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**STUDENT RESEARCH PAPER**

*Goodbye Measurement Blues: Overcoming the 'Economic Imaginary'*

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*Thou shalt not sit  
With statisticians nor commit  
A social science*  
– W. H. Auden

## 1. THE 'ECONOMETRIC IMAGINARY'

When the field of development studies arose, the majority of its originating theories were economic theories. People in the Third World clearly lacked material resources, i.e. they were *prima facie* economically “poor”, and so this seemed the obvious place to start in terms of both theory and practice. Initially, the problems of the ‘developing’ world were thus conceived of almost solely in terms of economic growth and economic transformation.<sup>1</sup> Political and cultural considerations rarely found their way in to development research, either in terms of the influence they have on economic development or with respect to the manner in which economic development bears upon them.<sup>2</sup> The glaring and problematic assumption was that economic growth and progress could offer a better quality of life in all respects.<sup>3</sup>

As the field grew and its practical shortcomings became increasingly apparent the logic of this intellectual domination of economics came under increased scrutiny. Broader perspectives incorporating economic, political, and cultural processes began to enter the mainstream of development research. There was an increased interest in the specific circumstances prevailing in a given country, how these circumstances change over time and how they are connected to broader global networks.<sup>4</sup> But, while some space was created for qualitative analysis by chipping away at the economic megalith, the movement to a more nuanced, dynamic and complex understanding of development and poverty has been disturbingly slow in both theory and in practice.

In his article, *Poverty Measurement Blues: Some reflections on the space for understanding ‘chronic’ and ‘structural’ poverty in South Africa*, Andries du Toit posits that even this process of integrating qualitative analysis with the quantitative is highly problematic. He argues that, while the integration of qualitative research adds more complex measures it is still “caught within the a-historical, power-blind, technicist, and rational-choice imaginary of econometric analysis and mainstream development economics.”<sup>5</sup> In addition, he contends that there is the danger of a new positivism in development because qualitative research is often taken at face

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<sup>1</sup> Programs developed by institutions like the World Bank and the International Monetary Fund (IMF) paid little attention to power structures and political institutions in developing countries at either the macro level (state government) or at the micro level (social values and structures). This failure to incorporate non-economic considerations was in turn taken up by the leadership of many developing countries.

<sup>2</sup> There were a few theories that did engage with these considerations but according to Martinussen they were often weak on the economic side and as such they were largely marginalized. See John Martinussen *Society, State and Market: A Guide to Competing Theories of Development* (1997) 5.

<sup>3</sup> *Ibid* at 6.

<sup>4</sup> *Ibid* at 7.

<sup>5</sup> Andries du Toit ‘Poverty Measurement Blues: Some reflections on the space for understanding ‘chronic’ and ‘structural’ poverty in South Africa’ (2005) *CPRC Working Paper 55/PLAAS Chronic Poverty and Development Series* at 10.

value instead of being recognized as a product of conflicts, antagonisms and social power relations. In this sense, Q-Squared<sup>6</sup> approaches serve to further mask the real underlying issues.

The real issue, therefore, lies in finding the space to identify and challenge the dominant paradigms and frameworks informing this 'econometric imaginary'. Informed by critical theorists like Michel Foucault and Anthony Giddens, du Toit takes a proverbial 'step in the right direction' by bringing attention to the shortcomings of the dominant paradigm as well as to some of the many methodological issues that arise when attempting a "theorised engagement with the complexities of social relations, agency, culture, and subjectivity".<sup>7</sup>

Inspired by du Toit's article, in this paper I begin by exploring the conceptualization of poverty and the crucial inter-relationship that definitions and concepts in the social sciences have with the phenomena that they seek to describe. Ultimately, I argue that definition matters! How we define poverty has everything to do with how we understand it and how we choose to respond to it. The paper then looks at the economic approach to the conceptualization of poverty as well as some of the inherent limitations and shortcomings of this 'econometric imaginary'. I explore the influence of Foucault's structural account of power and knowledge in particular, in order to better understand and situate du Toit's critique of the dominant economic approach.

I then go on to discuss the possibility of effecting change by developing a more profound and complex understanding of poverty in a system dominated by temporal and 'objective' concepts. Du Toit's ideas are discussed in relation to Foucault and to Anthony Giddens in order to explore the ways in which agents and structure interact to effect change and to overcome dominant narratives. Ultimately, I find that a more meaningful understanding of poverty is entirely possible if we engage in an ongoing process of challenging the dominant paradigms so that they continuously improve to better reflect the complex reality of poverty.

