Poverty in Jamaica: Social Target or Social Crisis?

Patricia Anderson

Poverty has been a persistent feature of the Jamaican landscape from the post-Emancipation period, and it is a subject of continuing concern and analysis for Caribbean academics and welfare practitioners. But it is mainly in the past decade that poverty and poverty reduction have come to occupy a central position in both local and international policy. With an amazing boldness, Jamaica promulgates policy statements that poverty will be eradicated, even as international lending agencies press for social security reform and improved targeting of social assistance to the poor. In this continuing dance around the crisis of poverty, the distinction between cause and consequence has become increasingly blurred, with the result that poverty reduction policies have little chance of reducing the extreme risks and hardships that Jamaicans face on a regular basis.

This article seeks to provide a framework for the understanding of poverty and its impact in Jamaica through an analysis of the labor market. By showing the extent to which labor market outcomes predispose some groups to greater risk and vulnerability, it seeks to widen the arena of poverty reduction policy. The article also looks at how those who are classified as poor view their own situation, and the survival responses to which they resort. An alternative approach that focuses on social risk management is outlined, and the question is raised as to whether there is any chance that current poverty reduction measures can serve as “a springboard for the poor.”

Poverty and Social Targets

The premise that underlies much of current poverty reduction policy is the belief that if it is possible to delineate target groups among the poor and to channel support to those who are so defined to be “at risk,” this must lead to a reduction in poverty, as if the targeted poor inhabit a world that is somehow separate from the daily lives and risks of the families and households in which they live. Can the child who is sent to hustle, wash cars, or steal be targeted outside of the family in which he lives? Can food stamps make much of a dent
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in the poverty of the elderly if the household has no income earner?

In both the national and international dialogue, the assumption remains unchallenged that poverty can be reduced if one could correctly identify and channel assistance to the deserving poor. In this argument, the deserving poor are considered to be vulnerable because of their demographic or physical characteristics, which may predispose them to certain health risks. Following this logic, there is a refusal to consider that the risk of poverty may be spread throughout the entire strata of the population, who are distinguished by their current or former relationship to the labor market. Accordingly, the deserving poor cannot include able-bodied youths who congregate in corner crews to pass the time of day. But it would certainly include their aged grandmothers or their children.

Since vulnerability can be most easily related to life cycle patterns and the attendant health-related risks, acceptable targets may also include pregnant or lactating mothers, as in the case of the landmark Jamaican Food Stamp Programme. Unfortunately, six months after giving birth, the young unemployed mother is no longer considered eligible for support, as economic deprivation is far more difficult to establish and the quotas for assistance to the poor are significantly smaller.

The targeting approach to poverty reduction is seldom questioned, because it holds the promise of being rational, efficient, and manageable. It has the attraction of enabling the identification of errors of inclusion and exclusion and quantifying of leakage of benefits. Nonetheless, the primary reliance on targeting to reduce poverty runs counter to the evidence derived both from macroeconomic indicators and from an analysis of the Jamaican labor market. It is now widely recognized that since the onset of the structural ad-

justment program in the early eighties, poverty levels in Jamaica have soared or declined in relation to changes in the inflation rate and their impact on the cost of living.

The direct links between the economy, inflation rates, and poverty levels have needed little elucidation, and this has provided a solid rationale for the government's policy of seeking to maintain a stable exchange rate following the deregulation of the foreign exchange market in 1991. When the inflation rate rocketed to 51 percent in 1991, the level of poverty rose to 44.6 percent. But when the government achieved its target of bringing inflation down to single-digit figures, the percentage of the population below the poverty line also declined dramatically. In 1998, with an inflation rate of 8.6 percent, the percentage of the population in poverty was 15.9 percent.

Although low earnings and price inflation are contributors to poverty, the presence of extensive unemployment is also a major predictor of economic hardship. Significantly, this labor market–related poverty encompasses large cohorts of Jamaican youths who do not fit in any of the categories defined as being at risk and who will never fall within the ambit of the social safety net.

Despite these basic flaws, the rhetoric of poverty reduction through targeting has steadily gained momentum in Jamaica. It has become firmly embedded in economic policy documents, whether nationally designed economic and social policy frameworks or internationally coordinated country assistance strategies. The design of poverty reduction policies has been further buttressed by the improvement in data sources and poverty measurement techniques, so that the debate around poverty reduction has acquired a misleading elegance. Under the guidance of the lending agencies, the policy cycle moves from analysis of poverty levels to identifica-
tion of targets to monitoring of benefits. The reverse analysis is seldom pursued, however, which would entail tracing back the delivery of the benefit to demonstrate the expected reduction in poverty. Since programs to increase the welfare of the most vulnerable can be endorsed by all, these represent the enduring focus of policy toward the poor, with only feeble efforts made to address the problem of labor underuse that creates the framework for extreme deprivation. This is the critical issue to which this article seeks to direct attention.

