DEFINITIONS AND MEASUREMENTS OF POVERTY
How poor must one be to be considered “poor”?

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Welcome to Issue 2 of the SSR Snippet

This issue contains two articles that are timely and we are sure will be of interest and relevance to anyone concerned with current social issues and the foundations for thinking about and utilizing research data for policy and practice.

The first article on the definitions and measurements of poverty globally and locally was on the schedule for publication at least 6 months ago. Though unplanned it is now such a timely piece to add to the basket of views on the recent debate on poverty in Singapore (e.g. Bertha Henson in berthahenson.wordpress.com; Mohamad Maliki Osman and Sudha Nair in msfconversations.wordpress.com). Irene Y. H. Ng’s article is insightful, richly informed by data from a variety of sources and presents a challenge to both policy makers and social service providers (and society as a whole) on understanding who are the ‘poor’ and what it means to label a group as ‘poor’ in Singapore. It is a ‘must read’ for everyone who cares about how Singapore is developing as a caring society.

The report on the public lecture presented by Ian Shaw, S R Nathan Professor in Social Work, NUS, on research in social work and the role and challenges that exist in the partnership between practitioners and academics in research is crucial and timely in view of the growing interest in practice research. The relevance of the issues raised may even extend beyond social work to other academic and professional disciplines concerned with research, practice and policy. The public lecture covered questions such as the relationship between research and practice; the juxtaposition of quantitative and qualitative research; the pros and cons of evidence-based practice; and, how to develop meaningful conversations when practitioners, policy makers and academics are engaged in the tensions surrounding such debates in the search for truth and reality.

Happy reading and remember the call to submit a paper for future issues on your research or projects in Singapore. Details are on page 10 of this issue. We are actively looking for articles for early 2019 publication!

With warm regards,

R.Ow

Rosaleen Ow
Editor
DEFINITIONS AND MEASUREMENTS OF POVERTY

Irene Y. H. Ng

Many Singaporeans do not think that poverty exists in Singapore. This might be because Singaporeans think of poverty as extreme deprivation experienced by malnourished and dying children in poor countries. Compared to such visualizations of poverty, a Singaporean household living in a highly subsidized rental flat with a monthly income of $1,000 does not appear poor.

How financially strapped must one be to be considered poor? This article gives an overview of poverty definitions and measures around the world. It then considers their relevance to the Singapore context, and offers estimates of poverty rates in Singapore. These estimates are only estimates because one will need accurate information on things such as price indices by household type and size. Such data is unavailable in Singapore.

Monetary Poverty

The World Bank (2005a) defines poverty as “pronounced deprivation in well-being”. At the most basic level, poverty is viewed in monetary terms, whether you have or do not have enough money. The threshold of what is enough (or not enough) is determined according to a basket of goods, which might be a minimum food and nutrition standard or in terms of basic needs such as food, clothing and shelter.

The threshold is often measured in terms of income in developed countries and in terms of consumption in developing countries. The difference is mainly due to ease of data collection. In developed countries, most incomes are from employment income which is more stable and paid regularly. However, in developing countries, many people receive irregular incomes. With consumption smoothing, consumption expenditure might be a better reflection of permanent income. It is also argued that the incidence of irregular income is also high among poor households in developed countries, and thus a consumption measure might better reflect their purchasing power. They might also receive subsidies which earned income does not reflect. Thus, the World Bank prefers measuring consumption poverty, although a problem with measuring consumption poverty is that frugality could be mistaken as poverty (World Bank, 2005b).

Absolute Poverty

The poverty threshold can be absolute or relative. Absolute poverty occurs when the amount of money one has falls below a predetermined level set by the state, or an official or authoritative body. For example, in 2015, the World Bank set $1.90 per day (in 2011 purchasing power parity) as the international poverty line, which the United Nations has also adopted as the extreme poverty threshold in its Sustainable Development Goal (SDG) to end poverty (World Bank, 2015a; United Nations, n.d.). The level reflects “the line below which a person’s minimum nutritional, clothing and shelter needs cannot be met” (World Bank, 2015b). This is an inflation-adjusted amount from the $1.25 a day that was set for the Millennium Development Goal (MDG) in the 1990s (UNDP 2016; United Nations, n.d.). The target of the MDG to half extreme poverty by 2015 was reached ahead of time, and now the SDG aims to reduce extreme poverty to below 3% by 2030.

