
Poverty in Emerging Asia: Progress, Setbacks, and Log-jams

Arjan de Haan and Michael Lipton

Abstract. *The financial crisis of 1997-1998 in East and Southeast Asia has raised questions about the sustainability of some hitherto admired modes of poverty reduction. But this paper argues that there remain important lessons to learn from Asia's great ascent out of poverty since the Second World War. It remains important that well before the setback struck, much of this area had eliminated food poverty. Most recent information suggests that the great improvements in poverty reduction have not been that much affected by the crisis. Instead, a more important problem, which is the focus of this paper, is the growing concentration of poverty on "the hard-core poor" especially among the uneducated in backward regions, and the declining elasticities of poverty to economic growth. Combined with the prospect that growth itself may well be slower, especially in East and Southeast Asia than before 1997, this raises the real question about future Asian poverty: the prospect that many countries, especially the large, poor ones, will not maintain earlier rates of poverty reduction without explicit redistribution.*

Introduction

In the five decades before the crisis of 1997-1998, Asia reduced poverty more than during the previous five centuries. But progress differed within the region. East Asia reduced poverty fastest. Its success was dependent less on income redistribution than on rapid growth combined with early, widespread access to

Arjan de Haan is social development adviser at the Department for International Development, U.K. and Michael Lipton is research professor at the University of Sussex. This paper is based on the background paper prepared by for the "Quality of Life" chapter in *Emerging Asia: Changes and Challenges* (Asian Development Bank 1997), and was subsequently updated (in August 1999) to take into account the East Asia crisis. ADB's financial support for our work is gratefully acknowledged, as is the support of M.G. Quibria. Preparing the paper would have been impossible without the research assistance from Saurabh Sinha, Myriam Velia, Jennifer Watt, and Shahin Yaqub. We gratefully acknowledge help, advice, and data from Sarah Cook, Institute of Development Studies; Martin Ravallion, World Bank; Klaus Deininger and Lyn Squire, World Bank; and Michael Walton, World Bank. Comments by anonymous referees are also gratefully acknowledged, particularly of one referee that provided very detailed and helpful comments.

land, schooling, health care, and reduced child mortality and lower fertility. South-east Asia reduced poverty with great speed from the 1970s, with propoor and market-friendly policies. Poverty reduction in South Asia was much slower, and in India gained momentum only after 1975. Low levels of education hindered economic growth as well as the chances to escape from poverty in poorer Asian regions.

Economic growth is crucial, and normally favorable for poverty reduction. But reducing poverty, especially during crises, also requires explicit propoor policies. Sectoral policies are crucial for poverty reduction, particularly in agriculture, on which most of these “locked-in poor” continue to depend. In agriculture as in other sectors, poverty reduction depends on labor-intensive growth. Policies that enhance the capabilities of the poor need to accompany this, as do propoor measures in education, health care and sanitation, credit, access to land, and work. Particular attention will be needed for groups that suffer from multiple disadvantages. Our paper confirms that residents in poorer areas lag behind in economic, demographic, and educational transitions, and often suffer gender, labor market, and ethnic exclusion.

This paper explores trends and patterns in poverty in Asian developing countries during the last 30 years. Our analysis focuses on private consumption poverty. First, we use dollar poverty, indicating the number or proportion of people whose daily consumption is valued at less than \$1 per day (a standardized global poverty line at 1985 purchasing power parity). Second, we use an indicator of “food poverty”, which in many countries allows comparisons over time, based on national poverty lines that correspond roughly to the level of daily consumption below which persons cannot usually afford adequate food.¹

In 1993, of the 4.1 billion people in developing countries, about 32 percent were dollar-poor: they can seldom save, or pay for education. Just over half of these people consumed less than three quarters of a dollar, and many are unlikely to meet average dietary energy requirements. In East and Southeast Asia, 26 percent of people (mostly in People’s Republic of China [PRC]) consumed below a dollar a day, and in South Asia, 43 percent. Despite these still high numbers, Asia has made great progress in reducing poverty since the 1950s, much more than Africa or Latin America. Hong Kong, China; Republic of Korea (henceforth Korea); Malaysia; Singapore; and Taipei, China have virtually eliminated poverty. Dramatic downtrends happened in the PRC, especially in 1977-1985, due to investments in irrigation, rice research, and rural health and education, and farmland being turned over on a fairly equal basis to households. In India, there was no trend in poverty during 1960-1976,

¹Dollar poverty measures provide estimates that are in principle comparable among countries, allowing for changes in prices and exchange rates, though practical problems remain (revisions are expected late 1999). Food poverty lines are not directly comparable across countries, though an attempt to adjust for this has been made by Johansen (1993). Both measures of poverty are based on nationally representative household surveys, and are published regularly (e.g., *World Development Indicators* [World Bank 1999c]; “Trends in Poverty” and Poverty Monitoring Database [available: <http://www.worldbank.org/poverty/data/trends/index.htm>]; and *Human Development Report* [UNDP 1999]).

but between then and 1989-1990 food poverty fell from 55 percent to 34 percent. Indonesia's poverty reduction accelerated in 1975-1988, even during recession and stabilization (but in 1998 increased slightly; see Poppele et al. 1998).

This progress occurred despite unprecedented growth in population, supply of labor, and demand for food; exhaustion of prospects for expansion of agricultural land; and labor-saving innovations in industry and services. Poverty reduction was fastest during 1973-1989, despite dearer oil and fertilizer imports, fluctuations in terms and volumes of trade, foreign debts at unprecedented real rates of interest, and adjustment crises. During 1989-1993, and again since 1997, the record was less favorable.

There have been setbacks and exceptions to Asia's unprecedented record of poverty reduction. Some of these—such as the 1997-1998 East Asian crisis, Bangladesh's and Nepal's stagnating economy between 1970 and 1990, and India's during 1960-1976 (when real GDP per person in PPP terms stagnated)—are related to bad economic performance. But not all the setbacks can be explained by slow growth. We will show that poverty incidences in many cases have not been converging. The PRC and Thailand experienced worsening poverty despite fast growth in the late 1980s. Also, within countries, stubborn islands of poverty remain: India's East-Central "poverty square", much of North and West PRC, and Northeast Thailand. A main argument of this paper is that besides sustainable economic growth, a main challenge for continued poverty reduction in Asia will be addressing these islands of poverty.

The first section reviews poverty levels and trends for the region and for the countries with reliable poverty data, and examines the importance of economic growth for poverty reduction. The second section explores the main characteristics of poverty by location, gender, household size, economic activities, assets, and social group. These two sections, while largely descriptive, are required to make a key point: that poverty indicators have not, on the whole, been converging; and to summarize the facts about poverty in Asian countries in an accessible and comparative way. The third section discusses poverty policies, arguing that though economic growth is necessary for sustainable poverty reduction, direct attacks on poverty will become increasingly necessary for the hard-core poor. The fourth section concludes the paper.

Two main issues that have a significant impact on the future of poverty reduction are not discussed here, due to limitations of space. First, it may be expected that the poorer countries had grown faster in the past. But it is unlikely that they will attain rates as East Asia achieved during the 1970s and 1980s. Second, demographic change has a great impact on economic growth and, independently, poverty reduction. This positively influences the future of poorer countries that are undergoing a demographic transition, provided that employment will exist in two decades for the current generation of children (Asian Development Bank 1997).

Levels and Trends of Poverty in Asia

In 1993, almost a billion Asians lived in dollar poverty (see Table 1). Some 515 million of Asia's poor lived in South Asia and 470 million in India, consuming an average of US\$.70 per day. Poverty in South Asia was slightly more widespread than in sub-Saharan Africa, but the trend was much more favorable in South Asia, and the average poor person was less poor.² Around 370 million poor lived in the PRC, and 74 million poor, a much smaller proportion of the population, elsewhere in East or Southeast Asia. Poverty in the PRC and East Asia fell in 1990-1996 despite a marked rise in inequality.

Table 1: **Poverty Levels in Asia and Elsewhere**

	No. of Poor (million)			HCI			PGI		
	1987	1990	1993	1987	1990	1993	1987	1990	1993
East Asia	464	468	446	28.2	28.5	26.0	8.3	8.0	7.8
excluding PRC	109	89	74	23.2	17.6	13.7	3.8	3.1	3.1
South Asia	480	480	515	45.4	43.0	43.1	14.1	12.3	12.6
Latin America	91.2	101	110	22	23	23.5	8.2	9	9.1
Middle East & North Africa	10.3	10.4	10.7	4.7	4.3	4.1	0.9	0.7	0.6
Sub-Saharan Africa	179.6	201.2	218.6	38.5	39.3	39.1	14.4	14.5	15.3
Developing countries	1,225	1,261	1,299	33.1	32.9	31.8	10.8	10.3	10.5

Note: HCI means headcount index (incidence).

PGI means poverty gap index (HCI times average percentage shortfall of poor below poverty line). Data are from nationwide household surveys (sometimes extrapolated/interpolated) covering 93 percent of Asia's population (96 percent in South Asia and PRC, 57 percent in other East Asian countries; 79 percent in South-east Asia; no transitional or Pacific island economies). For the 7 percent of people in countries lacking surveys, poverty data are estimated by cross-country regressions of HCI and PGI on real (PPP) per-person GDP and other variables (Chen, Datt, and Ravallion 1993).

Sources: World Bank (1996b) and Ravallion and Chen (1996).

National level estimates are presented in Table 2 for dollar poverty and for food poverty based on national poverty lines. Food poverty afflicts 15-25 percent of people in Indonesia, Sri Lanka, and Thailand. Food poverty here is less than in South Asia, but food poverty is higher than dollar poverty. The Kyrgyz Republic and Pakistan have over a third of people food-poor, yet under a fifth dollar-poor.³ Hong Kong, China; Korea; Malaysia; Singapore; and Taipei, China all have below six

²\$.71/day as against \$.61/day. To calculate the average poor's consumption, we obtain the shortfall beneath the poverty line of \$1/day, by dividing the poverty gap index by the head count index (PGI and HCI respectively, defined in Table 1), and deducting the result from \$1.

³Kyrgyz Republic, Mongolia, and Viet Nam entries in Table 2 reflect much more generous national poverty lines.

percent food and dollar poverty.⁴ Dollar poverty is worst in PRC, India, Nepal, and Philippines.⁵

That the PRC, while having little food poverty, has almost “South Asian” levels of purchasing power poverty is not as surprising as it may seem. First, real GDP per person, in purchasing power parity terms, in Bangladesh, PRC, India, and Pakistan around 1992 was not dissimilar. Second, the ratio of private consumption to GDP is much lower in the PRC than in South Asia.⁶ Third, though overall inequality is relatively low in the PRC, the poorest groups have a low share in private consumption (Li 1998). Finally, the PRC’s substantial government consumption includes large, efficient outlays on health and education with mass access (Bhargava and Osmani 1996).

The four original “tigers” almost eliminated extreme food poverty. Malaysia and Thailand (like Indonesia) moved far in the same direction, at least till the crisis. In Thailand, PRC, and elsewhere in East and Southeast Asia, inequality has risen sufficiently to break the link of growth to poverty reduction in the PRC in the late 1980s, and in Thailand over a somewhat longer period. The Philippines may be joining this pattern of poverty reduction: until the late 1980s it featured very high initial land inequality, severe distortions, poverty, and slow growth, but subsequently, alongside some land redistribution, there have been major policy reforms (World Bank 1995c).

In Central Asia, a sharp fall in average real income has been accompanied by sharply worsening distribution, collapse of some state welfare services, and erosion of traditional community bonds. World Bank and UNDP country poverty assessments for Kazakhstan, Kyrgyz Republic, and Mongolia suggest rapid worsening since 1990. In Viet Nam, while large-scale poverty has long existed, it has been improving (Irvin 1997). Data from Cambodia in 1993 suggested that the incidence of rural poverty was slightly lower than in Viet Nam and Laos, and 1997 data show a small decline (Prescott and Pradhan 1997).⁷

⁴Infant mortality rates in 1994 (World Bank 1996b, 198) corresponds broadly to the food poverty rankings: Bangladesh, Nepal, India, and Pakistan, in that order, are most food-poor, and also have the highest infant mortality.

⁵Data for Bangladesh were omitted by the World Bank, since the figures based on purchasing power data were severe underestimates; it would probably top the list if accurately measured.

⁶Consumption of the poor depends on the level of GDP and the distribution of consumption, but also on the proportion of GDP devoted to private consumption. Usually countries with low real GDP per person have high proportions, but the PRC is an exception.

⁷This used a food poverty line (2100 kcals) for 1993-1994 but the survey excluded a large part of the country that was not accessible. The 1997 data suggest a decline in the percentage of people living below the poverty line from 39 to 36 percent, though inequality had increased and there was a slight rise in the severity of rural poverty (Murshid 1998). The 1997 data have been disputed, however, and the margin of error prohibits clear conclusions about the decline in poverty (Tim Conway 1999, personal communication).

Table 2: Poverty in Asian Countries

	Population 1992	Real GDP per Person 1992 (\$US 1985)	Private Consumption as % GDP 1992	Purchasing Power Parity (US\$ 1985, PWT 5.6)						Food Poverty		
				Year of Latest Household Survey	Mean Expenditure Person/ Month (US\$ 1985, PWT 5.6)	Income Share of Poorest Quartile	\$.75 Person/ Day	\$1 Person/Day		Year of Last Survey	Incidence (HCI)	Intensity (PGI)
								Incidence (HCI)	Intensity (PGI)			
							Incidence (HCI)	Intensity (PGI)	Incidence (HCI)				Intensity (PGI)
Bangladesh	114.4	1509	80	1988-89	...	7.4 (f)	..	..	..	1991-92	49.7	13.6
Cambodia				...	...	...	..	..	..	1993-94	39.0	9.2
PRC	1162.2	1494	51 (d)	1993	66.2	6.0	17.0	29.4	9.2	1990	9.0	...
India	883.6	1284	67	1992	37.7	8.8	30.4	52.5	15.6	1993-94	39.0	...
Indonesia	184.3	2104	53	1993	64.1	8.7 (d)	.5	14.5	2.0	1990	15.0	...
Kazakhstan	17.0	4780 ^e	62	...	...	7.5	...	...	...	1990	24.7	6.3
Korea	43.7	7235 ^a	54 (d)	1993		7.4 (g)	...	...	...	1990	5.0	...
Kyrgyz	4.5	2820 ^e	52 (d)	1993	68.2	6.7 (d)	10.1	18.9	5.0	1993	45.0	...
Lao PDR				...						1993	46	
Malaysia	18.6	5729	52	1989	159.6	4.6	1.3	5.6	0.9	1992	2.0	...
Mongolia	2.3	2020 ^e	75	...		...				1995	36.3	...
Nepal	19.9	1185 ^b	78	1984-85	39.0	...	24.4	57.6	17.7	1984-85	40.0	...
Pakistan	119.3	1432	72	1991	66.1	8.4	4.0	11.6	2.6	1990-91	34.0	20.9
Papua New Guinea										1996	35.4	11.3
Philippines	64.3	1690	72	1988	63.7	5.2	14.0	27.5	6.9	1990	21.0	...
Sri Lanka	17.4	2215	76	1990	80.1	8.9	0.9	4.0	1.0	1990-91	22.4	...
Thailand	58.0	3924	55	1992	159.7	3.7	0.0	0.1	0.0	1992	13.1	...
Viet Nam	69.3	...	84 ^d	...	...	7.8	...			1992/93	50.9	15.1

Notes: ... means not available.