The Dimensions of Poverty

Over the past decade, the percentage of the Jamaican population classified as poor fell from 30.5 percent in 1989 to 16.9 percent in 1999. With an estimated population of 2.58 million persons, this was equivalent to approximately 400,000 persons who were unable to meet their basic needs. Assuming that three-quarters of the poor were located in rural areas, as in 1998, an estimated 300,000 rural persons lived below the poverty line.

The methodology officially used in calculating the number of those who fall below the poverty line follows international practice and is built around the cost of feeding a low-income family. It is therefore highly sensitive to changes in food costs. Because most basic foods are imported, the effect of the 1991 deregulation of the foreign exchange was immediately reflected in the poverty level, which soared to 44.6 percent (Table 5.1). Since 1992, the poverty level has followed a fairly steady downward path, until 1998, when it was estimated at 15.9 percent.

As shown in Table 5.1, the national estimate of poverty conceals wide regional variations, since the rural population is in general twice as likely to face deprivation as those who live in the Kingston Metropolitan Area (KMA). In 1999, among the rural population, 22 percent were classified as living below the poverty line, in comparison with 10.6 percent of those in the KMA. Data from the annual Jamaican Survey of Living Conditions (SLC) provide a statistical profile that serves to document the grim realities of life for rural dwellers:

- Rural households are larger and include more children than KMA households.
- They contain larger proportions of elderly and smaller proportions of persons in the prime working ages.
- They can afford to spend only two-thirds of what their KMA counterparts spend on food and

<table>
<thead>
<tr>
<th>Region</th>
<th>1989</th>
<th>1991</th>
<th>1993</th>
<th>1995</th>
<th>1997</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>KMA</td>
<td>15.5</td>
<td>28.9</td>
<td>16.7</td>
<td>15.0</td>
<td>9.3</td>
<td>10.6</td>
</tr>
<tr>
<td>Other Towns</td>
<td>22.0</td>
<td>31.4</td>
<td>22.9</td>
<td>22.8</td>
<td>14.8</td>
<td>12.1</td>
</tr>
<tr>
<td>Rural Areas</td>
<td>40.7</td>
<td>57.2</td>
<td>29.6</td>
<td>37.0</td>
<td>27.4</td>
<td>22.0</td>
</tr>
<tr>
<td>Jamaica</td>
<td>30.5</td>
<td>44.6</td>
<td>24.4</td>
<td>27.5</td>
<td>19.9</td>
<td>16.9</td>
</tr>
</tbody>
</table>

beverages for each household member.

- Their members are more likely to report being ill but less likely to have sought medical care.
- They are three times less likely to have health insurance.
- Their children are less likely to attend school regularly.
- Their expenditure on school and related items is only two-thirds of the amount invested by KMA households.
- They are seven times less likely to have exclusive use of modern toilets.
- They are more likely to depend for their water supply on a public standpipe or untreated sources such as rivers and ponds.

The Correlates of Poverty

The question of how many persons live in poverty is usually accompanied by the question of who are the poor. Again, statistical analysis in a 2000 study by Ashu Handa and Damien King shows that the highest incidence of poverty is to be found in the rural areas of Jamaica, among households with seven or more persons, where the principal earner works in agriculture, and where the household head has not completed primary schooling. Although these are predisposing factors, in the majority of poor households the head has actually completed a primary or a Grade 9 education. This pattern, which may be understood in relation to the continuing expansion of education since the seventies, is reflected in the proportions of the labor force with some secondary education. Between 1991 and 1998, the proportion of the labor force with some secondary education has increased from 48 percent to 66 percent. Accordingly, Handa and King note that in recent years, education has become less important as a predictor of poverty in Jamaica.

Since poor households have more children, and poor rural households have more children, it is not surprising to find that children constituted 49 percent of the poor in 1998. Similarly, because the neglect of the rural economy has generated a relentless urban trek by young workers in search of jobs, large numbers of the elderly are left behind in rural areas, in extreme poverty. The distortions in age structure that have resulted from internal migration are evident from findings of the 1991 Population Census, which showed that although rural areas accounted for 51 percent of the total population, their share of the elderly was 61 percent. These trends have intensified over the decade, and the extent of poverty among the elderly has increased. Whereas the elderly represented 7 percent of the poor in 1989, their share had risen to 10 percent by 1998.

Responses to Poverty

The above observations in regard to the question of who are the poor are generally taken as sufficient justification for the heavy emphasis of current poverty reduction programs on the two target groups of children and elderly. The food stamp program was designed to provide the largest share of benefits to these two groups; the school feeding program seeks to extend the range of nutritional support to children of school age. In 1999, there were 195,000 persons who were beneficiaries of food stamps; of these, 35 percent were elderly and 36 percent were children under six years.