The official poverty line in the United States of America (USA) is also absolute. It is “set at three times the cost of a minimum food diet in 1963, updated annually for inflation using the Consumer Price Index (CPI)” (Semega, Fontenot, & Kollar, 2017). In 2016, the poverty threshold for a family of four was $24,399, giving an official national poverty rate of 12.7 percent.

Among many criticisms of this official poverty threshold, one salient criticism is that it is outdated. Composition and diets of American households have changed vastly since 1963, and the measure does not take into account modern expenses typical of households today. However, advocates have not been able to change this legislated official poverty measure. Thus, alternative measures are now being published, one of which is the Supplemental Poverty Measure (SPM). It takes “the mean of expenditures on food, clothing, shelter and utilities over all two-child consumer units in the 30th to 36th percentile range multiplied by 1.2”. The methodology follows closely the recommendations made by the “National Academy of Sciences (NAS) poverty measurement panel convened in 1992” (Institute for Research on Poverty, 2016).

Relative Poverty

Relative poverty looks at a person’s position relative to others. It “generally means that a person can’t afford an ‘ordinary living pattern’ — they are excluded from the activities and opportunities that the ‘average person enjoys’” (Full Fact, 2018). For example, The Organization of Economic Development (OECD) applies 0.5 of median income as the poverty threshold, thus allowing for easy comparison between countries. In the European Union and the United Kingdom, the relative poverty threshold is set higher at 0.6 of current median income. Interestingly, the United Kingdom then bases its current absolute poverty threshold on the relative measure by setting its absolute level as 0.6 of the median income in 2010/11. This fixes a constant threshold while still keeping to the principle of comparison to the rest of the population. In 2016/17, this absolute poverty rate was 14% without housing costs and 19% with housing costs (GOV.UK National Statistics, 2018).

Closer to home, in 2013, Hong Kong set its poverty line at 0.5 of median income. In 2016, the rate was 19.9% (14.7% after government transfers), which is virtually the same in the last few years (Government of the Hong Kong Special Administrative Region, 2017). The rate, however, is higher than the advanced OECD countries. An illustrative list of relative poverty rates are in Figure 1.
Participatory Approaches to Measuring Multi-Dimensional Poverty

While the MPI and the capability approach are the most widely applied globally, viewing poverty from multiple dimensions had already been articulated by scholars much earlier. For example, Peter Townsend in the UK pioneered a measure of deprivation, which included the following dimensions: diet, clothing, fuel and light, home amenities, housing and housing facilities, the immediate environment of the home, the general conditions and security of work, family support, recreation, education, health, social relations (Townsend, 1979).

Here, the social dimension to poverty is brought in, and reflects the social exclusion aspect of poverty besides material exclusion. The approaches to measuring take on participatory approaches.

In one method, the determination of deprivation is by consensus through surveys in two steps:
1. Asking individuals to indicate from a list of items which are considered necessities; and
2. Asking individuals whether they lack those necessities by choice or because they cannot afford them (Mack, 2011).

In another method, the Centre for Research in Social Policy (CRSP) at Loughborough University in the UK has been using a participatory, group consensual approach to determine a budget that is needed for specific household types to achieve a minimum standard of living (Bradshaw et al., 2008).
DEFINITIONS AND MEASUREMENTS OF POVERTY (Cont.)

Poverty in Singapore

Singapore has not adopted an official poverty line or participated in international relative poverty reports such as those of the OECD’s. Rather, it applies different thresholds for different kinds of government assistance, thus defining individuals or families as needy of that service. The following illustrates a few of such thresholds:

- **ComCare Short-to-Medium Term Assistance**: Household income of $1,900 a month or per capita income of $650 a month (Ministry of Social and Family Development, 2017)
- **Low-Wage Worker**: Gross monthly income of 20th percentile (Ministry of Manpower, 2015)
- **Workfare Income Supplement**: Gross monthly income of $2,000 (Workfare, 2017)
- **ComCare Student Care Subsidies**: Household income of $4,000 a month or per capita income of $1,000 a month (Ministry of Social and Family Development, 2018)
- **Ministry of Education Financial Assistance Scheme**: Household income of $2,750 a month or per capita income of $690 a month (Ministry of Education, 2018)
- **Public rental housing**: Total household gross income of $1,500 per month (Housing & Development Board, 2018)

The different thresholds above can be seen to be flexible in catering to different kinds of needs, and are revised occasionally. However, the cut off income levels are to some extent arbitrary and can become outdated quickly. For example, ComCare is said to target the bottom 20%. In 2016, $1,900 was at the 5th percentile (based on the average reported in the Income Trends Report 2016 for the 1st to 10th decile).