^a1991.

^bIndian PWT 5.6 figure, times ratio of Nepal estimate to India estimate for 1992 on PWT 5.1 from World Bank (1994, 220). Latest PWT 5.6 estimates for Nepal is 959 (1985).

^cPWT 5.1 from World Bank (1994, 220).

^d1993.

^eAlso in 1993.

^fOnly Gini (34.9) available for 1992; poorest quartile received about 7.4 percent of household disposable income in surveys during the mid-1980s when Ginis were at this level.

Sources: Cols. 2, 4: *World Development Report* (World Bank 1994, 162-3, 178-9).

Col. 3: PWT 5.6 (Internet); RGDPL: Laspeyres measure of GDP per person US dollars of constant 1985 international purchasing power.

Cols. 5-6, 8-10: Ravallion (1996, personal communication). More recent data on \$1/day poverty include 22.2% in PRC (1995), 11.8% in Indonesia (1995), 50.3% in Nepal (1995), and 28.6% in Philippines (1991, but no data on poverty gap available).

Col. 7: Klaus Deininger & Lyn Squire, personal communication.

Cols. 11-13:

Bangladesh: Ravallion and Sen (1996) for 2112 Kcals.

PRC: Johansen (1993), food share not stated.

Kyrgyz Republic: World Bank (1995a).

Lao PDR: World Bank Poverty Assessment, Poverty Website, Poverty Monitoring Database.

Malaysia: Johansen (1993).

Mongolia: World Bank (1996b).

Nepal: World Bank (1991b).

Pakistan: World Bank (1995b).

Papua New Guinea: Ahuja et al. (1997, 72).

Philippines: Johansen (1993), food share 57% rural, 48% urban.

Sri Lanka: Ahmed & Ranjan (1995).

Thailand: Johansen (1993), food share rural 68%, urban 54%; but see Booth (1997) for a critique of Johansen's comparison of Thailand and Indonesia, arguing that this overestimates poverty in Thailand.

Viet Nam: World Bank (1995d).

Trends in National Poverty

It is difficult to standardize poverty lines across countries for long periods, so we focus on the comparative performance of countries in reducing poverty incidence below their national poverty lines. Table 3 summarizes the main findings.⁸ In India between 1960 and 1975-1976, food poverty fluctuated without trend at around 55 percent. This mirrors trends in GDP and consumption per person.⁹ Between 1950-1951 to 1974-1976, mean real private consumption (national accounts) rose by only 0.5 percent per year. Variations in poverty within this period were very large, accompanying fluctuations in farm output and relative food prices (Mellor and Desai 1985). After that, since 1973 average real consumption rose at over 3 percent per year in both urban and rural areas. Food poverty decreased slowly but steadily to a low of 34 percent in 1989/1990. In the early 1990s, poverty increased again, to 41 percent in 1992. But, as in the PRC, this was a temporary reversal. In 1993/1994, India's food poverty incidence was back to the 1987/1988 level (Tendulkar 1998).¹⁰ Preliminary World Bank evidence suggests that the number of poor increased, from 300 million in 1988-1989, to 340 million in 1997; this implies a small decline relative to the population but a fall in the elasticity of poverty to growth, which accelerated in 1992-1997.

The PRC made huge progress in poverty reduction in 1978-1985, but slipped back around 1989-1990. Recent data suggest that this may have been a brief setback. Poverty incidence is estimated to have remained the same between 1987 and 1993 (if the national poverty line is used), or declined slightly (with the higher dollar-poverty line). After 1993, the incidence appears to have declined rapidly again. The 1987-1993 overlap of rapid growth and stagnant poverty confirms worsening inequality. The trend in the Gini—from 29 in 1981 to 39 in 1995—is staggering, but only “puts it in the middle of the pack internationally” (World Bank 1997).¹¹ The PRC continued to grow fast in the second half of the 1990s, and rural poverty, at least, may have resumed its decrease.

⁸Unfortunately we can say little about trends in poverty intensity, since trend data are usually available for incidence only (except in the case of India, where different poverty indicators have tended to move in the same directions and at similar speeds).

⁹Growth of average expenditure is associated with about half the reduction in food poverty, and a 1 percent rise in average expenditure appears to reduce poverty incidence by 0.75 percent (Datt and Ravallion 1996). Indian data are published by Özler, Datt, and Ravallion (1996).

¹⁰Rural poverty declined from 44.9 in 1987-1988 to 36.7 in 1989-1990; increased to 46.1 in 1992; and declined to 39.7 in 1993/1994. The urban figures were 36.5, 34.7, 36.4, and 30.9. Tendulkar traces the sharper increase in rural poverty to weather-related factors, government action, devaluation, and partial reversal of disprotection of agriculture.

¹¹The PRC's Gini in the 1990s is similar to East Asia's (38.1), higher than South Asia's (31.8), but much lower than sub-Saharan Africa's (47.0).

Table 3: Long Trends in Poverty Incidence (Head Count Index)

	National Poverty Lines				
	1960	1970	1980	1990	1995
South Asia					
India	50.6	55.6	48.4 (1978)	34.1	36.3 (1992)
Bangladesh		72.7 (1973)	33.8 (85-86)	41.3 (88-89)	35.5 (95-96)
Pakistan	54 (1961)		23 (1984)		
Sri Lanka	37 (1963)		27 (1982)		
East Asia					
PRC		33.0	28.0	9.0	6.9 (1994)
Hong Kong, China		18 (1966)	11 (1971)	7 (1976)	
Indonesia		60	29	15	
Korea		23	10	5	
Malaysia		18	9	2	
Philippines		35.0	30.0	21.0	
Singapore		31 (1972)	10 (1982)		
Thailand		26	17	16	
Internationally Comparable Poverty Lines					
		1975	1985	1995	
East Asia^a		57.5	37.3	21.2	
PRC		59.5 ^b	37.9	22.2	
Indonesia		64.3	32.2	11.4	
Malaysia		17.4	10.8	< 1.0	
Philippines		35.7	32.4	25.5	
Thailand		8.1	10.0	< 1.0	

Notes: ^aData are only for those economies presented in the table, plus estimates for Papua New Guinea, Lao PDR, Mongolia, and Viet Nam, which are included by Ahuja et al. (1997) but omitted from our table because of doubts about reliability of data.

^bData are for 1978 and apply to rural PRC only.

Sources: The top part of the table shows the longest trends from one data source. The bottom part of the table is from Ahuja et al. (1997, 6).

India: NSS database (Özler et al. 1996).

PRC, Indonesia, Korea, Malaysia, Philippines, and Thailand: We rely on Johansen (1993), which compares trends in the proportion of population with consumption below 2150 kcals/person/day; these data (unlike others) are comparable for levels as well as trends, since they refer to similar poverty lines in different countries.

Pakistan and Sri Lanka: We show the long-term trends from World Bank (1990b).

Bangladesh: Reliable data exist only beginning 1983.

Hong Kong, China: Findlay and Wellisz (1993); per-household data.

Food poverty in Bangladesh increased during 1973/1974-1983/1984, resulting from Bangladesh's climatic, military, and political problems. There was a small overall reduction for all poverty measures during 1983/1984-1991/1992, despite increasing inequality toward the end of the 1980s. The drop in poverty was almost entirely attributable to gains to the urban poor (Ravallion and Sen 1996).¹² Earlier

¹²During 1983-1991, if distribution had remained unchanged, urban head count index (HCI) would have dropped by 10.8 instead of 7.3, and rural HCI by 2.4 instead of 0.9. If rural mean consumption had grown as fast as

estimates suggested an increase in rural poverty (but decrease in urban poverty) in the first half of the 1990s. But recent work by Wodon shows that poverty decreased rapidly between 1991-1992 and 1995-1996 (after having stagnated between 1983-1984 and 1991-1992), with a somewhat faster decrease in urban areas. Inequality showed a rising trend since 1983.¹³

Pakistan's long-run record of poverty reduction is good—though bad on literacy and health improvements, particularly of women. Food poverty declined from 54 percent in 1962 to 23 percent in 1984 (World Bank 1990b).¹⁴ The improvement slowed in the recession of 1979-1984, and poverty decreased by only 1 percent. But during adjustment, 1984/1985-1987/1988, and in the second half of the 1980s, the incidence and severity of poverty again decreased rapidly (Jayarajah, Branson, and Sen 1996; World Bank 1995b). Income distribution showed no trend during most of the 1970s and 1980s.

Data for Sri Lanka for 1963-1982 show slowly declining poverty, from 37 to 27 percent, because of sluggish economic growth, but also worsening income distribution (World Bank 1990b, Gunatilleke and Perera 1994). Poverty declined till the early 1980s, but then rose slightly to 27.3 percent in 1986. Inequality rose sharply in the first half of the 1980s. There was then a return to slowly declining poverty, reaching 22.4 percent in 1990-1991 (Ahmed and Ranjan 1995).

The 1997-1998 setback discussed below should not overshadow Indonesia's impressive long-run record of poverty reduction. Between 1970 and 1987, poverty incidences declined from 58 to 17 percent; poverty was halved from 1970 to 1980, and again from 1980 to 1990 (World Bank 1990b, Johansen 1993). During 1970-1975, poverty reduction was slow (World Bank 1990b). Rice production, the main source of income for the bulk of the poor, was sluggish. Rural infrastructure was being put in place, but its benefits were not realized until later. Poverty reduction was much faster after that, despite Indonesia's short recession and adjustment in 1984-1987. This was accompanied by improving income distribution, though more in rural than in urban areas.

Poverty in Thailand fell from 59 percent in 1962 to 26 percent in 1986, due mainly to growth but partly to a small fall in inequality (World Bank 1990b). The decline ended in the 1980s: the number of food-poor increased from 7.4 million in 1980 to 8.5 million in 1990.¹⁵ Income distribution worsened: the Gini increased from 38 in

urban, rural HCI would have fallen a further 10 percentage points. Rising inequality, urban and rural, means that a growth rate in national income of 5-6 percent per year would be to stop the number of poor rising. But Ravallion and Sen conclude that a switch to an equitable growth path would have little impact on HCI, given Bangladesh's high poverty incidence.

¹³The earlier data were presented by Sen (1998). The newest information is from Wodon (1999a, b).

¹⁴This was slightly faster than the simulated reduction with income distribution unchanged, i.e., income distribution improved somewhat.

¹⁵The percentage declined marginally from 17 to 16 percent during the 1980s (Johansen 1993), though it increased during the 1981-1986 recession. Booth (1997) argues that Johansen overestimates Thailand's poverty in comparison with Indonesia. She shows that the figures for level and even trend are dependent on the choice of poverty

the 1980s to 50 in the 1990s.¹⁶ Economic recovery during the late 1980s brought one of the highest growth rates within Asia (Krongkaew et al. 1994), and despite further worsening of income distribution, rural poverty declined from 26 percent in 1986 to 21 percent in 1988 and 18 percent in 1990 (Ratanakomut, Ashakul, and Kirananda 1994). Urban poverty declined from 22.2 in 1988 to 18.0 in 1990 and 13.1 in 1992 (Ahuja et al. 1997, 69).

Poverty incidence in Malaysia halved during the 1970s, and fell even faster during the 1980s. In 1990, two percent of the population lived below the food poverty line (Johansen 1993). There was considerable progress in reducing hard-core poverty (half the national poverty line) as well, to only 3.5 percent by 1987 (World Bank 1991a). Rapid real growth in 1970-1990 was accompanied, not by equal or improving distribution, but by public programs providing poorer groups with assets and institutional support: mass education, the land settlement program of the Federal Land Authority, "affirmative action" for the Malay majority, and a shift of workers out of rural occupations into better-paid modern employment.

The Philippines reduced poverty more slowly than other parts of Southeast Asia. Between 1970 and 1990, the number of poor remained around 13-14 million; food poverty incidence declined from 35 percent in 1970 to 30 percent in 1980 and 21 percent in 1990, and is higher in the Philippines than in most countries with comparable per capita incomes (Johansen 1993). Terms of trade became even more skewed against the agricultural sector in early economic adjustments after 1983, with ambiguous effect on the incomes of the poor: poor sugar minifarmers and plantation employees lost, but other net food buyers gained in the short run. Poverty in the Philippines reflects both low average incomes and inequality. That improved in 1971-1985, but the Gini fluctuated only a little in the past 30 years (Deiningner and Squire 1996). However, the fall in poverty speeded up after 1988, partly because this time many of the really poor shared in the gains from land reform.

Both economic crises and rising inequality have led to lags in poverty reduction, but overall there have been significant positive trends. The most recent major setback was the financial crisis of 1997, which has led to negative growth rates for two years in Thailand and Indonesia.¹⁷ Most sections of the population were affected badly. Unemployment in Thailand was thought to increase by 2 million and in Indonesia by 6 million at the end of 1998 (Robb 1998). Farmers from poor Northeastern Thailand demanded debt relief, and costs of living in Thailand increased by an estimated 60 percent (Commins and Whaites 1998). Public spending on health and education decreased, and children dropped out of Indonesian and Thai schools.

lines in the two countries, though she does not dispute that Indonesia had a better record of poverty reduction in the 1980s.