Again, because these are praiseworthy objectives, poverty reduction efforts seem satisfied to stop at this point. One may note that this is the same as their starting point, namely, the question of who are the poor. The
causes of poverty receive considerably less attention, particularly insofar as these are related to the inadequacy of employment. Outside of a penchant for microenterprise credit programs and support for some short-term community-based employment projects, poverty reduction programs in Jamaica have avoided any serious analysis or engagement with the labor market.

In its desire to promulgate a national response to the country’s persistent and disturbing poverty, the government announced in 1995 the National Poverty Eradication Programme (NPEP), coordinated by the Office of the Prime Minister.  This program served as an umbrella for existing programs, such as community-based training conducted by the Human Employment and Resource Training (HEART) Trust, the official agency for vocational training in Jamaica; microenterprise credit programs; poor relief; public assistance; and food stamp programs. In addition, it incorporates employment-generating programs such as the Social and Economic Support Programme and the more recent Lift-Up Jamaica Programme. The language of the NPEP resounds with references to the reduction of dependency, the promotion of self-reliance, and the creation of an enabling environment. But since the majority of its programs actually reside in other sector ministries, the effectiveness of the NPEP as a force to eradicate poverty is open to question.

More recent efforts have been directed toward the design of a social safety net to ensure that existing programs are rationalized and more efficiently targeted. This framework still does not include any serious provision to address the major problems of youth unemployment. The magnitude of this problem is discussed below.

**Labor Market Imbalances**

During the nineties, Jamaica’s labor force grew by 6.6 percent, and the level of employment expanded by 5.8 percent. As shown in Table 5.2, the number of employed stood at 893,800 in April 1990, and by April 1999, this number had grown to 945,700. This relative balance between employment and labor force size was reflected in an unemployment rate that did not change significantly over the decade. In Jamaica, the unemployment rate is defined to include both those unemployed who actively sought jobs and those who did not. This rate stood at 15.1 percent in 1990 and reached 15.8 percent by the end of the decade. The job-seeking rate, which is based only on those unemployed who actively sought work during the reference period for the survey, and which is equivalent to the ap-

<table>
<thead>
<tr>
<th>Date of Labor Force Survey</th>
<th>Employed</th>
<th>Unemployed</th>
<th>Not in labor force</th>
<th>Unemployment Rate</th>
<th>Job-Seeking Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1990</td>
<td>893,800</td>
<td>158,800</td>
<td>478,200</td>
<td>15.1%</td>
<td>6.5%</td>
</tr>
<tr>
<td>April 1995</td>
<td>964,500</td>
<td>185,300</td>
<td>514,000</td>
<td>16.1%</td>
<td>6.0%</td>
</tr>
<tr>
<td>April 1999</td>
<td>945,700</td>
<td>176,800</td>
<td>611,100</td>
<td>15.8%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

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The approach used to measure unemployment in the United States, moved from 6.5 percent in 1990 to 7.2 percent in 1999.

This apparent stability in labor force indicators obscures both the significant growth and the reversal that occurred in employment levels over the decade, as well as the extent to which the burden of unemployment continues to fall disproportionately on the young. From Table 5.2, it may be recognized that employment actually expanded by 9.2 percent between April 1990 and 1995 but has since contracted. From a peak of 964,500 employed in April 1995, the level fell to 945,700 employed in April 1999. Underlying these net movements have been the steady decline of some sectors, such as agriculture and manufacturing, and the expansion of others, such as tourism and services.

The impact of unemployment on the youth labor force may be appreciated from the fact that close to 90,000 persons between fourteen and twenty-four years of age were recorded as unemployed in April 1998. This large pool of unemployed youths represents 52 percent of the total estimate of 173,000 unemployed workers, with an additional 19 percent being in the age group twenty-five to twenty-nine years. In summary, seven out of every ten unemployed workers in Jamaica were below the age of thirty.

The high level of youth unemployment may be seen clearly in Table 5.3, which shows that young persons between fourteen and twenty-four years experienced an unemployment rate of 32.7 percent in 1998, as compared with the national average of 15.6 percent. For young women, the rate of unemployment was as high as 42.9 percent, significantly more than the level for their male counterparts, which stood at 23.9 percent.

Investment in education is generally expected to reduce the risk of unemployment, but the figures in Table 5.3 show that this is not the case for young men in Jamaica.

