilemmas. One has to do with the character of the problem, often framed as the question of whether poverty is a problem of individuals or a problem of circumstances and situations. An emphasis on one of the other of these poles tends to correlate with general political orientation, which can make it difficult in particular situations to pinpoint the combination of individual and situational factors that shape the particular problem. A second dilemma has to do with the size of the problem which again seems to divide along political lines. Liberals and poverty advocates often dispute findings that suggest that poverty is declining, or that it is less widespread than they imagined. Poverty researchers, analysts and advocates, for example, are attracted to findings like those of Rank that vulnerability to poverty is very widespread, and inclined to dispute the corollary finding that at least in the United States the incidence of chronic poverty is quite low. But recognizing and accurately describing both the character and the magnitude of poverty problems are important first steps in addressing them. And the relatively low incidence of chronic poverty makes it a potentially solvable set of problems.

Second, it is important to distinguish causes from intervention points. Though academic research tends to be interested in understanding patterns of causality and identifying underlying or major causes, these “causes” may not be amenable to or the

---

<sup>4</sup> This section takes many of ideas from the work of Malcolm Sparrow and Mark Moore, and borrows many ideas from them. Sparrow (2000) and Sparrow et. al. (1990) are good resources.

most efficient targets for intervention. Causes of crime, for example, include poverty, childhood experience and skills deficits, but the best interventions may nonetheless be police practices that control behavior. Homelessness may be caused by mental illness or substance abuse, but experience is suggesting that treatment programs may be less effective as a solution than housing with some supervision.<sup>5</sup> The documented successes of “Work First” approaches in welfare reform suggest that though educational disadvantage may be at the root of the problem, getting someone into a job is an effective way of starting to solve the problem.<sup>6</sup> Human capital deficiencies may be at the root of poverty in underdeveloped communities, but asset or infrastructure building may nonetheless be an effective intervention.<sup>7</sup> In these examples, experimentation and assessment of interventions have yielded insights into practice that analyses of causal patterns have not.

Third, picking the right level and unit of work is an important skill (and perhaps art) in the problem solving repertoire. Police work provides an interesting example of the alternatives and why they are important. One traditional model of police work is geographically based, the police officer patrolling a geographical beat. A second model sees the incident, as reported to 911, as the unit of work: The job of the police is to respond rapidly to the incident; the work is then, if the incident is a crime, turned over to detectives who pursue individual suspects. A newer model of policing looks for patterns of crime, and sees clusters of crime or disorder as the unit of work. Police departments that make extensive use of crime information, for example, mapping it through COMPSTAT techniques, often discover clusters—of burglaries or assaults or 911 emergency response calls. Police can then look in detail at the clusters of incidents, devise intervention strategies, try them out and revise tactics if necessary. Defining the crime or disorder cluster as the unit of work has made many police departments much

---

<sup>5</sup> The National Alliance to End Homelessness hosts a Housing First network: [http://www.frac.org/html/federal\\_food\\_programs/FSP/rates03\\_bystate.html](http://www.frac.org/html/federal_food_programs/FSP/rates03_bystate.html)

<sup>6</sup> MDRC has done most of the evaluations that support this finding. See for example [http://www.mdrc.org/Reports2002/TANF/tanf\\_research2a\\_print.htm](http://www.mdrc.org/Reports2002/TANF/tanf_research2a_print.htm)

<sup>7</sup> Some very good research on interventions has been done by BRAC research and evaluation <http://www.bracresearch.org/>

more effective at preventing and reducing crime. (Sparrow et. al, 1990) There may well be analogies in thinking about poverty: clusters of chronically poor, defined, perhaps by a combination of geographical, demographic and situational features.

Fourth, figuring out and doing the work best suited to addressing the problem is also a skill that is not necessarily correlated with specific disciplinary training. Looking closely at the clusters can suggest approaches that are not part of a social work or economic development tool kit. Instead, it can reveal situational factors or barriers that can be manipulated or interventions that can change behavior patterns. Here too police work can offer some interesting analogies. Police officers who see their job as crime reduction look to identify actions that lead to reduced crime, not necessarily through responding to reported incidents. Mapping may reveal a building or park that is crucial to the drug or gun trade; patrolling or closing it down can make a big difference. Analyses of patterns of arrests may suggest a family cluster than needs to be either treated or broken up. Poverty clusters may respond to an infrastructure intervention, perhaps having to do with transportation; clusters of problems within families may respond to an intervention than targets the key adults. When the work is seen not as social work or other disciplinary based work but as problem solving and barrier removal, creative and effective approaches can often emerge. It is worth noting that the work itself is generally transaction-intensive and discretionary. It cannot be done automatically, but has to be done by people. And it cannot be governed by rules or manuals of procedures, since situations are idiosyncratic. It is best described as practice, rather than as policy implementation or program operation.<sup>8</sup> In many (perhaps most) cases it should be thought of as a “project:” work that proceeds from identifying and scoping a problem to devising and testing solutions and achieving results, or not, within a specified time frame.