¹⁶In 1975 the poorest received 6.1 percent of national income; in 1981, 5.4 percent; and in 1986, 4.6 percent (cf. Bruno, Ravallion, and Squire 1996).

¹⁷Malaysia also was expected to experience significant increases in poverty, while in the Philippines, poverty reduction was expected to be slowed but not reversed (World Bank 1999a, b.).

Indonesia's rural population was thought to be particularly badly hit because of drought and bad harvest due to El Niño. But at the end of 1998, when more detailed data became available, a more complex and heterogeneous picture emerged, suggesting that the poor (especially the rural poor, except in Java) suffered less from the crisis than the better off (Poppele, Sumarto, and Pritchett 1998). Poverty incidences in Indonesia increased from 11.0 percent in 1997 to 14 percent in 1998; in Thailand the increase was from 11.4 to 12.9 percent (World Bank 1999a, b).

The recent increases in poverty in East Asia are related to the economic contractions. Conversely, poverty reduction in Asia has been generally associated with economic growth.¹⁸ Between 1960 and the mid-1990s, real GDP per person at least doubled in most Asian countries. Though private consumption in most countries grew more slowly than GDP, it grew much faster than population. Internationally, of the variance in poverty among and within most countries, about one third is associated with variance in average real GDP, and about half if GDP is replaced by average real private consumption per person from household surveys.¹⁹ *Distribution improves as often as it worsens* in growing economies (Ravallion and Chen 1996; Deininger and Squire 1996). In Asia, past growth and poverty reduction have been even more closely correlated than in other developing regions (Chatterjee 1995).

However, Asian growth seems to have become less propoor since the mid-1980s, and income distribution more unequal (Ahuja et al. 1997). We will argue below that distributive or specific propoor policies will be needed to restore the earlier impact of growth on poverty. Despite urbanization of some of the poor, many suffer interlocking disadvantages in location, health, education, demographic and ethnolinguistic factors, and work. For such people, a financial crisis like the one of 1997-1998 does not matter as much as the fact that growth in the future may not achieve as much poverty reduction as in the past.

¹⁸Asia's demographic transition, particularly the dramatic increases in the ratio of workers to population, has contributed significantly to economic growth as well as poverty reduction. The changing worker-dependent ratio greatly increased savings and labor input and GDP growth (cf. Asian Development Bank 1997, 141 ff.). Moreover, as demographic transition came to affect poorer families, they became more able to earn labor income with less mouths to feed. In the future, poorer areas will experience dramatic declines in the dependency ratio, which previously accompanied the huge falls in poverty in East Asia.

¹⁹See Lipton (1998) and evidence summarized there.

Poverty Characteristics

Though there is a strong link between economic growth and poverty reduction, at least half of the variance in poverty among and within countries is *not* explained by that link. Disparities in poverty within countries described in this section remain large, and in general are not decreasing. In some cases, growth in consumption has not spread to initially poorer places, groups, or households, or the poorer among the poor. If the affected people cannot “vote with their feet”, e.g., by changing their work, residence, or level of education, they will not share in the downtrend in poverty. Some disadvantaged groups have shared in growth and poverty reduction, but have not achieved commensurate improvements in “human capital”. For example, girls or ethnic minorities or remote rural people, even if they have kept up with national increases in consumption, often still cannot reach schools and clinics.

Rural–urban Differentials

A central argument of this paper substantiated below is that poverty reduction is likely to be fast if countries first spread labor-intensive farm growth. Rurality overlaps with other characteristics that are associated with poverty: rural people are poorer partly because they tend to live in remote areas, to have higher child/adult ratios, to work in insecure and low-productivity occupations, and (in most countries) to be female. Therefore, rural–urban differentials encapsulate a central issue in Asia’s continued transformation by “growth with poverty reduction”.

Data for rural–urban differences in poverty appear in Table 4. Comparisons are problematic because of problems in setting urban and rural poverty lines, and different and changing definitions of “urban”. But urban poverty incidences are clearly lower, often much lower, particularly in the largest cities.²⁰ So is average depth of poverty, except in Sri Lanka and Thailand. Usually distribution of consumption is more equal in rural than in urban areas.

In the PRC in 1990, urban poverty incidence was 0.4 percent (down from 4.4 percent in 1978) and rural incidence was 11.5 percent (down from 33 percent in 1978). The PRC has a 2.2 ratio between urban and rural mean income, and it has much lower intraurban than intrarural inequality on official data. However, these register urban migrants in their rural places of origin, and hence probably understate inequality and poverty in rural areas, overstate them in towns, and overstate the rural–urban difference in poverty. But even allowing for the data problems, the gap remains exceptional.

²⁰Rural poverty in developing countries ranged from 1.3 to 5.1 times urban incidence (Lipton and Ravallion 1995). Rural areas also usually have much worse health and education services.

Table 4: Rural–urban Differences in Poverty

	Mean Consumption Urban–rural Ratio	Poverty Head Count Index			Poverty Gap Index	
		Rural	Urban	Rural–urban Ratio	Rural	Urban
Bangladesh 1991/92	...	52.9	33.6	1.58	14.6	8.4
Bangladesh 1991/92		47.6	46.7	1.02		
Bangladesh 1995/96	1.9	54.9	28.3	1.9	15.8	6.9
Bangladesh 1983/84		42.6	28.0	1.5		
Bangladesh 1995/96		39.8	14.3	2.7		
Cambodia		21.9	19.6 (6.2)	1.1/3.5	4.0	4.4 (1.3)
PRC 1990	2.2	11.5	0.4	28.9		
PRC 1995		31.0	0.8	38.8	9.5	0.2
India 1989-92	...	39.2	33.2	1.18	9.3	8.5
Indonesia 1987	...	18.5	8.3	2.23		
Indonesia 1990	...	14.3	16.8	0.85	2.1	3.2
Indonesia 1990		23.6	10.7	2.21	4.3	1.7
Kyrgyz Republic 1993	...	48	29	1.65		
Lao PDR 1993	...	53.0	24.0	2.21		
Malaysia 1987	...	24.7	7.3	3.39	...	...
Mongolia 1995		33.1	38.5	0.86		
Nepal 1984/85	...	42	15	2.80		
Pakistan 1990/91	1.20	36.9	28.0	1.32	7.8	5.7
Philippines 1991	...	52.4	36.7	1.43	19.0	13.9
Papua New Guinea 1996		39.4	13.5	2.92	12.8	3.4
Sri Lanka 1985/86	...	45.7	27.6	1.66	18.0	21.8
Sri Lanka 1991	...	24.4	18.3	1.33		
Thailand 1992	...	15.8	10.2	1.55		
Viet Nam 1993	...	57.2	25.9	2.11		

Sources and notes:

... means not available.

Bangladesh: 1st row: Ravallion and Sen (1996). 2nd row: Ravallion and Sen (1996), both national poverty lines. 3rd row: Sen (1998), preliminary estimates. 4th and 5th rows: Wodon (1999a, b).

Cambodia: Urban figures in brackets are for Phnom Penh only, first figure if for other urban areas.

PRC 1990: World Bank (1992); PRC 1995: Ahuja et al. (1997, 15), \$1/day poverty; other data by Ahuja et al. based on national poverty lines.

India: Average calculated from Özler et al. (1996).

Indonesia: Firdausy (1994). 1st row are World Bank estimates; 2nd row are government estimates using the official poverty line that assumes 70 percent urban–rural price differential for the poor, as against 10 percent judged appropriate by the World Bank. 3rd row figures are from Ahuja et al. (1997, 15).

Kyrgyz Republic: World Bank (1995a). Figures refer to households; since average family size is slightly higher in rural areas and the rural–urban gap is larger for the number of poor people.

Lao PDR: World Bank (1999a, b) and Ravallion (1996, personal communication).

Malaysia: Ahuja et al. (1997, 15).

Mongolia: World Bank (1996a).

Nepal: World Bank (1991b).

Pakistan: World Bank (1995b).

Papua New Guinea: Ahuja et al. (1997, 15).

Philippines: Subbarao et al. (1996).

Sri Lanka: 1st row: Gunatilleke (1992), 2nd row: Ravallion (1996, personal communication).

Thailand: Ravallion (1996, personal communication); Ahuja et al. (1997) provide more detailed data.

Viet Nam: World Bank (1995d).

In 1978-1984, rural poverty decreased due to booming grain yields, fairly equal redistribution of land to households, rising procurement prices, growing access to free-market sales, and phasing-in of market prices for food grains.²¹ But since then, rural inequality has been rising, because decollectivized farmers face greater risks, specialization within agriculture, and rapid growth of nonfarm income. The growth of rural nonfarm activity played a major role in reducing poverty. It has reached many poor counties, but most gains go to better-off people (Howes 1993, Howes and Hussain 1994, World Bank 1997).

Urban inequality in 1980 was very low by international standards, but after that increased as well: the income share of the poorest tenth of urban households fell from 6.2 percent in 1980 to 5.0 percent in 1994.²² The reforms since the early 1980s focused on the urban sector, and have led to rapidly rising urban wages and increasing intra-urban inequality. Low-income employment, and probably some unrecorded unemployment among new job seekers from rural areas have been rising since the mid-1980s.

Rural poverty also greatly exceeded urban poverty in Indonesia, Lao PDR, Malaysia, Nepal, Papua New Guinea, and Viet Nam. In Malaysia (where by 1987 half the population lived in urban areas) the ratio of mean urban to rural income fell from 2.1 in 1970 to 1.7 in 1990 (Shari 1992). Yet though urban income was more unequally distributed than rural income, incidence of poverty fell much more sharply in urban areas. This divergence was interrupted in 1984-1987: as rural poverty fell further, urban poverty rose slightly, reflecting favorable international commodity prices and urban recession. In Viet Nam in 1993, 90 percent of the poor are rural, and rural poverty is much higher (57 percent) than in towns (26 percent) (World Bank 1995d; Irvin 1997, 789). Laos presents similar disparities, but probably slower recent falls in poverty.

Indonesia shows large, but decreasing, rural-urban poverty divergence. From the mid-1970s, the rice-based green revolution spread to millions of small farmers. This continued during adjustment, due partly to two features of the adjustment program: there were sizeable gains in cash-crop incomes when devaluation led to higher agricultural exports; and fiscal allocations directly benefiting the poor were protected (World Bank 1990a).²³ From World Bank estimates, rural incidence fell from 32.6 percent in 1984 to 18.5 percent in 1987, while urban incidence fell from 14.0 to 8.3 percent. Between 1987 and 1990, the rural poverty gap index fell by one-quarter, while the urban index stayed the same (Firdausy 1994). Gains to the rural poor have been mainly due to rising mean rural income and consumption, though during 1984-

²¹However, current grain price policies depress rural incomes (World Bank 1992). Most of the PRC's rural poor are net grain buyers, though many are net sellers.

²²In 1980, the urban Gini was 16, compared with 36 to 52 in other countries (Gang, Perkins, and Sabin 1996).

²³Indonesia's low initial inequality also helped poverty reduction—even when adjustment allowed only modest growth in consumption—as did government's past investments in social and physical infrastructure, especially in Java.

1987, 30 percent of rural poverty reduction was due to improved income distribution. The 1997 crisis was more serious for urban areas, where average spending fell by 34 percent. The rural decline was smaller, though still large: 13 percent (Poppele et al. 1998).²⁴

In Thailand in 1988, urban food poverty incidence was half the rural²⁵ due to higher average urban consumption; indeed urban inequality exceeded rural (the respective Ginis were 44 and 40). The increase in poverty in the mid-1980s was mainly due to the significant drop in farm prices in 1986. Some low-income households are net sellers; more lost through falling employment income. In contrast, poverty incidence in Bangkok halved between 1976 and 1986.

Rural-urban poverty differences in India are smaller than in most Asian countries. However, rural poverty incidences were higher than urban in all years during 1951-1992.²⁶ During 1951-1953, rural poverty incidence was 48 percent and urban poverty 38 percent, but by 1989-1991 rural poverty incidence (35 percent) was hardly above urban poverty incidence (33 percent). The gaps have opened again recently. The decline in rural poverty—as in PRC, Indonesia, and Malaysia—owed much to the employment effects of the green revolution. The crucial issue for continued rural poverty reduction is whether, as growth in cereals output and employment slows down, it can be replaced by labor-intensive expansion of services and manufactures. Urbanization in itself is not helping much to reduce Indian poverty for three reasons: it is seldom the poorest who migrate successfully to towns (Connell et al. 1976); most townward migration is intrastate and states with high rural poverty tend also to have high urban poverty;²⁷ and the import-substituting, capital-intensive bias of India's industry has done little for poverty reduction.²⁸

Other countries with lower rural-urban differences include Kyrgyz Republic, Pakistan, Sri Lanka, and perhaps Bangladesh.²⁹ In Sri Lanka where urbanization has remained low, 22 percent of the total population lived below the \$1 poverty line, 24 percent being in the rural area and 18 percent in urban areas (Ahmed and Ranjan

²⁴Poverty in urban Korea also increased rapidly, from 8.6 to 19.2 percent based on the national poverty line (World Bank 1999a, b).

²⁵Data are on a per-household basis. Only for urban areas in 1988 are per-person data available. Ratanakomut et al. (1994) estimate that 14.6 percent of urban persons and 11.7 percent of households are below a (slightly different) poverty line.

²⁶Data are from Özler et al. (1996) and NSS data (poverty lines of 2400 kcals/person/day for rural, and 2100 for urban). To avoid overstressing the impact of a single monsoon, we use three-year averages. Except for some years during 1988-1991, severity and intensity poverty indices for rural areas were also above those for urban.

²⁷*Rates of change* in a state's urban and rural poverty are positively correlated (Mathur 1994).

²⁸Places and times of faster agricultural growth showed faster urban and rural poverty reduction, but neither was helped by industrial growth (Datt and Ravallion 1996).

²⁹Different data for Bangladesh present different pictures. Sen (1998) suggests relatively high rural-urban differences, and the provisional figures for 1995/1996 indicate rapid divergence. Wodon (1999a) shows more rapid decline in urban poverty in the first half of the 1990s, yet rural growth is more poverty-reducing than urban growth, because rural growth increases inequality less than urban growth.