Table 5.3 Unemployment Rates by Age, Gender, and Education Level, 1998

<table>
<thead>
<tr>
<th></th>
<th>Percent Unemployed in April 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Secondary</td>
</tr>
<tr>
<td>All Ages</td>
<td>9.7</td>
</tr>
<tr>
<td>Males</td>
<td>4.8</td>
</tr>
<tr>
<td>Females</td>
<td>17.7</td>
</tr>
<tr>
<td>All Persons 14–24 years</td>
<td>23.7</td>
</tr>
<tr>
<td>Males</td>
<td>12.9</td>
</tr>
<tr>
<td>Females</td>
<td>51.9</td>
</tr>
<tr>
<td>All Persons 25–29 years</td>
<td>21.2</td>
</tr>
<tr>
<td>Males</td>
<td>10.2</td>
</tr>
<tr>
<td>Females</td>
<td>38.3</td>
</tr>
</tbody>
</table>

Whereas there is a demand for unskilled male labor, particularly in agriculture, those young men who achieve some secondary education do not find a commensurate increase in their job opportunities. Young males with no secondary education had an unemployment rate of 12.9 percent in 1998, but the rate was more than double for those with some secondary education. This stood at 26.2 percent for young males with four or more years of secondary schooling.

For young women, the opposite is true, as they have some assurance of being able to reduce their excessively high unemployment rates if they pursue secondary schooling. For girls fourteen to twenty-four years with no secondary schooling, the unemployment rate was 51.9 percent. But the rate fell to 40.6 percent for those who achieved four or more years of secondary education.

These gender differentials are related to persistent patterns of occupational sex segregation in the Jamaican labor market, so that as the service sector expands there are more openings created that fit the stereotype of female jobs. For young men with secondary schooling, there is a very limited range of job opportunities. At the upper end, this includes acceptance in the army or the police force and a small number of clerical jobs in public or private sector companies. At the lower end, there are intermittent opportunities in the construction sector or in casual work, such as messenger or delivery services. Increasingly, there is the alternative of the underground economy, with its high risks and short life span.

In-depth studies of inner-city youths show that they emphasize the extent to which they are blocked from securing employment by the stigma that employers attach to the areas where they live. They argue that the frustration caused by being unable to attain anything but unskilled work after passing their high school examinations causes many to be drawn into criminal activities. For most young men, the solution to the problem of survival was to engage in some kind of "hustling" activity. As described by the respondents in a study by Herbert Gayle, this included a range of informal activities such as "tricks, illegal taxi service, little errands for certain bad youths, little pickings, ganja selling, dance hall hustlings and such tings." But hustling was mainly an activity of young men. As men advanced in age and became "baby-fathers," they were under increasing pressure to find a more secure source of livelihood.

The crisis of youth unemployment should be understood in relation not only to the lack of growth since 1995 in several sectors of the economy but also to the longer-term demographic inheritance based on the large birth cohorts of the seventies. These have contributed to the large numbers of school leavers who enter the labor market each year in search of jobs and who withdraw in discouragement. These imbalances seem to imply that education has lost its driving force as the path to upward social mobility and serve to explain the finding noted earlier that education is less likely to be a predictor of poverty. This finding should, however, also be assessed in relation to the widespread complaint of low levels of achievement at the secondary level, so that not all students who graduate at the secondary level have acquired the expected competencies.

Finally, it is important to realize that the youths who graduate or who drop out of school in contemporary Jamaica have consumption and mobility aspirations that far exceed those of their forebears. With increasing exposure to the mass media, and linked by a modern telecommunications network with their relatives and "brethren" overseas, they are clear as to the elements of the "good life."
Table 5.4 Level of Economic Insecurity in Jamaica
by Age, Gender, Residence, and Labor Force Status, 1998

<table>
<thead>
<tr>
<th>Level of Economic Insecurity</th>
<th>Total</th>
<th>Percent</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sample</td>
<td>15.9</td>
<td>11.8</td>
<td>72.3</td>
</tr>
</tbody>
</table>

Age Group
- 0–14: 18.7, 14.2, 67.2 | 100 | 8,954
- 15–29: 15.9, 11.4, 72.7 | 100 | 6,879
- 30–64: 12.4, 9.6, 78.0 | 100 | 8,394
- 65+: 17.9, 12.3, 69.8  | 100 | 2,267

Gender
- Male: 16.5, 12.1, 71.4 | 100 | 12,988
- Female: 15.3, 11.6, 73.1 | 100 | 13,505

Area
- KMA: 8.4, 9.0, 82.6 | 100 | 8,180
- Other Towns: 13.2, 9.8, 77.0 | 100 | 5,856
- Rural Areas: 19.4, 13.5, 67.1 | 100 | 18,951

Labor Force Status
- Employed: 14.5, 9.4, 76.1 | 100 | 7,707
- Unemployed: 23.8, 13.5, 62.7 | 100 | 694


Their aspirations are high and their discontent is real.