We need finally to ask the question of the infrastructure that is necessary to support and make possible the anti-poverty problem solving work. A first step in constructing an infrastructure is to ask whose (or what organization’s) work this is. The contrast with policing suggests some of the dimensions of the question. Police departments have a long history and a relatively common organizational form; they have a clear mission and clear work in their own eyes and the eyes of the public; they can

---

<sup>8</sup> For this distinction and its relevance to development see Pritchett and Woolcock, (2004).

reformulate their mission—to crime reduction or public safety promotion—within these boundaries, and can then adapt their work in a new framework. There is generally not a contest over who will do the work, and generally no need to create a new organizational form. Anti-poverty work, in contrast, tends to be divided among a number of organizations the terrain of which is contested. Both consolidation and inter-agency coordination are extremely difficult tasks. Thinking from the bottom of may be helpful. The work needs to be done by teams, which need to be constituted, charged and held accountable. The oversight person or body which does these tasks could also be charged with creating and managing a process of project nomination and selection. Two other pieces of important infrastructure deal with skill development of the workers and accountability systems. Some interesting approaches to both of these are developing, but discussion of them will have to wait for another time.

## Bibliography

Bane, Mary Jo and David T. Ellwood, "Slipping in and out of Poverty: The Dynamics of Spells," *The Journal of Human Resources*, Vol. 21, No. 1 (Winter, 1986), 1-23.

Banerjee, Abhijit, Shawn Cole, Esther Duflo and Leigh Linden, "Remedying Education: Evidence from Two Randomized Experiments in India" Poverty Action lab working paper, 2004.

Baulch, Bob and John Hoddinott, "Economic Mobility and Poverty Dynamics in Developing Countries," *Journal of Development Studies*, Vol. 36, No.6 (August 2000), 1-24.

Castaneda, Tarsicio, and Kathy Lindert, "Designing and Implementing Household Targeting Systems: Lessons from the United States and Latin America," World Bank Social Protection Discussion Paper Series No. 0526, 2005.

<http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/0526.pdf>

Chen, Sahaohua and Martin Ravallion, "How have the world's poorest fared since the early 1980s?" World Bank Policy Research Paper #3341, 2004.

[http://www.worldbank.org/research/povmonitor/MartinPapers/How\\_have\\_the\\_poorest\\_fared\\_since\\_the\\_early\\_1980s.pdf#search='chen%20ravallion%20how%20have%20the%20world%27s%20poorest%20fared](http://www.worldbank.org/research/povmonitor/MartinPapers/How_have_the_poorest_fared_since_the_early_1980s.pdf#search='chen%20ravallion%20how%20have%20the%20world%27s%20poorest%20fared)

Cornell, Stephen and Joseph Kalt, "Successful Economic Development and Heterogeneity of Government Form On American Indian Reservations," Harvard Project on American Indian Economic Development, PRS 95-4 (March 1995)

<http://www.ksg.harvard.edu/hpaied/docs/PRS95-4.pdf>

Elmore, Richard, "What We Know (and Don't Know) About School Improvement, and What School Improvement has to do with the Reduction in Poverty," paper prepared for the Conference on Poverty and Poverty reduction Strategies: Mexican and International Experiences, Monterrey Mexico, 2005.

Elmore, Richard, *School Reform from the Inside Out* (Cambridge MA: Harvard Education Press, 2004).

Gladwell, Malcolm, "Million-Dollar Murray: Why Problems Like Homelessness May be Easier to Solve than to Manage," *The New Yorker*, Vol. 81, No. 46,(February 13, 2006).