1995).³⁰ The severity of poverty may even be higher in urban areas. The rural percentage of *households* in poverty declined between 1980/1981 and 1985/1986, despite worsening inequality and a national trend of slightly increasing poverty (Gunatilleke and Perera 1994).

Pakistan's gap between rural and urban food poverty incidences (28 percent and 36 percent in 1990 and 1991, respectively) is somewhat above the gaps elsewhere in South Asia. Poverty incidence in small towns is close to rural levels, and significant pockets of poverty exist in large metropolitan cities (Beall 1997). During 1984/1985-1990/1991, the rate of reduction in poverty incidences has been similar in urban and rural areas.³¹ Rural nonfarm income is an important source of income for the poor, and decreases inequality (Adams 1994). Nontraditional exports, agricultural modernization, and the growth of small-scale industries have assisted in poverty alleviation (World Bank 1995b).

Time trends are diverse, but the data show little sign of convergence. In India the rural-urban gap narrowed when both urban and rural poverty fell between 1975 and 1988; it widened again when poverty increased between 1989 and 1992. In the PRC, the gap has widened: while rural poverty fell rapidly in 1978-1985, urban poverty fell faster. The gap has also increased in Bangladesh (particularly in the first half of the 1990s), Malaysia, and modestly in the Philippines and Pakistan. Indonesia and Southeast PRC exemplify successful *transitions in poverty-reducing growth processes*: from green revolutions to incorporation of the rural and urban poor in manufacturing and services. The future of rural poverty—and rural-urban disparity—is bound with capacity to educate, and otherwise equip the children of the poor to make this enriching transition. Where this is neglected, prospects for rural poverty and the rural-urban poverty disparity are bleak. For many Asian countries this is increasingly a problem of regional poverty islands.

Regional Differences

Regional differences in poverty indicators within Asian countries are large, and are generally not converging (Table 5). A widespread pattern in a country is that growth is faster in some regions, and better at transmitting its benefits to (or allowing mobility for) the poor in an overlapping set of regions; the regions "left out" are almost by definition those that contain the core poor, who are less likely to gain from growth, past or future.

³⁰Rural-urban poverty comparisons in Sri Lanka are complicated. Up to 1985-1986 official data divided the surveyed rural population into "estate" (plantation) and other "rural"; the assumptions behind this division are less and less valid.

³¹This is contradicted by Qureshi et al. (1996) who note a slight increase after 1984/1985 in the proportion of the poor living in rural areas.

Table 5: **Regional Variations in Consumption and Poverty**

	Mean Consumption	CV	Mean HCI	CV	Units
PRC 1990			10.5	0.69	27 provinces
PRC, Rural 1994	433	0.32			16 provinces
PRC, Urban 1994	806	0.21			16 provinces
India					
– 1973-74 total			52.9	0.21	16 states
– 1987-88 total			36.9	0.33	16 states
India, Rural					
– 1972-73	53.9	0.21	57.2	0.27	16 states
– 1973-74	52.5	0.13	57.1	0.17	16 states
– 1986-87	65.5	0.15	40.9	0.25	16 states
– 1987-88	64.5	0.17	42.9	0.30	16 states
– 1992	63.4	0.20	44.4	0.34	16 states
India, Urban					
– 1972-73	74.7	0.14	46.0	0.25	16 states
– 1973-74	69.4	0.13	50.0	0.22	16 states
– 1986-87	87.3	0.13	36.7	0.31	16 states
– 1987-88	87.0	0.14	35.1	0.33	16 states
– 1992	93.1	0.15	32.1	0.37	16 states
Indonesia					
– Rural 1980			33.5	0.55	17 regions
– Rural 1990			16.0	0.34	18 regions
– Urban 1980			36.7	0.38	18 regions
– Urban 1990			17.3	0.35	19 regions
Pakistan 1990/91			31.4	0.26	
– Rural			32.7	0.27	4 states
– Urban			29.3	0.19	4 states
Philippines					
– 1991 (individuals)			28.3	0.33	14 regions
– 1985 (households)			46.7	0.26	14 regions
– 1991 (households)			41.9	0.24	15 regions
Thailand 1988			23.5	0.39	4 regions
Viet Nam 1993					
– Rural			56.1	0.17	7 regions
– Urban			28.9	0.37	6 regions

Note: Data are not comparable between countries.

CV means coefficient of variation.

HCI means head count index.

Sources: India national data: Centre for Monitoring the Indian Economy. Rural and urban data from Özler et al. (1996). PRC 1990: World Bank (1997); Gang et al. (1996). Pakistan: World Bank (1995b). Indonesia: Firdausy (1994). Philippines: Subbarao et al. (1996). Thailand: Ratanakomut et al. (1994). Viet Nam: World Bank (1995d).

Many Asian countries lack regionally disaggregated poverty data, but three patterns can be discerned: India (and probably Pakistan) have seen a gradual fall in poverty, with static or slightly rising differences; poverty and regional variability fell in Indonesia; and falls in poverty were accompanied by rising regional poverty differences in the PRC and Thailand.

In India in 1992, rural poverty varied from 15 percent in Punjab to 60 percent or more in Maharashtra and Bihar. Urban incidence varied from 7 percent in Assam to 49 percent in Orissa. But Indian states are very large and state-level data may not sufficiently capture the concentration of poverty. Data for 1987-1988 on rural poverty and inequality in 61 regions, usually containing 7-15 million persons, show that rural poverty varied from below 9 percent in the Himalayan Uttar Pradesh and Western Haryana, to 77 percent in Southern Orissa (where, in the early 1990s, Kalahandi district experienced starvation).³² While regions' average per capita expenditure rose and converged, poverty incidences fell but diverged.³³ At state level, too, the coefficient of variation of rural poverty incidence rose from 1973-1974. But so did the coefficient of variation of mean consumption.

In Pakistan in 1990-1991, food poverty incidence was 34 percent nationally. Rural South Punjab had the highest poverty incidence in any large rural or urban area (48 percent). The rural areas of India's neighbouring Punjab, similarly a largely irrigated green-revolution lead area, showed India's lowest food poverty incidence; the contrast reflects the Pakistan Punjab's greater land inequality and hence greater labor-displacing mechanization in agriculture. Sind (with just over a fifth of Pakistan's population) lay slightly below its urban and rural poverty incidences, Baluchistan (4 percent) well below, and North-West Frontier Province somewhat above (World Bank 1995b).

Indonesia provides a strikingly different case. Though poverty incidences still vary a lot regionally, during the 1980s (while overall poverty incidence halved) the differences among states declined rapidly.³⁴ Poverty is concentrated in Java, where 61 percent of the population live. The poorest districts are upland areas, particularly the limestone hills of Central and East Java; Madura; areas further away from urban concentrations; and fishing villages on the coast of West and East Java. Mean household expenditure in Treggalek district is less than 60 percent of Java's mean. Low-lying, irrigated rice villages are better off (World Bank 1990a).

The crisis of 1997-1998 was mainly urban, i.e., affecting mainly areas of lower poverty, but Java was hard-hit, even in rural areas. Some other islands (e.g., Sumatra) experienced minimal damage, and other areas were affected by drought (East Timor) or fires (East Kalimantan) (Poppele et al. 1998).

³²The coefficient of variation (CV) of poverty incidences among rural regions in 1987-1988 was 0.42 (0.37 for total rural and urban poverty on the basis of state-level data); see Drèze and Srinivasan (1996).

³³The mean fell from 47.3 to 34.1 per cent, but the CV rose from 0.36 to 0.42. The CV for the Gini decreased from 14.3 to 13.4 while mean barely changed from 28.4 to 28.2.

³⁴For areas with data for both 1980 and 1990, the CV for rural poverty incidences fell from 0.55 to 0.34 (the mean fell from 33 to 15.8), and for urban poverty incidences from 0.38 to 0.35 (the mean fell from 37 to 17.5). See Ahuja et al. (1997, 16).

Poverty in the PRC is increasingly confined to “backward” regions.³⁵ As in Thailand, growth in the 1990s has been fastest where there was little poverty left: the urban southeastern coastal belt and its rural hinterland. Initially poorer areas have gained much less from the unprecedented economic growth. Poverty is much higher in resource-constrained remote upland areas, with land so bad that it is not possible to achieve subsistence levels of crop production (World Bank 1992, x, xvii, 67-8.). The proportion below the national poverty line is below 1 percent in Beijing, Shanghai, Tianjin, and Guangdong, but 20 percent or more in Inner Mongolia and Qinghai. Rural and urban inequality have been rising sharply, especially since about 1983, but much of this inequality is regional.³⁶ Five reasons for increasing inequality have been identified: the interior lags the coast in human capital development; investment levels are much higher on the coast; returns have increased to natural and geographical advantages; regional policies have favored coastal areas; and fiscal decentralization has increased disparities (World Bank 1997, 22).

In Thailand, with food poverty at 23 percent in 1988, incidence was highest in the Northeast (36 percent) and lowest in Greater Bangkok (4 percent) and Central Thailand (15 percent); the other regions (North and South Thailand) were close to the national average. Regional dispersion of poverty changed little in 1981-1988 despite rapid growth (Krongkaew et al. 1994, 618). However, rapid economic growth in the 1980s was centered in Bangkok, and bypassed especially the central and southern region (Booth 1997, 177). In contrast to Indonesia during the 1980s, in Thailand the most rapid growth in nonagricultural employment was in the regions with the lowest poverty incidences.³⁷ The data also show substantial and nonconverging regional poverty differences in the Kyrgyz Republic, Malaysia, Nepal, Philippines, and Viet Nam.³⁸

Thus, differences in regional poverty within Asia’s poorer countries have not converged. The exceptions are Indonesia and Malaysia, perhaps because they have fewer linguistic, educational, and institutional barriers to labor and capital mobility.

³⁵These overlap very imperfectly with officially designated poor areas; roughly half the poor live outside them (World Bank 1997, 45).

³⁶A person’s risk of being poor depends much more on the average income of her country than on income distribution within that country (Howes 1993, Howes and Hussain 1994).

³⁷Also, in comparison with Indonesia, the Thai government gave less protection to prices of key staples such as rice (Booth 1997, 180).

³⁸In the Philippines, the most striking regional gaps showed the National Capital Region (4 percent poverty) and Central Luzon (16 percent) contrasting with Northern Mindanao (41 percent) and Bicol (39 percent). Between 1985 and 1991, poverty incidences increased substantially in Ilocos, and significantly in Cagayan and Central Luzon. In Malaysia, in 1989 there was much higher poverty in Sabah (32 percent of households) and Sarawak (28 percent) than the Peninsula (12 percent). By 1995 incidences had declined rapidly in Sarawak, but less so in Sabah. In Nepal in 1984-1985, 28 percent of people in the Terai were below the food poverty line, as against 52 percent in the hill region. In Viet Nam, food poverty incidence ranged from 71 percent in the North Central region and 59 percent in the Northern Upland region, to 33 percent in the Southeast, which includes Ho Chi Minh City. In the Kyrgyz Republic, food poverty in 1992-1993 was higher in the South (48 percent) than in the North (34 percent); regional incidences vary from 20 percent (Biskek) to 54 percent (Naryn). See Balisacan (1994, 450) for Philippines; Shari (1992) for Nepal; and World Bank (1995a) for Kyrgyz Republic.

Indonesia's government provided some help for population redistribution (though the main gains for the poor came mainly from private resettlement), whereas Malaysia has had strong preferential policies for initially poorer Malays. In South Asia, especially for the poorest, there are huge regional disparities in language, education, and women's advancement, and the growth poles have been less dynamic and less labor-absorptive than in Southeast Asia. The PRC has probably had the most rapid regional divergence, following the transition to a market system.

Most of Asia, for all its huge gains in poverty reduction, is in danger of leaving behind a core of regions less affected by growth or less able to translate it into rapid progress for the poor. The poor in such regions are disproportionately often illiterate, rural, remote, with high child/adult ratios, and from minority language or ethnic groups. They are thus badly placed either to seize local prospects or to migrate to distant ones. Unless this log-jam of interactive disadvantages is weakened, Asia's growth will be less poverty-reducing in the future than in the past.

Gender and Poverty

Though the household surveys do not, on the whole, show that women in Asia are more vulnerable than men to consumption poverty, in many areas women are substantially worse off than men. The most severe outcome is the millions of "missing girls" in South Asia and the PRC (Bhargava and Osmani 1996, Drèze and Sen 1989) This is not always a matter of poverty: the sex ratio is most adverse in the two Indian states with lowest poverty incidence, Haryana and Punjab.³⁹ Regional female rural labor force participation is very variable: from 2.6 percent in India's Punjab to 47 percent in Andhra Pradesh in 1981. It is in districts with low female workforce participation, not necessarily the poorest, that girls are seen as a burden and that their survival prospects are worse relative to boys (Agarwal 1995).⁴⁰ Rural women in India in 1983 had a 12 percent higher probability of being poor than men (Dev, Parikh, and Suryanarayana 1994, 239),⁴¹ though this is offset by the excess of men among the poorest urban adults.

In most Asian countries women or female-headed households are only slightly likelier to be poor than men (Lipton 1983a, Visaria 1980). In rural Thailand and in Cambodia, female-headed households are less likely to be poor than male-headed

³⁹ Arunachal Pradesh, Nagaland, and Uttar Pradesh have fewer than 900 women per 1,000 men. By contrast, in the PRC there is a bias against girls in allocation of health goods in a poorer province (Sichuan) but not in a richer province (Jiangsu) (World Bank 1997).

⁴⁰ Women's relative survival prospects are generally brightest in countries where their workforce share is largest (around 35 percent for Hong Kong, China; Korea; and Singapore; and over 40 percent for PRC, Mongolia, Thailand, and Viet Nam). Discrimination in nutrition is marked in Pakistan where the female workforce share is only 13 percent.