**Poverty and the Labor Market**

The extent to which unemployment is linked with poverty is easily demonstrated on the basis of data from Jamaica’s ongoing series of labor force and living standards surveys. Data from the 1998 SLC show that among persons who were unemployed, 23.8 percent fell below the poverty line, in contrast to 14.5 percent for those who were employed (see Table 5.4). In the same vein, the unemployed are more likely than the employed to fall within a band of 25 percent above the poverty line and to be classified as vulnerable.

Although it may seem surprising that so many of the employed are still subject to poverty, this is explained both by the low quality of jobs and by the fact that the measure of poverty used is based on household consumption. To the extent that the unemployed are supported by the employed, given the absence of any unemployment compensation in Jamaica, the situation becomes equivalent to the sharing of poverty. Large families, in which the main earners are in low-wage employment, are therefore likely to find themselves below the poverty line, unless they receive significant transfers from overseas relatives. This is particularly true for rural households.

Because many of the poor are employed, it was possible for the World Bank to argue in a 1994 report that since most households had at least one person employed, poverty was now mainly a problem of the working poor. This
report therefore recommended that to reduce poverty the economy should be restructured in ways that increase the demand for labor in the private sector, particularly for low-to-moderately skilled labor.

The levels of poverty and vulnerability, which are summarized in Table 5.4, also serve to highlight the extent of rural deprivation. Rural residents were twice as likely as KMA dwellers to fall below the poverty line, and one and a half times as likely to be classified as vulnerable. Although agricultural employment has shown a long-term decline, nonetheless, in 1998, the peasant sector still accounted for 21 percent of all employment, with wage agriculture contributing an additional 5 percent. The harsh conditions in this sector therefore have a major impact on the national profile. Given the problems of soil erosion and low productivity in the peasant sector, the 1994 World Bank report argued for special support for smallholder agriculture, with an emphasis on technology transfer, research, effective extension services, and improved information and transportation to increase market access.

In addition to agriculture, the sectors that carried the highest risk of economic insecurity in 1998 were construction, personal services, self-employed commerce, and self-employed manufacturing. These risks continue into retirement, so that among the elderly there are similar patterns of deprivation when they are examined in relation to the labor market segment where they last worked. More than half of the elderly who had made their living as peasant farmers found themselves in poverty once they retired. Similarly, more than a third of those who had worked in the personal services sector or as self-employed craftspeople in the construction sector found themselves facing poverty in old age.

Because the poverty line represents a fairly stringent method of identifying households subject to extreme deprivation, it is also useful to approach the question of deprivation from the perspective of individuals' own assessment of financial difficulty. This was designed as a supplementary investigation in the 1999 Survey of Living Conditions, and it served to show that more than three-fifths (62 percent) of all households reported difficulty meeting expenditure for at least one of their basic needs (food, clothing, transportation, housing, or utility bills). Not surprisingly, households that had no employed persons or high dependency ratios were significantly more likely to have unmet basic needs.

Given these consistent findings, it is evident that the current approaches to poverty reduction cannot be expected to achieve more than a marginal impact in alleviating misery. This is inevitable, insofar as the support strategies in the social safety net concentrate on the age-related health risks of children and the elderly, to the neglect of labor market interventions. A similar conclusion was reached by Aldrie Henry-Lee and colleagues in their examination of workers in selected minimum-wage occupations. This study of domestic workers, security guards and Free-Zone workers found that they were largely bypassed by the National Poverty Eradication Programme, although nearly a fifth were classified as being below the poverty line. The recommendation from this study was that instead of the predominant emphasis on welfare-type programs, policy to improve the living standards of the poor should focus to a greater extent on creating economic opportunities.

Interpretations of Poverty

The links between poverty and labor market disadvantages that emerge from the aggregate data are perceived as a compelling causal relationship by Jamaicans in general. During
the course of the 1999 SLC, respondents were asked to indicate their perceptions of the reasons for poverty. The overwhelming explanation was the lack of employment, a response given by nearly three-quarters of all householders. A third of the respondents in the sample laid the blame at the government's door, and a quarter argued that the society was inherently unjust. In general, these structural reasons far outweighed other explanations, which sought to attribute poverty to individual weaknesses or to fate, as at least 90 percent of the sample identified at least one structural factor that contributed to poverty. This pattern was consistent across class lines and across the poverty divide.15

Similar interpretations of poverty have been found in qualitative studies. A study of poverty and violence conducted among inner-city residents by the University of the West Indies in 1995 reported that poverty was seen as linked to unemployment, financial difficulties, too many children, and substandard housing.16 In the World Bank–initiated Consultations with the Poor, unemployment was also identified as a major cause of poverty.17 Although urban groups also emphasized area stigma, low wages, and the lack of skills training, rural groups pointed to limited market access, compounded by poor transportation and low prices.