So who can be considered poor in Singapore? We turn next to estimates, tabulated in Table 1. The threshold of $1,878 for absolute poverty was arrived at after iterations in my Social Work Masters class on Poverty and Asset-building, consultations with a few colleagues, and itemized price comparisons by two student assistants. The estimate is extremely conservative. It reflects only basic necessities for a four-person household with two adults and two children, one in primary school and one in secondary school. The basic necessities include food; a two-room flexi apartment bought in a non-mature estate with maximum grants; utilities; service and conservancy charges; concession transport; polyclinic medical expenses; spectacles for two members; basic household supplies; school uniform, books and supplies; and computing and telecommunication. This household configuration caters to the most basic of needs because it does not take into account households with younger or older children whose expenses tend to be higher, or any chronic health condition. It also accounts for universal subsidies, e.g. housing grants and concessionary transport card but not means-tested subsidies, e.g. MOE Financial Assistance. Comparing the threshold with the Income Trends Report (2017), 7.53% of working households are in absolute poverty.

<table>
<thead>
<tr>
<th>Type of poverty</th>
<th>Among working households</th>
<th>Among all types of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Poverty</td>
<td>7.53%</td>
<td>11.77%</td>
</tr>
<tr>
<td>Absolute poverty in basic consumption &amp; investment</td>
<td>8.50%</td>
<td>13.26%</td>
</tr>
<tr>
<td>Relative Poverty</td>
<td>26.65%</td>
<td>Lower bound 26.65%</td>
</tr>
</tbody>
</table>

This rate of working poor is within the 6-8% estimated by Yeoh (2013) (as cited in Donaldson et al., 2013), which used the 2012 “Average Household Expenditure on Basic Needs (AHEBN)” a monetary measure calculated by the Singapore government’s Department of Statistics (DOS). It consists of the average expenditure on food, clothing and shelter in a reference poor household living in a one to two-room Housing and Development Board (HDB) or government rental flat, multiplied by a factor of 1.25 to account for other household needs like transport, education and other necessary expenditures for normal living (Donaldson et al., 2013). The AHEBN is not public information, but the 2012 level was published in parliamentary records as $1,250 per month for a four-person household.

To estimate poverty rate among non-working households, Yeoh assumed half of non-working households are poor and that the elderly who do not meet the CPF minimum sum are poor. The Ministry of Manpower estimates that about 30% will not meet the basic retirement sum in 2020 (Ministry of Manpower, n.d.). Applying this 30% to the 8.3% non-working households aged 60 and above, and half of the remaining 3.5% gives 2.49% who are elderly poor, and 1.75% who are non-working non-elderly poor. In total, the estimated absolute poverty rate is 11.77%.

In a Caritas presentation, Yeoh (2012) estimated the minimum expenses required if goods necessary for households to build human capital are included. He called these basic investment goods which included computer services, education and training. This poverty rate is reported in Table 1 as “absolute poverty in basic consumption & investment”. In my computation, I counted only a laptop to be shared by the children as an investment good. The rest of computing costs were counted as basic consumption. In addition to education and training, I also added basic life insurance as basic investments. My threshold of $2,039 gives a poverty rate of 7.9% of working households. Applying the same scale of overall absolute poverty rate to the rate for only working households (11.77%/7.53%=1.56), 13.26% is estimated to be in absolute consumption and investment poverty.

2 Itemized costs can be found at https://nus.edu/2Lo57uz.
Conclusion

With the caveats that my estimates are just estimates, and that poverty rates are not comparable due to different methods, assumptions and limitations in national data, we can however make two conclusions from the estimates:

1. Given how conservative my absolute poverty estimate is, a substantial 12% of households in Singapore do not earn enough to meet basic consumption needs.
2. The relative poverty rate in Singapore indicates that a substantial 26% of households in Singapore do not earn enough to keep up with the rest of Singapore. This is higher than other advanced economies.