⁴¹ The ratio of rural adult males to females rose steadily from 0.82 for the poorest 5 percent of persons to 1.16 for the richest 7 percent.

ones (Krongkaew et al. 1994, Prescott and Pradhan 1997). In Indonesia, Philippines, Viet Nam, and to a small extent Kyrgyz Republic, rural households headed by females were somewhat likelier to be poor than male-headed households; but the opposite is the case in cities (World Bank 1995a, d; Firdausy 1994; Balisacan 1994, 459).⁴²

However, women are more *vulnerable* than men. Women work longer hours to achieve given levels of poverty; the “double day” adds home and family duties to employment. Women have less chance to escape poverty than men. Seventy percent of poor women in India remain illiterate (Dev, Parikh, and Suryanarayana 1994, 249). Poor rural women are almost uniformly illiterate in Bihar, Madhya Pradesh, Orissa, and Rajasthan (World Bank 1989). In much of South Asia and remoter areas of the PRC, lack of education is partly responsible for the fact that women are less likely to move to towns than men. When they do, their rates of workforce participation are often much lower in urban than in rural areas (Lipton 1983b). Even at East Asian growth levels and in “female-employing” sectors like textiles, leather, or light electronics, alleviating this gender disparity depends in part on the spread of female education. It is unusual to find, as with textiles in Bangladesh, that women with little education gain from expanded employment in modern manufacturing.

The removal of gender (as of other) disadvantages in the face of poverty has been as much a cause of growth as an effect: depriving a good farmer of land, or a bright child of schooling, because she is female is not only unfair but also a barrier to growth. Cultural and policy factors impinge on gender disadvantage in poverty, as upon urban and regional bias: Laos, Sri Lanka, and Viet Nam show much less female disadvantage, and hence less excess female vulnerability in the face of poverty, than would be expected at their income levels. Income-poverty disadvantage of women or female-headed households in Asia tends to be small; their disadvantage lies mainly in less leisure, fewer opportunities, greater vulnerability, and worse health or less education.

Demographics of Poverty

Poor households tend to be significantly larger than others, even allowing for scale economies within households, and to have higher dependency ratios. In rural India in 1983, average size of food-poor households was 5.7, and of others 4.9 (Dev et al. 1994, 239).⁴³ In urban slums the respective sizes were 5.9 and 5.2 (Mathur 1994, 51). In Bangladesh in 1987/1988, they were 6.5 and 5.8, and child/woman ratios among the food-poor were higher (Quibria and Srinivasan 1994, Wodon 1999b). Rural poor households in Thailand have a dependency ratio of 0.43, and nonpoor

⁴²Incidence of poverty among male-headed and female-headed households is about the same in Pakistan (World Bank 1995b).

⁴³The child/woman ratio for the poorest decile of households is 1.9, whereas for the richest decile it is 0.9.

0.38 (Krongkaew et al. 1994, 632). In Indonesia, households in the poorest decile have on average 1.7 children, as against 1.2 in households in the other deciles (World Bank 1990a).⁴⁴ These facts disguise the very high incidence of poverty in really large nuclear families with six or more siblings, and the large size of most households in the poorest decile. In the Philippines, 24 percent of three-member households are poor, as against 56 percent of households with six members or more (Balisacan 1994, 439). Some of this is “transient poverty”, but it hits people in early childhood, when they are most vulnerable to the effects of poverty on health and education.

While access to modern contraceptives does reduce family size,⁴⁵ poor couples tend to have many children mainly as a rational strategy (Schultz 1981). Compared to the rich, the typical poor couple faces higher child mortality, cheaper child rearing, and more need for income from child labor. Yet the consequences of their rational decision to have many children may push down employment and real wages per worker when the children reach employable age. More children provide a safety net only when there are sufficient gainful employment opportunities.

In Asia, dependency ratios have fallen rapidly, implying a trend toward smaller families in which a few educated children “replace” many illiterate child workers. But the better off lead this trend, and the poor follow. Since child mortality remains worse among the poor for a longer period, they continue to have more children much longer. This calls for spreading accessible modern contraception, but more importantly reduced child mortality, better access to primary education especially for girls, and modern female employment.

As poorer families have more children, the young tend to be overrepresented among the poor. But so are the elderly, at least in some cases. In Indonesia, there is no significant link between age of household head and poverty—but these averages hide the fact that some of the aged are at high poverty risk, and that family support networks often fail to provide safety nets, particularly for women (World Bank 1990a). In India, many widows are not supported by their families, and in Beijing and Liaoning widows carry twice the risk of poverty (Dreze 1990b, World Bank 1992). In Thailand heads of rural poor households are on average younger (45.5) than those of the rural nonpoor (47.1), but in Malaysia the age of the head of poor households is a little higher (46-61) than of the nonpoor (44-55). In the Kyrgyz Republic, very poor urban households are often headed by pensioners (Krongkaew et al. 1994, Siwar 1994, World Bank 1995a).

As the poor cannot afford to send their children to school, they have lower levels of secondary and even primary education, higher illiteracy, and worse health. The

⁴⁴In Beijing, households in the poorest decile are 38 percent larger than others; in Liaoning the difference is 43 percent; in the most advanced cities of Guangdong and Shandong, only 11 percent (World Bank 1992, 46). World Bank poverty assessments for Pakistan (World Bank 1995b, 123), Kyrgyz Republic, as well as for Malaysia found that poor households are larger (World Bank 1991a).

⁴⁵Even in very poor countries, people reduce fertility in response to information (cf. Caldwell and Caldwell 1998, Kirk and Pillet 1998).

differentials are higher for women, and in rural areas (Lewin 1996).⁴⁶ Everywhere (the data are clearest in Pakistan) the poor are less educated than the nonpoor. In urban Bangladesh, a household with both the head and the spouse having completed secondary school has an expected per capita consumption almost double that of a similar household with illiterate head and spouse (World Bank 1995b, Wodon 1999b). Educational disadvantage reduces the chances of obtaining a decent income on the labor market, as described below.

Poverty and Labor

Since the poor have higher child/adult ratios than others, they have lower labor force participation rates. Even after dependency ratios fall among the rich, poorer households, depending more heavily on labor, may lose out because their dependency ratios remain high, while unskilled labor supply continues to outpace population nationally. Only when labor supply falls relative to population—the main single indicator (given the development level) of labor demand—are the poor likely to gain from the net reduced supply pressures on labor markets.

The poor respond to poverty and to high child/adult ratios by aiming for relatively high age and gender-specific participation rates. Although urbanization has tended to decrease opportunities to increase participation in India, particularly of women, this is not so in some other countries, even in Bangladesh. In the Philippines, members of poor households tend to have multiple jobs (Subbarao, Ahmed, and Teklu 1996).⁴⁷ Low productivity of land may be a more significant correlate of poverty than low rural participation rates (as in the PRC), but these are kept down by inadequate treatment of disability and disease in remote areas with weak health services. Adult males in all income groups almost always participate; it is among women and children that the poor usually show higher participation rates. But there is an upper limit: the extremely poor do not show higher rates than the somewhat less poor (Lipton 1983b).

The poor rely for a much larger proportion of income than the rich upon employment and self-employment, rather than assets. This is increasingly so with the reduction of farm size under demographic pressure, and urbanization.⁴⁸ In Pakistan, the highest concentration of rural poor is found among landless, tenants, and small landowners. In Bangladesh, 30 percent of the poor's agricultural income in 1987/1988 was from wages. And in the Kyrgyz Republic the poor are less likely to be involved in entrepreneurial activities, and have fewer assets (Qureshi et al. 1996,

⁴⁶Per-person subsidies concentrated on tertiary education are inefficient as well as regressive against the poor.

⁴⁷Many poor households receive remittances. But the poorest typically do not profit most from income opportunities outside their own region. Especially remittances from abroad tend to accentuate income inequality among regions and households (Ilocos, a poor region, is an exception because of a long tradition of emigration).

⁴⁸In 1977-1978 rural poverty incidence in India was 32 percent among the self-employed, 49 percent for regular wage and salary workers, and 58 percent for casual workers (Dev et al. 1994, 269).

33; Quibria and Srinivasan 1994; World Bank 1995a). The dependence of the agricultural workforce on income from wage-labor is much less in the PRC than in most Asian countries, because of the fairly equal distribution of land within each village (World Bank 1992). However a growing share of the PRC's workforce is employed in nonfarm activities, usually earning higher incomes, but with less direct control over assets.

Poverty differs across economic sectors. In 1977-1978 in India poverty incidence was almost three times as high for households working mainly in construction or manufacturing, as against electricity, gas, and water. Generally, persons engaged in agriculture carry a somewhat higher poverty risk than other rural workers. In Bangladesh, the poor relied on agriculture for two thirds of their income (58 percent for nonpoor) (Dev et al. 1994, 273-4). In Thailand, the poor are more likely to be farmers or farm laborers with little or no land. In Indonesia poverty incidence is highest for laborers in agriculture, construction, and mining (Firdausy 1994, Ravalion and Hupi 1991). Poverty incidence in the Philippines is highest among farm laborers, fishermen, and self-employed farmers. Maize farmers are specially exposed to food poverty, having benefited less than rice or even sugar farmers from either technical progress or land reform (Subbarao et al. 1996, Balisacan 1994).

The poor spend relatively much of their time in unemployment. The better off can afford to choose long-term unemployment while "waiting" for the job they want. But the poor are much more likely to be in casual employment, less likely to be self-employed, and hence more exposed to short-term unemployment. In 1977/1978 Indian rural unemployment (time-rate) was 8 percent, but about 12 percent in the poorest decile (male and urban rates were higher). In the Philippines poor families in agriculture have high levels of underemployment (Lipton 1983b, Balisacan 1994).

Because a large proportion of the poor in Asia depends on casual work, fluctuations in employment (and wage rates) are more for poor households, villages, and districts than for less poor ones (Visaria 1980).⁴⁹ Fluctuations are an important source of transient poverty in rural PRC, and casual work is becoming increasingly important.⁵⁰ In India, the proportion of people mainly dependent on semiarid agriculture, and hence liable to poverty because of its fluctuations, will continue to fall, but slowly. Existing strategies for agricultural research, rural diversification, and townward migration have not addressed the semiarid "poverty heartlands" effectively.

Labor market discrimination plays a role. In India, there is "statistical discrimination": employers offer lower wages to women and lower castes, for example (Foster and Rosenzweig 1993). This is not the result of lower productivity of individual applicants for employment—usually unobservable by employers—but of the fact that

⁴⁹ High unemployment rates, low participation rates, and low wage-rates appear to coincide (Lipton 1983b).

⁵⁰ Mean agricultural output per worker fluctuated sharply, much more than elsewhere, in counties containing the poorest 5 percent of rural people—the only counties where average total (farm and nonfarm) output fell in 1985-1991 (Howes and Hussain 1994).

female or low-caste status signals expected lower productivity for the group, due partly to its lower access to education. Relatedly, women and low-caste persons are often assigned tasks for which productivity and returns are small. Further, the “double day” is among factors assigning women mainly to casual, routine, and short-period employment, with lower wage-rates and fewer prospects of advancement. Perhaps surprisingly, the effect of discrimination in labor markets in India, by gender or caste, upon payment for the same task, if adjusted for productivity and day length seems to be small at only 5-10 percent (Lipton 1983b). In Indonesia, Mongolia, Nepal, and Viet Nam, according to poverty assessments, economic status is strongly determined by educational achievement. In Korea, large differences in earnings in firms of different size exist, but these are also largely due to skill differences. There is strong discrimination against women: their labor force participation is low, and has increased slowly; they have jobs of lower status; and their wage-rates are far lower (Mazumdar 1994).⁵¹

Poverty and Assets

Poverty is linked to ownership of assets, especially land. Concentration of cattle is usually lower than that of land and that of small stock is probably smaller still. Households depending mainly on income from farming or farm labor still contain well over 60 percent of Indians. In 1987-1988, among the 35 percent of people in cultivating households that operated no land, or below 0.1 hectare, the incidence of poverty was double that among the 31 percent of cultivators operating 0.4 to 2 hectares (Dev et al. 1994, 222, 251-2). Similar findings exist for Bangladesh. The extremely poor owned less than half as much land on average as did the nonpoor. Only a quarter of the land of the poor was irrigated in contrast to more than a third for the nonpoor.⁵² The poor's access to land in the Philippines is limited by the high concentration of landholding (especially in sugarcane, coconut, and export crops), and “ironically, by land reform programs covering only tenanted rice and corn farms” (Balisacan 1994, 454). Marcos's tenancy reform harmed the poor, but recent reforms have managed to get quite a lot of land to new smallholders.

The link between land access and escape from poverty is not universal. In well-watered areas, even 0.25 hectares are associated with reduced poverty risk. But in semiarid areas of India, there is no association between land ownership or operation and lower poverty risk until holding sizes above about 3-4 hectares are reached

⁵¹This evidence suggests that access to education is more seriously damaged by remote rural residence, female gender, and rurality than by poverty: the poorest quintile in the capital city often has a better chance of educating its children than the middle decile in remote rural areas.

⁵²Among farmers “poverty arises more from an unequal distribution of operational holdings than from lack of access to new technology, irrigation, fertilizers, etc. Tenants and sharecroppers do not appear to lag behind owner-cultivators in the adoption of new technology or in the intensity of input use, although lack of access to credit can be a problem in this regard” (Quibria and Srinivasan 1994).

(Lipton 1985). The link between land ownership and poverty depends on returns from land versus other options. In Korea, farm structure, together with nonfarm and spatial characteristics, explained much of the income difference between the poor and nonpoor (Mazumdar 1994). But generally, shortage of land per person is a sign of rural poverty risk.

Social Discrimination

Most Asian countries are highly diverse in religious, sociocultural, and ethnic terms, and different social groups face different levels and trends in poverty. The Kinh ethnic group, the largest in Viet Nam with 85 percent, has a much lower poverty rate than almost all other groups, who mostly live in remote rural areas. The H'mong and Dao are especially poor. In the Kyrgyz Republic, poor households are more likely to be headed by Kyrgyz, though in urban areas, the severely poor are more likely to be Russian (World Bank 1995a, d).

Despite "reservation policies", India is marked by large ethnic and socioreligious differences. Although Muslims form 12 percent of the population, they occupy less than 2 percent of the jobs in the Indian Administrative service (Ansari 1992). Their poverty incidence is slightly higher (43 percent) than among Hindus (39 percent). Poverty is much higher among scheduled tribes (51 percent) and scheduled castes (50 percent) than among Hindus on average (32 percent). Mortality indicators are also worse for scheduled castes and tribes (and worse for scheduled castes than for scheduled tribes) (World Bank 1997, Appasamy et al. 1996).