**Coping with Poverty**

When faced with poverty or extreme financial need, Jamaican households report using strategies designed to increase the amount of resources available or reduce outlay. As reported in the 1999 SLC, these coping strategies include the following:

1. Forego basic needs
2. Increase or maintain existing level of debt
3. Use savings or assets
4. Seek help from relatives or friends
5. Seek extra work or hustle
6. Pray

The survey data showed that poor households tended to emphasize cutbacks in consumption or securing help from outside the household, and, in general, obtaining extra work did not seem to be a viable option. Only 7 percent of all poor households listed this as a strategy. The findings from this survey further revealed that the items on which expenditure was most likely to be curtailed were food and education.

Cutbacks on education emerge as an area of particular concern for social policy, since a third of all households said that they stopped children from attending school when the household was facing financial difficulties. Significantly, this strategy was adopted even where the particular financial difficulty was not related to education expenses. In the case of poor households, 60 percent said that they would stop children from attending school when faced with financial problems. The patterns of educational curtailment exhibited by households in financial difficulty are summarized in Table 5.5.

Given that the social safety net emphasizes support to children, the implication of this particular coping response based on school withdrawal should not be overlooked. In fact, it becomes clear that there is a direct opposition between public and private strategies to combat poverty. Although the government seeks to channel support to children through the school system, parents respond to their own labor market–related poverty by withdrawing children from school. It is apparent that households respond to financial strain by substituting different types of expenditure, and in this process the education of children becomes a severe casualty. The findings from
Table 5.5 Patterns of Education Curtailment in Households in Financial Difficulty

<table>
<thead>
<tr>
<th>Type of Coping Response Related to Education</th>
<th>All Households in Financial Difficulty</th>
<th>Households with Other Unmet Basic Needs</th>
<th>Households with Other Unmet Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of households where at least one child has very low school attendance</td>
<td>15.9 (N = 618)</td>
<td>14.4 (N = 559)</td>
<td>10.2 (N = 59)</td>
</tr>
<tr>
<td>Proportion of households where child was kept home for financial reasons</td>
<td>34.8 (N = 853)</td>
<td>37.1 (N = 772)</td>
<td>13.6 (N = 81)</td>
</tr>
<tr>
<td>Proportion of households where education expenditure is curtailed</td>
<td>56.0 (N = 1263)</td>
<td>57.0 (N = 1136)</td>
<td>47.2 (N = 127)</td>
</tr>
</tbody>
</table>

Child is absent at least 30.0 percent of the days.

this survey therefore provide further evidence that poverty reduction programs narrowly designed to focus on age-related target groups cannot succeed in reducing poverty.

**Social Risk Management**

To design a comprehensive program that can address the crisis of persistent poverty in Jamaica, it is necessary to adopt an approach that takes as its starting point individual and cultural responses to the need for survival. Governments may promulgate programs, but it is the individual and the family who define their own survival needs and then weigh the alternative options and strategies within the existing framework of their values and aspirations. A useful approach to formalizing the analysis of these options has been developed by the World Bank analysts Robert Holzman, Steen Jorgensen, and Julie van Domelen under the framework of social risk management (SRM). In this article, the SRM framework is illustrated based on the Jamaican reality.

Social risk management refers to both the human capital–oriented public interventions that have traditionally fallen under the rubric of social protection (labor market interventions, social insurance, and social safety nets) and interventions outside the public sphere such as personal or family-based actions to reduce risk. As noted by Jorgensen and Van Domelen, the advantage of this approach is that it grounds analysis directly in household behavior. Interventions must therefore be judged in terms of how they help individuals, families, or households to manage risk better or how they help the incapacitated poor. In addition, this definition encourages a more proactive, prodevelopment approach to analyzing social protection, thus placing it at the center of the development debate.

Social risk management entails the analysis of both the types of strategies for respond-
### Table 5.6 Strategies and Arrangements for Social Risk Management in Jamaica