My estimates use the common metrics used in the world, and not in comparison to levels of extreme poverty that many Singaporeans often associate poverty with. While the state has expanded its recognition of targeted tangible needs such as children’s education, health care and housing, and drawn income thresholds in meeting these needs, there is still hesitance to recognize these families as poor. While there is danger that a poverty label might stigmatize low-income families, the current problem of not recognizing poverty as poverty is that less societal redistribution is channelled to them than is needed.

To undo unrealistic notions of poverty, a first step is to raise perceived thresholds of poverty. To some, relative or participatory thresholds are too high. However, most advanced countries in the world, including Hong Kong, focus on such relative and participatory measures. The higher relative threshold also means that the rest of Singapore has progressed quickly above absolute levels. What kind of society are we if Singapore is to progress ahead, but assign third world extreme poverty living standards to our low-income households?

Acknowledgements

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References


The second debate is an age old one on the view that quantitative research is more deeply used than qualitative research. Policy makers seem drawn to quantitative evidence because it seems more scientific and addresses outcome and effectiveness. It seems to give a surer grip on complex social problems compared to qualitative research. Therefore, it is important for users to be aware of its limitations, e.g. measurement errors and publication bias, when applying such evidence. Shaw also questions how useful quantitative findings are to individual outcomes. For instance, probability statements such as knowing the effectiveness of a certain scheme or program is 60% hold limited value to practitioners in terms of what to do. They would still need to exercise discretionary judgment. Qualitative research appears to enhance this judgment by offering different points of views and encouraging users to develop more conscious thinking about the meaning of issues. The key realization is that the use of research influences how we think about social problems and solutions. Could policy makers benefit from a more qualitative way of thinking while practitioners gain from a more quantitative way of thinking? What do you think?

The third controversy surrounds evidence-based practice (EBP). The backdrop of this issue is the realization, as expressed by William James, that “you cannot pick up rocks in a field without a theory”. But where does this theoretical basis of why you do what you do come from? Historically, so it is claimed, morality and authority provided that source. Today, EBP claims to offer an empirically-based foundation for practice. This also belongs to a wider battle between reason and scientific progress versus emotions, intuition and tacit knowledge. So how does one make sense of EBP especially when its use is so widespread?
Evidence-based practice was defined as the conscientious, explicit and judicious use of current best evidence in making dimensions about the care of individual patients (Sackett et al, 1996). Shaw identifies that “conscientious” consists of a moral claim, “explicit” calls for transparency and openness and “judicious” a wisdom claim. In short, the idea of EBP does not equate to a value-free and neutral technique about what works and what does not work. Users are also cautioned on the blind spots of EBP. Firstly, users might assume such confidence in the evidence and overestimate the beneficial effects while underestimating adverse effects. Users need to be aware that evidence could hold different extents of internal and external validity which affects the effectiveness of its use. Secondly, it is easier to produce evidence that can be quantifiably measured, e.g. hospital waiting time, resulting in the neglect of evidence for non-measurable effects. Consequently, practitioners are geared towards improving performance that can be measured and there is a lack of accountability for non-measurable issues. Thirdly, evaluating the use of EBP, which often occurs during failures, is not only an individual social worker’s issue. It is necessary to be sensitive to the social and organizational contexts surrounding its use. Shaw does not actually dismiss EBP as social workers are ethically committed to use empirically validated knowledge where it exists. His contribution is to advocate for critical thinking to be included in the use of EBP. One does not simply take the evidence, follow the steps blindly and expect the right answers. Practitioners need to be aware of its underlying values, accurately assess the quality of evidence, recognize biases, and exercise sound judgment in the application of EBP.

Do debates and controversies equate to someone being right and the other being mistaken? The hidden fourth and final challenge is unrelated to theory, research and science. Yet, it is the foundation in which we consider our views and participate in discussions surrounding these issues. Shaw challenges the audience not to see these issues as questions of errors but as indicators of deep rooted tensions. He calls for us not to be predisposed to the side that we favour but to respectfully consider both sides of the arguments and be open to change our views. In this way, the nature of our discussions would not be reduced to personal disagreements. In conclusion, this seminar invites practitioners, policy makers and academics to participate in meaningful and credible conversations and debates about the truth of claims related to theory, research and science.

Reference

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