Poverty incidence among non-Han in the PRC is at least double the Han level. Thirty-two percent of the Hui and Man in Beijing, 48 percent of the Li in Guangdong, while 20 percent of the Man and Mongol in Liaoning are in the poorest decile. Per capita output in ethnic minority areas in the late 1980s was only 51 percent of the level in Han areas, and it had been growing more slowly, consistent with lower levels of investment (World Bank 1992, 43-4).

In Malaysia, differences between Malays, Indians, and Chinese have shrunk sharply under the Bhumiputra policy, but were never responsible for as much poverty as were within-group differences. All ethnic groups have benefited substantially from poverty reduction. Between 1973 and 1987, poverty among Malays declined from 55 to 21 per cent, among the Chinese from 20 to 4 percent, and among Indians from 28 to 9 percent (using national poverty lines, far above dollar-a-day poverty). Income imbalances between races were large in 1973; by 1987 they had fallen substantially (World Bank 1991a).

“Log-jams” of Disadvantage

Perhaps the most worrying aspect is that different forms of disadvantages reinforce each other, so that people in groups “jammed” by one log are likely to face others too. Disadvantage in one area makes it harder to afford the time, information, or money needed to seek improvements in other areas, whether via market demand or via political pressure. Even at a given income level, the educated tend to be healthier than the uneducated. The poor tend to be less healthy than the nonpoor. Members of particular groups—the remote, ethnic minorities, the rural, often females—are especially likely to be poor, less healthy, less educated, and in less secure work. Disadvantages are mutually reinforcing: people in remote rural areas are likelier to be women (or small children) and in ethnic minorities and each feature means a greater chance of poverty, illness, and illiteracy.

A detailed example illustrates the “log-jams”. In Nepal, gross primary enrollment rates in 1984-1985 varied from 14 percent for girls from poor households in the rural plains to 83 percent for boys from nonpoor households in towns in the hills (World Bank 1991b). Invariably, lagging groups did worse than otherwise comparable groups: for example, poor girls in rural hill areas had worse enrollment chances than poor boys in the same areas. Poor Nepalese children, at ages 6-9 and even more at 10-14, in each location were diverting much more time than nonpoor children to domestic and economic work. At the individual level, poverty, region, and gender precede and cause disadvantage in education; obviously, lack of school attendance does not cause a small girl to be poor, rural, a plains-dweller, or female! But family illness and undereducation cause each other, and can make or keep adults or their children poor, ill-housed, immobile, or undernourished. And it is hard for regions with unhealthy or illiterate populations to attract investment and innovation that reduce poverty and gender discrimination.

Successful macroeconomic policy, by speeding growth, loosens some log-jams. But areas that start the process early and with great success acquire advantages that make it hard for remote places to follow suit. The advantages of first-comer growth areas mean that promarket and growth-oriented macro policy alone may do little to bring other areas forward. This is one reason why the elasticity of poverty to growth, while still clearly favorable, has become less so since the mid-1980s in Asia, making specific antipoverty policies needed even alongside fast growth. We discuss these below.

Poverty Policies

Economic growth usually reduces poverty. Faster growth partly explains why East Asia has enjoyed faster advances in poverty reduction. Does it, then, require specific policies, beyond the creation of a market-friendly environment via security

of contract, positive public saving, state emphasis on infrastructure rather than direct production, and careful choice of regulatory frameworks? Our answer is a clear yes. Even with favorable assumptions about economic growth, poverty in India will not be eliminated in 25 years, and one third of under-fives in South Asia and one tenth in Southeast Asia will still be malnourished by 2020 (Lipton and de Haan 1997, Bhargava and Osmani 1996). Moreover, East Asian experience suggests that basic education and skill development of workers, including land reform, created a basis for “shared economic growth” (Rao 1995). Without such policies, growth may bypass some regions and groups, as in PRC and Thailand during the 1980s.

Drèze and Sen (1989) distinguish between “growth-mediated” and “support-mediated” policies. These are supposed to reduce poverty by, respectively, positive effects of growth, and direct safety nets or targeted intervention. In practice, the distinction is fuzzy. Support-mediated policies are often said to be illustrated by poverty reduction in Kerala State, India, during 1960-1990, which shifted from near the worst to nearly the best Indian state in the poverty rankings. But the fall in poverty was largely growth-mediated. High-level, widespread education enabled Keralites to find relatively well-paid jobs outside the state and India, and to remit substantial sums. Kerala’s growth of consumption per person was among India’s fastest, despite sluggish production. Comparison among Indian states reveals that Kerala’s poverty reduction was exactly what would be predicted from its growth of consumption (Datt and Ravallion 1994). Conversely, growth-mediated strategies are said to be illustrated by the more dramatic growth-led decline of poverty in Indonesia. Yet Indonesia is notable for its high elasticity of poverty incidence to private consumption, indicating that growth was accompanied by policies that steered benefits to the poor.

Some targeted welfare is desirable to protect those who cannot work, but the main focus of policies must be on “productionist”, not welfarist, policies, reducing poverty and thereby improving the capability of the poorer sections of the population to participate in economic growth. Such measures broaden distribution and access (and do not fit neatly into the growth/support dichotomy). Productionist policies seek to increase or improve poor people’s land, capital, credit, employment or skills.⁵³ Before discussing such antipoverty strategies, we first discuss policies of adjustment and liberalization, and sectoral policy issues, particularly the role of agriculture.

Adjustment, Liberalization, Poverty

Macroeconomic policy reform during structural adjustment has comprised stabilization and liberalization. Stabilization seeks to remove balance-of-payments and

⁵³Distinct policies may be needed to enhance the productive incomes of the chronic poor, or to provide safety nets against transient poverty. Transient poverty need not be less serious than chronic poverty. For example it may affect infants, the most vulnerable group.

budgetary deficits, and has usually involved economic contraction. It usually means cuts in public sector employment and spending. Public sector employees are generally not poor, but may become so after retrenchment, and by increasing supply of labor outside the public sector, they may push wage rates down. But stabilization is inevitable, and failure to stabilize means ever faster inflation. This harms the poor in labor-plentiful economies, because wage rises lag behind price rises (Mellor and Desai 1985). Liberalization aims to reduce distortions of prices caused by government action, and to redirect it away from public-sector production and regulation, toward provision of infrastructure and social services. Liberalization, if inducing faster growth, may help the poor. Export-led growth is likely to be labor-intensive, which should be especially good for the working poor (though some immobile groups will lose). Liberalization usually raises prices of farm products, including food staples. This helps food-surplus farmers but harms townspeople, laborers, and those in food deficit—unless the effect is overridden by gains in employment.

Many reviews of the impact of liberalization (Killick 1995, Ahmed and Lipton 1997) conclude that to be pro-poor, politically sustainable, and effective in accelerating growth, adjustment policies should be designed alongside other measures. First, the more stabilization harms the poor, the less they can take the economic risks needed for a supply response to new incentives created by liberalization. Second, such response is less likely if governments cut back on maintaining infrastructure. Third, successful liberalization usually requires improvements in primary education and basic health, even while total public outlay must be cut back. Price liberalization also needs to be evenhanded between cash crops, food crops, and farm inputs, if perverse effects (on incentives as well as on the poor) are to be avoided. Also, for poverty reduction, liberalizing reform is complementary with land reform.⁵⁴

Almost all East and Southeast Asian “success stories” preceded market liberalization with educational investments to reach levels of mass literacy and numeracy far ahead of those in South Asia today (Lewin 1996, Chung and Oh 1994). Factors contributing to the success included relatively low initial inequality, sometimes alongside settlement schemes for the rural poor exploiting a still-expanding extensive margin (Indonesia, Malaysia); redistribution of private, public and collective farmland into small, relatively equal family holdings (PRC; Korea; Taipei, China); or marginalization of agriculture due to urbanization (Hong Kong, China; Singapore). Therefore, response to incentives was high, rapid growth produced incomes for the poor, and poverty fell sharply. The process continued in the 1970s and 1980s as liberalization partially encouraged further growth through labor-intensive manufactured exports.

⁵⁴ Liberalization usually involves measures raising the relative price of tradables, including food. The poor are much less likely to be net losers from such measures, if they are not “stuck” as large net food buyers, but control some land and can respond to the new price incentives by growing more food.

Sectoral Policies and Poverty

Even by 2020, over half Asia's poor will depend mainly on agriculture for incomes. Sector-specific policies to secure labor-intensive growth of output on reformed or not-too-unequal farmland will continue to be a necessary precondition for accelerated growth and poverty reduction in all low-income countries. Agriculture will continue to have far lower costs per workplace than other sectors, and it produces most of the consumption bundle of the poor. Growth in Indonesia, until the recent shift of workers into labor-intensive manufactures, was led by employment-intensive agricultural development, in the wake of intensive local research. Rural production and earnings, farm and nonfarm, grew due to public investment to promote agricultural growth and infrastructure, using oil income to generate rural growth (Mazumdar 1994). Even Korea, sometimes seen as a country that industrialized without substantial growth in the agricultural sector, had "a massive effort of land intensification ... a prototype for the model of East Asian growth that includes new technology and intensified labor use as key elements" (Ramachandran 1995, 140).

Agricultural price twists and antirural budgetary biases in health, education, and water supply should be avoided. It is vital not to undermine the employment-generating impact of agricultural growth by subsidizing labor-replacing machinery, fuel, credit, or research that assist its adoption. Prices, however, are not the whole story. Employment of farm laborers is threatened by slower grain yield growth; by the falling responsiveness of employment to growth; and by the slow progress of many semiarid and ill-drained areas with few suitable high-yielding crop varieties (Lipton and Longhurst 1989; Dev et al. 1994, 259).⁵⁵ Declines in international agricultural research require leading developing-country research stations to take increasing responsibility for developing a genetically wider range of varieties. Finally, low and diminishing efficiency of many large irrigation systems (caused by corruption and institutional failure, not just by underpricing of water) needs to be addressed.

Further, agriculture's role in poverty reduction is not a question of supply alone. Poor South Asians' inadequate effective demand for food means that widespread malnutrition coexists with huge grain stocks. The demand problem is addressed if much of the extra food is grown by food-deficit farmers, possibly on land acquired through land reform. Market-friendly, consensual land reforms are gaining salience globally, creating small family farms in many areas in Africa, Eastern Europe, and Latin America. Small farms are much more labor-intensive, and usually somewhat more productive per hectare than large farms. Unassisted market transfers seldom suffice to redistribute land toward optimal-size smallholdings (Binswanger, Dein-

⁵⁵ Poverty reduction often rests on rural nonfarm growth, but that is fastest where small farmers' output, and hence local spending, grow too (Hazell and Ramasamy 1991).

inger, and Feder 1995; Lipton 1993).⁵⁶ Tenancy restrictions can support land reform, as in Korea and Taipei, China in the 1950s and 1960s. But without land reform, as the Philippines's experience in the 1970s confirms, tenancy restrictions can harm the laboring poor, leading to evictions, larger operational farms, and lower employment. Marcos's tenancy reform harmed the poor (Hayami, Quisumbing, and Adriano 1990), but recent reforms have managed to get quite a lot of land to new smallholders, who are normally more labor-intensive than big farmers. Successful land reforms include those of the PRC in 1978-1984, and perhaps West Bengal in India, and since 1988, the Philippines.

In areas with undeveloped land, including parts of Thailand and the outer islands of Indonesia, settlement schemes might get assets to the poor. Such schemes, however, have a mixed record, often failing technically or in outreach to the poor, or incurring high costs and administrative inputs (Oberai 1988). The Mahaweli Ganga scheme in Sri Lanka has settled many people, but with huge costs, diversion of staff from maintaining and managing irrigation and construction elsewhere, and submarginal benefit/cost ratios. The Federal Land Development Authority (FELDA) in Malaysia had by 1987 settled over 400,000 poor households—over 15 percent of the rural population—but had cost over three times the total allocation for agriculture and rural development in the Fifth Development Plan (Shari 1992). Affordable schemes, better targeted on the poor and employment, demand smaller land assignments than in FELDA (over 8 hectares per household); settlement near home rather than in new virgin sites; more contributory labor; and, as recently in Indonesia, a shift from planned to spontaneous settlement.

Also, sectoral policy to reduce poverty will increasingly require nonfarm growth, and special attention is needed to avoid the inequality-increasing effects. Following agricultural take-off, parts of the PRC, Indonesia, Malaysia, and Thailand have seen big rises in the workforce based on labor-intensive manufacturing. For this to benefit the poor, the main support required is education toward an increasingly skilled workforce, including adult training, which is essential to succeed in manufactured exports (Wood 1994); many in the ageing workforces of South Asia, having completed formal education without achieving functional literacy, require a much larger and more serious effort toward adult education (in part publicly financed, though not necessarily provided). Though export-led growth has begun even with very high illiteracy rates (e.g., textiles in Bangladesh), to upgrade exports—say from textiles to electronics or software, or even to raise the level of textiles techniques, i.e., to remain competitive—requires steady rises in skills and education.

⁵⁶Whether or not market-assisted land reforms are indicated, enforcement of small farmers' existing property rights is crucial.

Direct Attacks on Poverty: Credit

Besides macroeconomic stability and sectoral policies, direct attacks on poverty are used and, given their increasing concentration in “core poor” regions and groups resistant to other measures, may be increasingly needed, despite their recognized shortcomings to enable the poor to participate in economic growth.⁵⁷ Most such programs aim to “target” the poor. This is hard because almost all involve subsidy, which attracts the nonpoor. Preferred approaches are targeting on stable, genuine indicators of poverty (e.g., growth faltering in children) and self-targeting (e.g., by supplying coarse grains or manual work unlikely to attract the well-off). Another lesson from India’s Integrated Rural Development Program (IRDP) for example, is that any subsidy or targeting should be transparent.⁵⁸

Credit provisions can target the poor. In the region, there have been three phases in credit programs. In 1950-1975, huge and loosely targeted credit subsidies repressed rural financial development, bankrupted official lenders, and provided resources mainly to the nonpoor. In Sri Lanka and several other countries, “forgiveness” of credit became a regular feature of the electoral cycle. In 1975-1985 there was a loss of faith in such credit, and a growing sense that credit should be left to the market. More recently, the realities of credit market failure have been addressed by nongovernment organizations (NGOs) and semiformal banks such as Grameen, Bangladesh Rural Advancement Committee (BRAC), and Proshika in Bangladesh; MYRADA in South India; Bank for Agriculture and Agricultural Cooperatives (BAAC) in Thailand; and Badan Kredit Kecamatan (BKK) in Indonesia. These NGOs use peer monitoring with joint liability for the loan—or in some cases the persuasive power of local lenders—to provide social collateral where poor borrowers have no assets. They have provided credit at near-market rates, yet have secured very high repayment rates and substantial outreach.