<table>
<thead>
<tr>
<th>Type of Strategy</th>
<th>Informal/Personal</th>
<th>Formal/Market-Based</th>
<th>Formal/Publicly Mandated or Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Reduction</td>
<td>• Intercropping</td>
<td>• In-service training</td>
<td>• Minimum wage laws</td>
</tr>
<tr>
<td></td>
<td>• Abandonment of</td>
<td>• Firm sponsorship of</td>
<td>• Inflation rate management</td>
</tr>
<tr>
<td></td>
<td>farming</td>
<td>youth/sports groups</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ganja farming</td>
<td></td>
<td>• HEART training</td>
</tr>
<tr>
<td></td>
<td>• Migration</td>
<td></td>
<td>• Public health provisions</td>
</tr>
<tr>
<td></td>
<td>• Saving</td>
<td></td>
<td></td>
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<tr>
<td>Risk Mitigation</td>
<td>• Remittances</td>
<td>• Old-age insurance</td>
<td>• National insurance scheme</td>
</tr>
<tr>
<td></td>
<td>• Occupational</td>
<td>• Accident and other</td>
<td></td>
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<tr>
<td></td>
<td>multiplicity</td>
<td>insurance</td>
<td></td>
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<td></td>
<td>• Child shifting</td>
<td>• Microfinance</td>
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<td></td>
<td>• Educational</td>
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<tr>
<td></td>
<td>investment</td>
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<tr>
<td></td>
<td>• Building social</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>capital</td>
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</tr>
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<td></td>
<td>• Hustling</td>
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<td></td>
<td>• Prostitution</td>
<td></td>
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<tr>
<td>Risk Coping</td>
<td>• Reduced</td>
<td>• Borrowing from</td>
<td>• Food stamp program</td>
</tr>
<tr>
<td></td>
<td>consumption</td>
<td>credit unions/banks</td>
<td>• Poor relief</td>
</tr>
<tr>
<td></td>
<td>• Withdrawal of</td>
<td>• Postpone paying</td>
<td>• Public assistance</td>
</tr>
<tr>
<td></td>
<td>children from school</td>
<td>bills</td>
<td>• Social and economic support</td>
</tr>
<tr>
<td></td>
<td>• Child labor</td>
<td>• Use savings, assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Selling of assets</td>
<td></td>
<td>• Lift-Up Jamaica</td>
</tr>
<tr>
<td></td>
<td>• Help from family and friends</td>
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<td></td>
<td>• Prayer</td>
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<tr>
<td></td>
<td>• Theft</td>
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</table>

**SOURCE:** Adapted from Steen Jorgensen and Julie Van Domelen, "Helping the Poor to Manage Risk Better: The Role of Social Funds," Inter-American Development Bank, February 1999.

...ing to poverty and the level of the response. The types of strategies are

1. Risk reduction or prevention
2. Risk mitigation
3. Risk coping

Although risk-prevention strategies reduce the probability of shock, mitigation strategies serve to reduce the potential impact of the shock. Mitigation strategies include both portfolio diversification and formal or informal insurance. Coping strategies seek to buffer the impact of the shock after it has occurred.

The level of response is classified according to the degree of formality and the extent to which it relies on personal or informal arrangements or is dependent on either market or public provision. The combination of these three levels and three types of response provides a conceptual framework with nine categories, as shown schematically in Table 5.6.

The strategies allocated to each of these categories in Table 5.6 are derived from accumulated research, observation, and official
statements regarding social programs in Jamaica. The organization of this information using the SRM framework allows the following observations:

- At the individual and household level, there is a wide range of responses, and some of these result in significant erosion of human capital.
- The large majority of risk-management strategies occur at the individual or household level, with very limited reliance on the formal sector.
- Labor market activity, both formal and informal, is central to risk management.
- The private sector contributes relatively little to reducing, mitigating, or coping with the extreme risks faced by households.
- There tends to be a disjunction between the groups that are targeted by public programs and those that bear the responsibility for risk management at the individual level.
- Responses at the individual level have the potential to undermine responses at the public level.

As noted by Holzman and Jorgensen, the adoption of this framework allows a wider approach to social protection, since it focuses less on the symptoms of poverty and more on its causes. By identifying the risk management strategies that individuals actually use, there is also the potential to shift the poor toward activities that have greater returns and that are less likely to lead to divestment in human capital.

Although the analysis of poverty and the labor market can be greatly strengthened by the systematic application of the proposed social risk management framework, it should also be recognized that in its present formulation by World Bank analysts, this framework is linked to a before-and-after scenario in which it is assumed that the problem is one of the economy adjusting to a sudden external shock. They suggest that risk-reduction and risk-mitigation strategies play their part before the economic shock, whereas coping strategies are emphasized after the shock.

After nearly twenty years of structural adjustment programs in Jamaica, the rhetoric has a familiar ring. It is true that this argument continues to provide a welcome rationale for social support, but its danger lies in the fact that it encourages a blinkered approach to the analysis of poverty in Jamaica. Unless there is a blunt admission that poverty is extensive and long-standing, that it finds its roots in the labor market, and that its effects reach out to all demographic groups, there is little hope that any social protection strategy with an inbuilt bias toward targeting can address the ongoing crisis in the society.

