

# CSS Papers

*Poorly defined: The Mis-  
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erty in Jordan*

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## Poorly defined: The Misconceptualization of Poverty in Jordan

The latest government figures on poverty in Jordan state that 14.7% of Jordanians live in poverty<sup>1</sup>. Such a low figure seems surprising given that a simple glance over the landscape of any Jordanian city reveals vast tracts of overcrowded, substandard, and often dilapidated concrete housing. Yet it is hard to dispute government measurements of poverty, which are based on data from comprehensive and methodologically sound national surveys that systematically apply the government's definition of poverty to the reality of Jordanians' everyday lives. They calculate a reasonably accurate estimate of poverty based on the minimum needs of Jordanian people as defined by experts armed with concepts such as "basal metabolic rate (BMR) caloric requirements".

But this is precisely the problem. Who defines what is an acceptable minimum amount of calories a person should be able to consume? Who determines the minimum income needed to support a tolerable lifestyle, and on what basis? This paper aims to address these questions and in doing so, demonstrate that the methodology used to devise governmental poverty figures is based on highly flawed assumptions. More specifically, this paper will show how the government's approach to measuring poverty is flawed both in a narrow methodological sense as well as in a broader conceptual sense.

In 2004, the Jordan Poverty Assessment, jointly prepared by the Government of Jordan (GoJ) and the World Bank, formulated a new methodology to be used in calculating the poverty line for Jordan which today forms the basis for determining poverty levels in the Kingdom.<sup>2,3</sup> The highly flawed food poverty line calculated by the GoJ/World Bank is arguably the central component of this general poverty line. Not only is it a major component of the poverty line in itself, but it is also a determinant of the level at which the non-food poverty line is set. More specifically, the non-food poverty line is calculated by "estimating a regression of log of food welfare measure (defined as a ratio of food expenditure to food poverty line) on per-capita expenditure and setting the non-food poverty line at a point where food welfare measure is unity"<sup>4</sup>. In other words, the non-food poverty line is defined partly in relation to the level of the food poverty line.

The construction of the food poverty line is flawed for a number of reasons. It is calculated by combining basal metabolic rate (BMR) caloric requirements for moderately active individuals with the average cost per 1000 calories expended by Jordanians in the poorest quintile of the population (0.22 JD). However, it is important to note the calorie cost in higher socioeconomic quintiles is greater than 0.22JD/1000 calories. This is not taken into account in calculating the food poverty line because, it was argued, the poverty line would be too high if the "expensive tastes" of "rich households" (bizarrely- and arbitrarily defined as all but the poorest 20%) were taken into account.<sup>5</sup> The unjustified use of this arbitrary figure for calorie cost clearly serves to lower the level of the food poverty line.

1 Department of Statistics (2005)

2 Personal communication, Adnan Badran, Department of Statistics

3 The "Jordan Poverty Assessment" poverty line was calculated using data from the Department of Statistics' Household Expenditure and Income Survey 2002-03.

4 Government of Jordan/World Bank (2004), p.10-11.

5 Government of Jordan/World Bank (2004), p.10-11.

More importantly, it is simply illogical to use the bottom quintile of the population as the reference group to set the non-poverty level of food expenditure because the bottom quintile of the population is largely (if not completely) composed of the poor, who by definition are beneath the poverty line. It is simply unjustifiable to use this group's food expenditure costs to calculate the minimum acceptable (non-poverty) level of food expenditure. The methodology used to devise the food poverty line clearly leads to a systematic underestimation of food poverty in Jordan. As mentioned above, this also has ramifications for the validity of the non-food poverty line which is partly defined in relation to the food poverty line.