Is small-scale, group-monitored credit the “magic bullet” to turn the assetless poor into nonpoor entrepreneurs? There have been many successes, with Grameen and BRAC having had significant absolute impact on the well-being of poor participants (Pitt, Martin, and Khandker 1996). However a number of issues remain critical. First, administrative costs are high in NGO credit programs. Most of the NGOs, including Grameen, would, if unsubsidized, have to cut back their lending drastically. Second, there is confusion between credit (often for consumption), support for micro enterprise, and poverty reduction: cost-effective ways to improve one of these often do little or nothing to achieve the others. Third, members of a group may not want

⁵⁷More detailed references can be found in Lipton’s (1998) review of rules for success of antipoverty programs, as well as an update of this in de Haan et al. (1998).

⁵⁸IRDP, which has provided a mix of loans and subsidies to nonland acquire assets, has had a mixed press. By 1985, IRDP pushed some 20 million Indians above the poverty line (even if often, from not far below it, nor for very long). But micro studies show weak targeting on the poor and widespread failure to transfer viable assets or to ensure loan repayment (Drèze 1990a).

the poorest to join them, as they could be a poor credit risk. Also, women have been the main direct beneficiaries, but benefits often accrue to male members of the households (Goetz and Sengupta 1995). Fourth, comparative work shows unequivocally that enterprise credit is not a successful way of addressing the problems of the very poorest (Hulme and Mosley 1996). Finally, a drawback of many credit schemes is that they are advanced whether or not the locality offers promising uses of the credit. Credit should be a lubricant for the engine of feasible and profitable activities; if the lubricant is mistaken for the engine, the borrower may end up in a debt trap.

Direct Attacks on Poverty: Public Works Employment

Different kinds of targeted interventions are required for different circumstances and for different groups. Only a minority of the poor will be able to manage risks and consumption in the way required to use microfinance effectively. Public works or employment programs that seek to enhance the demand for the poor's labor, rather than their assets may be more relevant for confronting poverty, particularly in times of (seasonal) crises. Among the large employment schemes in the region are Bangladesh's food-for-work (FFW) program, and similar schemes in PRC, Nepal, Philippines, and Thailand; and India's Maharashtra's Employment Guarantee Scheme (EGS) and its nationwide counterpart, the Jawahar Rozgar Yojana (JRY), which together provided just over a billion workdays in 1993-1994, about 2 percent of total rural employment.

The EGS is in some respects a model for employment-based policy options in the coming decades.⁵⁹ It is a big scheme, costing about 12 percent of the state budget. It began as a pilot in 1972-1973, and has provided 100-200 million person-days of work per year since 1975-1976, on a downtrend since 1986. EGS has guaranteed work within five miles of a villager's home on a range of prepared schemes linked to infrastructure. It is self-targeting, though less so than before 1989, when EGS paid below the statutory minimum wage. In 1977-1988 EGS appears to have been associated with a cut in the rural unemployment rate of one third compared to the all-India trend rate, though 20 percent of work on the scheme was at the cost of workers' time in other employment. By 1987-1989 EGS reached half the rural households, raising average income by 20 percent and pulling up the lowest private-sector wages. A large share of EGS income reaches the poor, women, and scheduled castes (Datt and Ravallion 1994, Dev 1996, Gaiha 1996). Bangladesh's FFW, providing 105 million days of work in 1988-1989, has similar features.⁶⁰ India's JRY, the world's biggest

⁵⁹ Attempts are being made to replicate this in other states, but so far with less success than in Maharashtra (Gaiha, Kaushik, and Kulkarni 1998).

⁶⁰ Slightly over half the participants are landless, and only 2 percent have over 2.8 hectares, suggesting good poverty targeting, partly because the wage rate is low. There is considerable diversion from other work, leaving below 60 percent of FFW earnings as a net gain to participants, plus bidding-up of local wage-rates (Chowdhury 1983).

employment program, currently generates over a billion workdays a year, but the urban component of JRY appears almost wholly untargeted on the poor (Kruse 1997).

Employment programs offer self-targeting and income stabilization for the poor. Yet they are stabilizers of income against recession, cutbacks in public employment, or drought. To become a permanent cure for poverty without being a permanent fiscal drain, they would need to create assets owned by, or serving, the poor, which is seldom the case. Successful schemes require careful preparation and complex administration, are prone to some corruption, and eat large parts of budgets. Yet employment schemes can be very cost-effective compared to some alternatives.

Credit and employment schemes will continue to be main weapons for governments seeking to confront poverty directly. Skeptics point out that favorable evaluations of such schemes overlook negative effects elsewhere (e.g., on commercial credit, or on private-sector demand for labor) and neglect the opportunity cost of government resources. Yet the advantage of special schemes is that they can be directly targeted on regions in need and self-targeted on the poor within such regions, *without* provoking perverse incentive effects, or political-economy responses from the nonpoor, as is often the case with other targeted antipoverty programs.

Direct Attacks on Poverty: Transfers

Apart from work-based and asset-based programs, poverty has sometimes been attacked by direct transfers of income in cash or kind, usually food, urban shelter, or subsidies supposedly tied to these. The cost of untargeted food subsidies, especially given a political process that ratchets them up, can make them infeasible: in Sri Lanka they consumed about 10 percent of GNP in the late 1970s before being replaced by targeted food stamps. Moreover, such programs are urban-biased, and tend to provide benefits that increase as people get richer.

Targeted food subsidies are much more cost-effective. In Tamil Nadu, the small-scale Integrated Nutrition Program (targeted on growth-faltering children) has saved many more children per \$1,000 spent, than the untargeted Noon Meals Scheme (Berg 1987). In the Philippines in 1992-1993, generalized food subsidies involved P4-6 of public spending to transfer each P1 to a poor family. Shifting the resources to a targeted food stamp program would raise the income of ultrapoor families by 16 percent, as opposed to 1 percent for the present untargeted use of the same resources (World Bank 1995c). That this is locally feasible is confirmed by a pilot scheme, targeted on growth-faltering children in poor areas, which proved cost-effective (Garcia and Pinstrup-Anderson 1987).

Social Security

Specific antipoverty schemes will continue to form a necessary addition to “growth-mediated” macro policies in the fight against poverty. They will increasingly be supplemented by “support-mediated” safety nets, social security, and life cycle support. Such schemes are partly insurance; so why cannot they be fully private, taken up to the extent that an individual chooses to insure? Market failures are one reason. Another is that support-mediated schemes are also partly redistributive. In the early stages of development, such funding is normally local, through “poor rates” as in pre-industrial England; mutual associations as in continental Europe; or through religious, caste, or family networks in much of Asia—though often the poorest enjoy little of the latter forms of support.

In increasingly industrializing societies and with greying populations, responsibility for support mechanisms has increasingly devolved upon the state, whether as provider, enforcer, or guarantor. There are worrying lessons from Latin America about the financial unviability and concentration of some state-run contributory social security schemes on not-very-poor formal-sector employees. There are also hopeful signs—from the widow’s pension in Kerala, India, to the acceptability of substantial compulsory Provident Fund contributions in Singapore—that viable yet humane solutions to these problems can be found. Such solutions will not be obtained from growth and market-friendly labor policies alone.

Conclusion: The Future of Poverty Reduction

Asia has reduced poverty at unprecedented speed. Economic growth and poverty reduction have been closely correlated, in Asia even more than in other developing regions. Setbacks to growth, such as the financial crisis of 1997-1998, are setbacks for poverty reduction as well, and future poverty reduction will rely on policies that assist growth. However, growth does not automatically trickle down to the poor. East Asia did not redistribute through tax-and-transfer, but by government-financed basic education and health care and land reforms, *before* rapid economic growth started: broadening of access that not only reduced poverty but also helped economic growth. These conditions are still absent in the “poverty square” of Bangladesh, Eastern India, and parts of Pakistan. And the link between growth and poverty reduction became weaker in parts of East and Southeast Asia (before the financial crisis) (Ahuja et al. 1997), throwing up the question whether new policy measures are required to maintain outreach to the poor.

As growth, population, and poverty shift to nonfarm and urban activities, the prospects of continued poverty reduction depends on whether the growth of world trade and investment stimulate the employment and skills development of the poor.

Will high levels of labor-intensive economic growth be maintained or restored in East and Southeast Asia; and will it accelerate to similar levels in the poverty heartlands: South Asia, North and West PRC, and transitional Asia? The success of East and Southeast Asia suggests that growth in the region will reduce poverty to the extent that growth increases demand for labor relative to its supply. This means removing market distortions that impede labor-intensive production, but also improving incentives to smaller families for the poor, stimulating labor-intensive technical progress, and widening access to land, schooling, and skills development.

Such policies often face opposition. Business resists the tax and property rights implications of redistribution, while lobbies for the poor tend to be market-unfriendly, though probably less so than in the past. However, Asia's progress against poverty in the past 30 years justifies some confidence that political alliances can be built for policies of "redistribution with markets". Such policies can continue to reduce poverty by exploiting the complementarity between fast growth and mass access to human and capital assets. Most governments in the region now assert that the avoidance of market distortions assists both growth and sustainable poverty reduction.

A risk, however, is that market liberalization will be thought *sufficient* for growth with poverty reduction; it is not. The poor, in Asia as elsewhere, suffer from low average income and (inherited) lack of education and assets, associated with generations of discrimination on grounds of religion, ethnic origin, caste, or other group affiliation, and gender. Despite affirmative action in some countries, the poor remain penalized by lack of access to education, high-grade jobs, and land. Liberalization and adjustment, while often essential for growth, will underuse the resources of the poor if this is not addressed directly.

Outward-looking, market-friendly policies have in the past brought high rates of poverty reduction. However, past growth also has left behind a "hard core" of poor people, often illiterate, in remote regions, and/or in ethnic, religious, or linguistic minorities who face multiple disadvantages in access to land, schools, and "the marketplace". Further growth may continue to be concentrated on advanced areas, and demanding mainly educated persons. Such growth would reduce poverty less than in the past, because poverty is increasingly confined to groups and areas needing structural remedies. If large segments of the population remain excluded, otherwise good policies will disappoint in terms of growth as well as scanty poverty reduction, and will be politically hard to sustain.

References

- Adams, R. H., 1994. "Non-Farm Income and Inequality in Rural Pakistan: A Decomposition Analysis." *Journal of Development Studies* 31(1):110-33.
- Agarwal, A., 1995. Gender, Environment and Poverty Interlinks in Rural India: Regional Variations and Temporal Shifts, 1971-1991. DP 62, United Nations Research Institute for Social Development, Geneva.
- Ahmed, I., with M. Lipton, 1997. Impact of Structural Adjustment on Sustainable Rural Livelihoods: A Review of the Literature. Institute of Development Studies Working Paper 62, Brighton,
- Ahmed, S., and P. Ranjan, 1995. Promoting Economic Growth in Sri Lanka: Lessons from East Asia. Policy Research Working Paper 1478, The World Bank, Washington D.C.
- Ahuja, V., et al., 1997. *Everyone's Miracle? Revisiting Poverty and Inequality In East Asia*. The World Bank, Washington D.C.
- Ansari, A., 1992. "Educational Backwardness of Muslims." *Economic and Political Weekly*.27(42):2289-91.
- Appasamy, P., et al., 1996. *Social Exclusion from a Welfare Rights Perspective in India* . International Institute of Labour Studies, Geneva.
- Asian Development Bank, 1997. *Emerging Asia: Changes and Challenges*. Manila, Philippines.
- Balisacan, A., 1994. "Philippines." In M. G. Quibria, ed., *Rural Poverty in Developing Asia*, Vol. 2. Asian Development Bank, Manila, Philippines.
- Beall, J., 1997. "Assessing and Responding to Urban Poverty: Lessons from Pakistan." *IDS Bulletin* 28(2):58-67.
- Berg, A., 1987. *Malnutrition: What Can Be Done? Lessons from World Bank Experience*. Baltimore: Johns Hopkins University Press.
- Bhargava, A., and S.R. Osmani, 1996. "Health and Nutrition in Emerging Asia." Asian Development Bank, Manila. Mimeo.
- Binswanger, H., K. Deininger, and G. Feder, 1995. "Power, Distortions, Revolt and Reform in Agricultural Land Relations." In J. Behrman and T. N. Srinivasan, eds, *Handbook of Development Economics*, Vol. IIIB. Amsterdam: North Holland.
- Booth, A., 1997. "Rapid Economic Growth and Poverty Decline: A Comparison of Indonesia and Thailand 1981-90." *Journal of International Development* 9(2):169-87.
- Bruno, M., M. Ravallion, and L. Squire, 1996. Equity and Growth in Developing Countries. Old and New Perspectives on the Policy Issues. Policy Research Working Paper 1563, The World Bank, Washington D.C.
- Caldwell, J., and B. Caldwell, 1998. "Asia's Demographic Transition." Paper prepared for the Emerging Asia Study. Asian Development Bank, Manila, Philippines.
- Chatterjee, S., 1995. *Growth, Structural Change and Optimal Poverty Intervention*. Asian Development Bank, Manila.
- Chen, S., G. Datt and M. Ravallion, 1993. Is Poverty Increasing in the Developing World? Policy Research Working Papers 1146, The World Bank, Washington D.C.
- Chowdhury, O. H., 1983. "Profile of Workers in the Food for Work Program in Bangladesh." *Bangladesh Development Studies* 11(1, 2); 111-34.
- Chung, K.-W., and N.-W. Oh, 1994. "Republic of Korea." In M. G. Quibria, *Rural Poverty in Developing Asia*, Vol. 2. Asian Development Bank, Manila, Philippines.