This critical point may be illustrated by a quick review of the justification and current fortunes of Jamaica's leading poverty eradication programs. The justification advanced for the introduction of the Jamaican Food Stamp Programme in 1984 was that it was needed as a buffer for the vulnerable under the structural adjustment program. This rationale is still presented. The elderly and the infirm are eligible for poor relief based on their physical condition, but there is little expansion in the numbers that can be served. The school feeding program, which was designed to encourage better attendance and performance among schoolchildren, and which is used by 60 percent of all needy households with children, is currently under review because it does not seem to be sufficiently targeted. The only programs under
the National Poverty Eradication Programme that address youth unemployment are the Lift-Up Jamaica Programme and the Social and Economic Support Programme. These are currently under intense attack by the World Bank and the Inter-American Development Bank, as reported by the minister of finance during the April 2001 budget presentation.19

The conclusion therefore seems to be that although analysis may become more advanced, in Jamaica policy and programming toward poverty reduction remain mired in a set of outdated assumptions, which are comforting to both lender and borrower. As long as it is believed that there are target groups among the poor whose misery is not related to the wider issues of economic imbalance and labor market disadvantage, there will be little incentive to design poverty reduction programs that represent anything more than a coping response.

Conclusion
To the extent that poverty in Jamaica is part of the major crisis that grips the economy and the wider society, it must be accepted that poverty eradication as currently conceived is a mirage. But it is a mirage attractive to many, given the deep individualism in Jamaican culture, the religiosity, and the actual experience of social mobility over the decades. Even in the nineties, despite the earlier economic difficulties caused by the 1991 deregulation of the economy, a significant proportion of households were able to report in 1999 that their economic situation had improved or remained stable over the past five years. In the 1999 SLC, approximately a quarter of householders indicated that their situation had improved, and 31 percent said that their situation was stable.

The international context, as noted by Jorgensen and Van Doremelen in their World Bank
study, creates a three-way challenge, as the increased globalization of trade in goods, services, and factors of production means that there will be greater opportunities, greater risks, and less ability for governments to pursue independent policies. The higher mobility of factors of production serves to reduce the ability of governments to raise revenues and to pursue independent national policies, although this is the time when such policies are most needed. They further observe that in the context of Latin America, with its highly unequal income distributions, there is a serious threat to the sustainability of social gains, as greater trade and improved technology may serve either to increase or to reduce social divisions. This observation has a painful relevance to Jamaica, where deep income inequality persists and where social class lines still reproduce racial cleavages.

For the young, the situation is more desperate, since they are caught in a demographic crunch, with their expanding numbers pitted against the shrinking job supply. Although the larger numbers in the working ages, compared to the relative numbers of young and old dependents, is regarded as a "demographic bonus" in some countries, in Jamaica this simply adds to the intensity of the crisis. In the context of an economy that has grown very slowly over the decade, there is a short time-fuse for public action.

In summary, the situation of Jamaica is one where there is both hope and despair, where traditional values are under challenge in the face of stubborn hardship, and where the related crime and violence serve to undermine the climate for acknowledgment of human rights. At the individual level, this is summarized by an inner-city youth as, "Man have to close him eyes and hustle, or him and him youth starve." At the national level, there is also the deliberate closing of the eyes, the refusal to hear, and the ritual measurements of targets. The change that will come is likely to emerge at the individual level, just as risk is currently managed at the individual level. Its direction is still uncertain, but to the extent that it will be shaped by a generation of youths who are more marginalized and excluded than any other generation, it is likely to be more radical.

Notes
1. The levels of poverty reported in this paper use the official poverty estimates by the Planning Institute of Jamaica, which are calculated on the basis of the annual Survey of Living Conditions (SLC). This survey, initiated in 1988, was modeled on the World Bank Living Standards Measurement Surveys and developed with the support of the bank. In addition to the measurement of household consumption levels, the SLC monitors access and utilization of social services.

2. These observations are made by Asha Hunda and Damien King in "Macroeconomic Policy and Poverty in Jamaica: An Evaluation of the Options," a study conducted for the Planning Institute of Jamaica as part of the Jamaican Social Protection Study supported by the World Bank, 2000.

3. Ibid.


5. The Food Stamp Programme, established in 1984, provides assistance to the poor based on either health-related or income-related criteria. The largest share of assistance is directed toward children under six years, pregnant and lactating mothers, and the elderly. With the completion of the support from the World Food Programme, the numbers of beneficiaries have decreased, as the program is now funded entirely from the budget.

6. The National Poverty Eradication Programme (NPEP) is described in "Jamaica’s Policy Toward Poverty Eradication and the National Poverty Eradication Programme," Ministry Paper No. 13, Office of the Prime Minister, Government of Jamaica. Annual summaries of the NPEP activities are published in the Planning Institute of Jamaica, Economic and Social Survey of Jamaica.

7. Data on the Jamaican labor force are based on the series of quarterly surveys conducted by the Statistical Institute of Jamaica (STATIN). This article presents data from tables that I prepared in addition to the material published annually in the Report on the Labour Force Survey.


14. Ibid.


19. This disclosure was made by the Minister of Finance and Planning, Dr. Omar Davies, during the April 2001 Budget Presentation, April 4, 2001.