Moreover, while the aforementioned criticisms are in themselves enough to discredit the validity of the GoJ/World Bank poverty line, their significance pales in comparison to the report's fundamental misconceptualization of poverty as a social phenomenon. To return to the example of food poverty, it is well established in the academic literature on food poverty that people eat "food, not nutrients".<sup>1</sup> What is considered to be an acceptable level of food consumption varies greatly between societies. Studies on food poverty have consistently found that the minimum level of food consumption considered to be acceptable within any society is highly dependent on cultural factors and the social function of food.<sup>2</sup> For example, it is not a necessity for human survival to be able to afford to eat meat occasionally and it may be the case that the poorest 20% of Jordanians cannot afford to incorporate meat into their diets. However, eating meat is a social and cultural norm in Jordanian society and an inability to afford at least occasional meat consumption would probably be considered an indication of poverty to most Jordanians.

Importantly, the above references to the relevance of social and cultural norms in defining needs implies a relativist conception of poverty whereby poverty is not defined as severe deprivation of basic physiological needs, such as food and water, but is instead conceptualized within a specific social context. Here it is important to note that a large body of empirical evidence shows that people do indeed define their needs and well-being in relation to their social context.<sup>3/4</sup> The insistence on a conception of human needs based on social norms is by no means a radical position. Even Adam Smith, the intellectual godfather of free-market capitalism, recognized the relative nature of poverty in his writings. In distinguishing between those commodities which are necessities and those which are luxuries, he noted:

By necessities I understand not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt.... Custom, in the same manner,

1 Dowler & Leather (2000: 208)

2 Lister (2004) provides a concise review of this literature

3 To name a few examples: Duesenbury (1949) Runciman (1966); Pettigrew (1967); Gurr (1970); Crosby (1976; 1982); Clark & Oswald (1996); Luttmer (2005).

4 There has been little in the way of research directly addressing the concept of relative deprivation in developing countries. One influential study examining this issue, undertaken by Ravallion & Lokshin (2005), studied the concept of relative deprivation in Malawi society and found it had little currency in that country. However, such findings cannot be generally applied to a country like Jordan. Malawi is among the poorest ten countries in the world and the authors themselves attributed their findings to the extreme and pervasive nature of poverty in that country. Evidence suggests that poverty lines become increasingly responsive to relative income as countries get richer (Ravallion, 1998). It is worth noting that Jordan's per capita GDP (PPP) is more than seven-fold that of Malawi (IMF, World Economic Outlook). There is a gap in the literature regarding the importance of relative deprivation in middle-income countries and a strong need for further research on this topic.

has rendered leather shoes a necessary of life in England .... In France they are necessities neither to men nor to women.... Under necessities, therefore, I comprehend not only those things which nature, but those things which the established rules of decency have rendered necessary to the lowest rank of people<sup>1</sup>.

Indeed, if we are to capture an accurate picture of poverty in Jordan, it is necessary to establish social consensus surrounding the definition of minimum needs and the level of income needed to support a lifestyle considered tolerable by the standards of contemporary Jordanian society. In full-fledged democracies, social consensus about minimum needs is often indirectly established through the ballot box. Although the political situation in Jordan seems to preclude such a process for the time being, it is still possible to incorporate social opinions about minimum needs into definitions and measurement of poverty. The groundbreaking work on poverty pioneered by the eminent British academic Peter Townsend<sup>2</sup> provides a model for such an approach. Townsend carried out a survey in which he asked respondents what goods were considered to be necessities. Items considered to be necessities by a majority of respondents were incorporated into a deprivation index and then used to formulate a poverty line. Importantly, by plotting deprivation index scores against income, Townsend found that there is a threshold of deprivation, that is, “a point in descending the income scale below which deprivation increased disproportionately to the fall in income”<sup>3</sup>. Although Townsend’s approach is not without its shortcomings,<sup>4</sup> it has been found to be largely robust and conceptually sound.<sup>5</sup> Indeed, adapted versions of this methodology are currently employed by a number of governments to determine poverty lines.