Hausmann, Ricardo and Dani Rodrik, "Economic Development as Self Discovery," Kennedy School of Government Faculty Research Working Paper Series RWP02-023, 2002 [http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP02-023/\\$File/rwp02\\_023\\_hausmannrodrik.pdf](http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP02-023/$File/rwp02_023_hausmannrodrik.pdf)

Hausmann, Ricardo, Jason Hwang and Dani Rodrik, "What You Export Matters," Kennedy School of Government Faculty Research Working Paper Series RWP05-063, 2005 [http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP05-063/\\$File/rwp\\_05\\_063\\_hausmann\\_rodrik.pdf](http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP05-063/$File/rwp_05_063_hausmann_rodrik.pdf)

Holzmann, Robert and Steen Jorgensen, "Social risk Management: A New Conceptual Framework for Social Protection and Beyond," World Bank Social Protection Discussion Paper Series No. 0006, 2000.  
<http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Social-Risk-Management-DP/0006.pdf>

Jalan, Jyotsna and Martin Ravallion, "Is Transient Poverty Different? Evidence for Rural China," *Journal of Development Studies*, Vol. 36, No. 6 (August, 2000), 82-99.

Jargowsky, Paul A. "Stunning Progress, Hidden Problems," Brookings Institution Living Cities Census Series, 2003.  
<http://www.brook.edu/es/urban/publications/jargowskypoverty.pdf>

Pritchett, Lant, "Where Has All the Education Gone?" *The World Bank Economic Review*, Vol. 15, No 3 (2001), 367-391.

Pritchett, Lant, Asep Suryahadi and Sudarno Sumarto, "Quantifying Vulnerability to Poverty: A Proposed Measure with Application to Poverty Indonesia," World Bank Policy Research Working Paper #2437, 2000.  
[http://wdsbeta.worldbank.org/external/default/WDSContentServer/IW3P/IB/2000/10/07/000094946\\_00092205342355/Rendered/PDF/multi\\_page.pdf](http://wdsbeta.worldbank.org/external/default/WDSContentServer/IW3P/IB/2000/10/07/000094946_00092205342355/Rendered/PDF/multi_page.pdf)

Pritchett, Lant and Michael Woolcock, "Solutions When *the* Solution is the Problem: Arraying the Disarray in Development," *World Development* Vol 32, No. 2, pp. 119-212 (2004)

Rank, Mark, *One Nation, Underprivileged*, (Oxford University Press, 2004).

Ravallion, Martin, "Targeted Transfers in Poor Countries: Revisiting the Trade-Offs and Policy Options," World Bank Social Protection Discussion paper Series No. 0314, 2003  
<http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Safety-Nets-DP/0314Spanish.pdf>

Ravallion, Martin and Shaohua Chen, "China's (Uneven) Progress Against Poverty," World Bank Policy Research Paper #3408, 2004.  
[http://wdsbeta.worldbank.org/external/default/WDSContentServer/IW3P/IB/2004/10/08/000012009\\_20041008125921/Rendered/PDF/WPS3408.pdf#search='ravallion%20china%27s%20uneven%20progress'](http://wdsbeta.worldbank.org/external/default/WDSContentServer/IW3P/IB/2004/10/08/000012009_20041008125921/Rendered/PDF/WPS3408.pdf#search='ravallion%20china%27s%20uneven%20progress')

Rodrik, Dani, "Industrial Policy for the Twenty-First Century," Kennedy School of Government Faculty Research Working Paper Series, RWP04-047, 2004

[http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP04-047/\\$File/rwp\\_04\\_047\\_Rodrik.pdf](http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP04-047/$File/rwp_04_047_Rodrik.pdf)

Sen, Amartya, *Poverty as Freedom*, (New York: Random House, 1999).

Sparrow, Malcolm, *The Regulatory Craft* (Washington DC: Brookings Institution Press, 2000).

Sparrow, Malcolm, Mark Moore and David Kennedy, *Beyond 911: A New Era for Policing*. (New York: Basic Books, 1990).

Tang Jun, Selections from *Report on Poverty and Anti-Poverty in Urban China*. *Chinese Sociology and Anthropology* (Winter 2003-4/Spring 2004/Vol. 36, Nos 2-3)

United Nations Development Program, *Human Development Report 2005*, (New York: UNDP, 2005)

Valletta, Robert G. "The Ins and Outs of Poverty in Advanced Economies: Poverty Dynamics in Canada, Germany, Great Britain, and the United States," Federal Reserve Bank of San Francisco Working Paper 2004-18, 2004.

<http://www.frbsf.org/publications/economics/papers/2004/wp04-18bk.pdf>

Vodopivec, Milan and Dhushyanth Raju, "Income Support Systems for the Unemployed: Issues and Options, World Bank Social Protection Discussion Paper Series No 0214, 2002 <http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Labor-Market-DP/0214.pdf>

Wang Sangui, "Poverty Targeting in the People's republic of China," Asian Development Bank Institute Discussion Paper No. 4, January 2004.