- Commins, S., and A. Whaites, 1998. "Who Will Bail Out The Poor?" University College, London, and Department for International Development, U.K. Mimeo.
- Connell, J., B. Dasgupta, R. Laishley, and M. Lipton, 1976. *Migration from Rural Areas: The Evidence from Village Studies*. Delhi: Oxford University Press.
- Datt, G., and M. Ravallion, 1994. *Income Gains for the Poor from Public Works Employment: Evidence from Two Indian Villages, Living Standards Measurement Study*. The World Bank, Washington D. C.
- , 1996. Why Have Some Indian States Done Better Than Others at Reducing Rural Poverty? Policy Research Working Paper 1594, The World Bank, Washington D.C.
- de Haan, A., E. Darbellay, M. Lipton, and I. Matin, 1998. "Anti-poverty Projects in Developing Countries: Towards Evaluating Success." Operations Evaluation Department, The World Bank, Washington, D.C.
- Deininger, K., and L. Squire, 1996. "Measuring Income Inequality: A New Data-Base." The World Bank, Washington D.C.
- Dev, S. M., 1996. "Experience of India's (Maharashtra) Employment Guarantee Scheme: Lessons for Development Policy." *Development Policy Review* 14:227-53.
- Dev, S. M., K. Parikh, and M. H. Suryanarayana, 1994. "India." In M. G. Quibria, ed., *Rural Poverty in Emerging Asia*, Vol. 1. Asian Development Bank, Manila, Philippines.
- Drèze, J., 1990a. "Poverty in India and the IRDP Delusion." *Economic and Political Weekly* 25:A95-104.
- , 1990b. Widows in Rural India. DEP No.26, London School of Economics, U.K.
- Drèze, J., and A. Sen, 1989. *Hunger and Public Action*. Oxford: Oxford University Press.
- Drèze, J., and P. V. Srinivasan, 1996. Poverty in India: Regional Estimates, 1987-8. DEP No.70, London School of Economics, U.K.
- Findlay, R., and S. Wellisz, 1993. *The Political Economy of Poverty, Equity and Growth: Five Small Open Economies*. New York: OUP / The World Bank.
- Firdausy, C. M., 1994. "Urban Poverty in Indonesia: Trends, Issues, and Policies." *Asian Development Review* 12(1):68-89.
- Foster, A., and M. R. Rosenzweig, 1993. "Information, Learning and Wage-Rates in Low-Income Areas." *Journal of Human Resources* 28(4).
- Gaiha, R., 1996. "How Dependent are the Rural Poor on the Employment Guarantee Scheme in India?" *Journal of Development Studies* 32(5):669-94.
- Gaiha, R., P.D. Kaushik, and V. Kulkarni, 1998. "Jawahar Rozgar Yojana, Panchayats and Rural Poor in India." Faculty of Management Studies, University of Delhi. Mimeo.
- Gang, F., D. Perkins, and L. Sabin, 1996. "China's Economic Performance and Prospects." Paper prepared for the Asian Development Bank's Emerging Asia study. Asian Development Bank, Manila, Philippines.
- Garcia, M., and P. Pinstrup-Anderson, 1987. The Pilot Food Price Subsidy Scheme in the Philippines: Its Impact on Income, Food Consumption, and Nutritional Status. Research Report No. 61, IFPRI, Washington D.C.
- Goetz, A. M., and R. Sengupta, 1995. "Who Takes Credit? Gender, Power and Control Over Loan Use in Rural Credit Programmes in Bangladesh." *World Development* 24(1):45-63.
- Gunatilleke, G., 1992. *The Impact of Labour Migration on Households: A Comparative Study in Seven Asian Countries*. Tokyo: UNU.
- Gunatilleke, G., and M. Perera. 1994. "Urban Poverty in Sri Lanka: Critical Issues and Policy Measures." *Asian Development Review* 12(1):153-203.

- Hayami, Y., A. R. Quisumbing, and L. Adriano, 1990. *Towards an Alternative Land Reform Paradigm*. Manila: Ateneo de Manila University Press.
- Hazell, P., and C. Ramasamy, 1991. *The Green Revolution Reconsidered*. Baltimore: Johns Hopkins.
- Howes, S., 1993. Income Inequality in Urban China in the 1980s: Levels, Trends and Determinants. EF No.3, STICERD, London School of Economics, London.
- Howes, S., and A. Hussain, 1994. Regional Growth and Inequality in Rural China. EF No.11, STICERD, London School of Economics, London.
- Hulme, D., and P. Mosley, 1996. *Finance Against Poverty*. London: Routledge.
- Irvin, G., 1997. "Vietnam: Adjustment, Growth and Poverty." *Journal of International Development* 9(6):783-801.
- Jayarajah, A., W. Branson, and B. Sen, 1996. *Social Dimensions of Adjustment: World Bank Experience*. Washington D.C.
- Johansen, F., 1993. Poverty Reduction in East Asia: The Silent Revolution. Discussion Paper 203, The World Bank, Washington D.C.
- Killick, T., 1995. "Structural Adjustment and Poverty Alleviation: An Interpretative Survey." *Development and Change* 26(2): 305-31.
- Kirk, D., and B. Pillet, 1998. "Fertility in Sub-Saharan Africa in the 1980s and 1990s." *Studies in Family Planning* 29(1); 1-22.
- Krongkaew, M., et al., 1994. "Thailand." In M.G. Quibria, ed., *Rural Poverty in Developing Asia*. Vol. 2. Asian Development Bank, Manila, Philippines.
- Kruse, B., 1997. "Employment Generating Programs in the Urban Context of India: The Nehru Rozgar Yojana." *IDS Bulletin* 28(2):86-93.
- Lewin, K., 1996. "Access to Education in Emerging Asia: Trends, Challenges and Policy Options." Background paper for the Emerging Asia Study, Asian Development Bank, Manila, Philippines. Mimeo.
- Li, H. 1998. "Explaining International and Intertemporal Variations in Income Inequality." *Economic Journal* 108; 26-43.
- Lipton, M., 1983a. Demography and Poverty. World Bank Staff Working Paper No. 623, The World Bank, Washington D.C.
- , 1983b. Labour and Poverty. World Bank Staff Working Paper No. 616, The World Bank, Washington D.C.
- , 1985. Land Assets and Rural Poverty. World Bank Staff Working Paper No. 744, The World Bank, Washington D.C.
- , 1993. "Land Reform as Commenced Business: the Evidence Against Stopping." *World Development*.
- , 1998. *Successes in Anti-Poverty*. International Labour Office, Geneva.
- Lipton, M., and A. de Haan, 1997. "Poverty in Emerging Asia." Paper prepared for the Emerging Asia study. Asian Development Bank, Manila, Philippines. Reproduced in Asian Development Bank, 1997. *Emerging Asia. Changes and Challenges*. Manila, Philippines.
- Lipton, M., with R. Longhurst, 1989. *New Seeds and Poor People*. London: Unwin.
- Lipton, M., and M. Ravallion, 1995. "Poverty and Policy." In J. Behrman and T. N. Srinivasan, eds., *Handbook of Development Economics*, Vol. 3B. Amsterdam: North Holland.
- Mathur, O. P., 1994. "The State of India's Urban Poverty." *Asian Development Review* 12(1):32-67.

- Mazumdar, A., 1994. "The Republic of Korea." In: S. Horton, R. Kanbur, and D. Mazumdar, eds., *Labour Markets in an Era of Adjustment*. The World Bank, Washington D.C.
- Mellor, J. W., and G. M. Desai, eds., 1985. *Agricultural Change and Rural Poverty*. Baltimore: Johns Hopkins University Press.
- Murshid, K. A. S., 1998. *Food Security in an Asian Transitional Economy*. Cambodia Development Research Institute, Phnom Penh.
- Oberai, A. S., ed., 1988. *Land Settlement Policies and Population Redistribution in Developing Countries*. New York: Praeger.
- Özler, G. Datt, and M. Ravallion, 1996. "A Database on Poverty and Growth in India." World Bank, Poverty and Human Resources Division, Policy Research Department, Washington D.C.
- Penn World Tables 5.6, 2000. Available: <http://www.datacentre.chass.utoronto.ca/pwt>.
- Pitt, M., N. Martin, and S. R. Khandker, 1996. Household and Intra-household Impact of the Grameen Bank and Similar Targeted Credit Programs in Bangladesh. Discussion Paper No. 320, The World Bank, Washington D. C.
- Poppele, J., S. Sumarto, and L. Pritchett, 1998. "Social Impacts of the Indonesian Crisis: New Data and Policy Implications." Available: <http://www.smeru.or.id>.
- Prescott, N., and M. Pradhan, 1997. A Poverty Profile of Cambodia. World Bank Discussion Paper No. 373, The World Bank, Washington D.C.
- Quibria, M. G., and T. N. Srinivasan, 1994. "Introduction." *Rural Poverty in Developing Asia*, Vol. 1. Asian Development Bank, Manila, Philippines.
- Qureshi, S., I. Nabi, and R. Faruquee, 1996. Rural Finance for Growth and Poverty Alleviation in Pakistan. Policy Research Working Paper 1593, The World Bank, Washington D. C.
- Ramachandran, V., 1995. Does Agriculture Really Matter? The Case of Korea 1910-1970. Working Paper, Centre for International Development Research, Duke University, Durham.
- Rao, M. G., 1995. "Public Expenditure Policies in High Performing Asian Economies." Paper presented at the International Conference on Financing Human Resource Development in Advanced Asian Economies, Asian Development Bank, Manila, Philippines.
- Ratanakomut, S., C. Ashakul, and T. Kirananda, 1994. "Urban Poverty in Thailand: Critical Issues and Policy Measures." *Asian Development Review* 12(1):204-24.
- Ravallion, M., and S. Chen, 1996. "What Can New Survey Data Tell Us About Recent Changes in Living Standards in Developing and Transitional Economies?" Poverty and Human Resources Division, The World Bank, Washington D.C.
- Ravallion, M., and M. Huppi, 1991. "Measuring Changes in Poverty: A Methodological Case Study of Indonesia During an Adjustment Period." *The World Bank Economic Review* 5(1); 57-82.
- Ravallion, M., and B. Sen, 1996. "When Method Matters: Monitoring Poverty in Bangladesh." *Economic Development and Cultural Change* 44(4):761-92.
- Robb, C., 1998. "Social Aspects of the East Asian Financial Crisis: Perceptions of Poor Communities." Paper presented at the Workshop on Crisis in East Asia. Institute of Development Studies, Brighton, U.K.
- Schultz, T. P., 1981. *Economics of Population*. Reading, Mass: Addison-Wesley.
- Sen, A., 1998. "Politics of Poverty Alleviation." In R. Sobhan, ed., *The Crisis of Governance. A Review of Bangladesh's Development 1997*. Dhaka: UPL.
- Shari, I., 1992. "National Agricultural Policy, Rural Poverty and Income Inequalities: A Critical Evaluation." *The Malaysian Journal of Agricultural Economics* 9.

- Siwar, A., 1994. "Poverty Profile in Malaysia: Findings from Ten Districts in Peninsular Malaysia." In J. Ariffin, ed., *Poverty Amidst Plenty*. University of Malaya: Pelanduk Publications.
- Subbarao, K., A. U. Ahmed, and T. Teklu, 1996. *Selected Social Safety Net Programs in the Philippines. Targeting, Cost-Effectiveness, and Options for Reform*. The World Bank, Washington D.C.
- Tendulkar, S. D., 1998. "Indian Economic Policy Reforms and Poverty: An Assessment." In I. J. Ahluwalia and I. M. D. Little, eds., *India's Economic Reforms and Development. Essays for Manmohan Singh*. Delhi: Oxford University Press.
- UNDP, 1999. *Human Development Report*. United Nations Development Programme, New York.
- Visaria, P., 1980. Poverty and Living Standards in Asia, Living Standards Measurement Survey. Working Paper No. 2, The World Bank, Washington D.C.
- Wodon, Q. T. 1999a. Growth, Poverty and Inequality: A Regional Panel for Bangladesh. World Bank Working Paper No. 2072. Available: <http://www.worldbank.org/html/dec/Publications>.
- , 1999b. Micro Determinants of Consumption, Poverty, Growth and Inequality in Bangladesh. World Bank, Working Paper No. 2076. Available: <http://www.worldbank.org/html/dec/Publications>.
- Wood, A., 1994. *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World*. Oxford: Clarendon Press.
- World Bank, 1989. *India: Poverty, Employment and Social Services*. The World Bank, Washington D.C.
- , 1990a. *Indonesia Poverty Assessment and Strategy Report*. The World Bank, Washington D.C.
- , 1990b. *World Development Report 1990*. Washington, D.C.
- , 1991a. *Growth, Poverty Alleviation and Improved Income Distribution in Malaysia: Changing Focus of Government Policy Intervention*. The World Bank, Washington D.C.
- , 1991b. *Nepal: Poverty and Incomes: A Joint Study*. The World Bank, Washington, D.C.
- , 1992. *China: Strategies for Reducing Poverty in the 1990s*. The World Bank, Washington D.C.
- , 1994. *World Development Report 1994*. Washington, D.C.
- , 1995a. *Kyrgyz Republic Poverty Assessment and Income Strategy*. Washington, D. C.
- , 1995b. *Pakistan Poverty Assessment*. Country Operations Division, South Asia Region, Washington, D.C.
- , 1995c. *Philippines: A Strategy To Fight Poverty*. Washington D.C.
- , 1995d. *Viet Nam Poverty Assessment and Strategy*. Country Department I, East Asia and Pacific Region, The World Bank, Washington D.C.
- , 1996a. *Mongolia: Poverty Assessment in a Transitional Economy*. Country Economic and Sector Reports No. 15723-MOG. The World Bank, Washington, D.C.
- , 1996b. *World Development Report 1996*. Washington, D.C.
- , 1997. *Sharing Rising Incomes. China 2020. Disparities in China*. Washington D.C.
- , 1999a. "Poverty Monitoring Database." Available: <http://www.worldbank.org/poverty/data/trends/index.htm>.
- , 1999b. "Trends in Poverty." Available: <http://www.worldbank.org/poverty/data/trends/index.htm>.
- , 1999c. *World Development Indicators*. Washington, D.C.