Yet the Jordan Poverty Assessment takes little account of the importance of relativity when it comes to defining poverty. To justify this, the report cites a short paper by the imminent poverty expert Nanak Kakwani in which he argues:

The major criticism of [sic] relative approach is that it may show a reduction in poverty when people’s income may be falling all around, resulting in a fall of the standard of living of the poor as well as the non-poor. A reduction (or increase) in poverty will show up only if there is a change in the relative income distribution. A poverty measure based on a relative approach is, in fact, a measure of inequality... Poverty is distinct from inequality. Sen (1983) has put this view as follows: “A sharp fall in general prosperity causing widespread starvation and hardship must be seen by an acceptable criterion of poverty as an intensification of poverty.” ... Under the relative, poverty is completely insensitive to economic growth if the inequality of income does not worsen or improve.<sup>6</sup>

It is certainly the case that a purely relativist conception of poverty could lead to a situation whereby an overall decline in welfare is not seen to increase

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1 Smith (1812)

2 Townsend (1979)

3 Townsend (1979: p. 271)

4 Piachaud (1981)

5 Desai (1986)

6 Kakwani, N. “Methodological Issues in Construction of Poverty Lines”, cited in Government of Jordan/World Bank (2004), p.38-39

poverty. However, it is crucial to understand that this is not an argument against a relativist conception of poverty but an argument against a purely relativist conception of poverty, such as Fuchs<sup>1</sup> definition of poverty as one half of median family income. Importantly, absolute and relative measures of poverty are not mutually exclusive. It is worth noting that in the Amartya Sen paper cited by Kakwani above, Sen argues that the notion of relative poverty augments (but does not displace) that of absolute poverty<sup>2</sup>. Indeed, Kakwani's paper does concede that a poverty line should be sensitive to contemporary standards of living in any given society.<sup>3</sup> However, the Jordan Poverty Assessment does not make a serious effort to address this latter point in devising its poverty line.

Importantly, some have argued that in middle-income countries today it is becoming increasingly important to recognize the relative nature of poverty. With reference to the Latin American experience, Fernando Calderon<sup>4</sup> of the UNDP points out that in today's world, growing levels of education and communication technology have made societies even more exposed to cultural consumption while often leaving the demands provoked by such exposure unfulfilled. Research conducted by the UNDP in Latin America suggests that such unfulfilled demands are leading to a growing "frustration of expectations" among Latin American populations which is one of the main sources of political conflict and unrest in contemporary Latin American societies<sup>5</sup>. Distant as Latin America may seem from our region, research conducted by the Center for Strategic Studies (CSS) in Jordan suggests that the phenomenon of "frustrated expectations" hits close to home. A survey of the Jordanian unemployed carried out by CSS's Economic Unit in November 2006<sup>6</sup> suggests that the pervasive problem of unemployment in Jordan is better conceived of as resulting from a mismatch between expectations and opportunities rather than a lack of jobs.

Poverty has been a serious concern in Jordanian society for many years. On one hand, poverty is perceived as a problem because it is a denial of basic human needs. But it is important to be explicit in recognizing that the state, as well as society, is also concerned about poverty because of the negative externalities that stem from it, including crime and socio-political instability. Such externalities do not result from mere destitution; they are also a result of complex social processes whereby the least advantaged in our society come to perceive themselves as unjustly excluded from increasing levels of prosperity. Indeed, it is worth noting preliminary figures from the Department of Statistics' Household Expenditure and Income Survey 2006 which show that income inequality in the Kingdom has increased over the past four years.<sup>7</sup> In conclusion, if official conceptualizations of poverty are to bear relevance to real social issues in contemporary Jordanian society, they must recognize the highly social nature of poverty rather than merely counting the destitute.

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1 Fuchs (1969)

2 Sen (1983)

3 Kakwani, N., cited in Government of Jordan/World Bank (2004), p.40

4 Calderon (2007)

5 Calderon (2007)

6 Center for Strategic Studies (2006)

7 DOS (2007)

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