## 2. CONCEPTUALIZING POVERTY

One of Du Toit's critiques of the econometric imaginary is that it relies on the interpretation of indicators, which are created by abstracting and isolating particular elements of a person's situation and assigning meanings to them in their own right. These measurements are at best indicators of indicators. The 'measurable' phenomenon that they represent is in itself usually only an indicator of a more complex and dynamic phenomenon underlying the economic symptom. For example, a lack of monetary income may indicate an inability to meet one's basic needs and thus be called a condition of 'poverty'. That lack of ability, however, may in turn be an indicator of a complex social situation of marginalization and exclusion, which can arguably be both cause and outcome of poverty. As du Toit explains it:

*'In practice the definition of poverty is essentially collapsed into its indicator - and the indicator then taken for the condition it tries to measure.'*<sup>8</sup>

This economic definition of poverty therefore alludes to the complex interaction between theory and practice in the social sciences more generally. We create conceptual notions to deal with what we see occurring and with the practical realities that we face. These concepts in turn

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<sup>6</sup> Approaches that attempt to integrate qualitative and quantitative methods.

<sup>7</sup> du Toit op cit note 5 at ii.

<sup>8</sup> Ibid at 3.

become a sort of medium or framework through which we interpret and understand the world. The way that we conceptualize the situation has a great deal to do with what it is and what it becomes. When ideas about poverty change in response to changing social realities (population, migration, environment etc.) our conceptual framework alters to accommodate this, but also influences it in turn.

What we choose to include and exclude from our definition is thus crucial to how we subsequently conceive of poverty. So when we measure poverty through econometric measures like income and household expenditure we begin to conceptualize poverty as being exactly that: a lack of income or spending power. On the one hand this lacks explanatory power and is tautological: “you are poor because you have no money”. On the other hand, this circular operation directs attention away from the complex underlying causal dynamics that “link particular aspects of deprivation with the social experience of lack, disempowerment, need and suffering.”<sup>9</sup>

Laderchi, Saith, and Stewart thus argue that definition matters!<sup>10</sup> Each approach to the definition and measurement of poverty is a construction of reality involving numerous judgements, which are rarely transparent. These different methods have very different implications for development policy and for the targeting of policies at specific groups. Reifying a monetary indicator as ‘poverty’, for example, leads to a particularized economic response, which in all likelihood will not adequately address the complex underlying situation of marginalized persons and their experience interacting with the dominant socio-political structures.

Du Toit concedes that integrating qualitative and quantitative modes is important to capturing the causes and dynamics of poverty. He argues, however, that the larger and considerably more daunting issue lies in challenging the dominant meta-narratives that guide this integration process. Du Toit thus advocates for a conceptual overhaul of sorts. And while he is not entirely clear on what this would look like, there appears to be some deference to the ideas and methodologies of Michel Foucault and Anthony Giddens underlying his critique of the econometric imaginary. It is to these thinkers that we therefore turn to gain an enhanced understanding of the inherent flaws of the econometric imaginary and to explore the possibility of an emancipatory project of development. But first, we shall return to the role of economics in development.

### 3. POWER, KNOWLEDGE, AND META-NARRATIVES

Economics, like all disciplines, isolates itself as a realm of study and abstracts itself from the bigger picture. We categorize things as a means to focus on them and to make sense of them in a particular situation. Categorization is exclusive, however, in the sense that we are forced to focus on certain features and to downplay or eliminate others. We leave out potentially important or relevant aspects of our descriptions and we create specific images from which many perceptions and inferences are made and actions are sanctioned. When we refer to disciplines, however, we are speaking metaphorically about elements that continue to bear on each other. We abstract these specific realms from concrete experience and eliminate certain

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<sup>9</sup> Ibid at 3.

<sup>10</sup> Caterina Laderchi, Ruhi Saith & Frances Stewart *Does it Matter that we don't agree on the definition of poverty? A comparison of four approaches* (2003).

features such that it becomes difficult to refer back to the experiential whole. But the totality is essential to understanding these abstracted and atomized aspects we have been investigating.<sup>11</sup>

So, while Gregory Mankiw's main concern in his article *The Macroeconomist as Scientist and Engineer* is with the substantial disconnect between the science (theorizing) and the engineering (problem-solving) of macroeconomics, this analogy of 'economists as engineers' should be extended beyond the confines of the discipline.<sup>12</sup> The field of macroeconomics developed in order to deal with practical problems. Not because it was theoretically or scientifically interesting, but because real people were suffering and a pragmatic and planned response was necessary. The science is necessary but the problem solving is essential. It is the *raison d'être* of the discipline. But economics has so isolated itself from social experience that it cannot maintain its relevance to the praxis of its own theories, never mind to the larger social structure.

Du Toit posits that the problematic of the econometric imaginary stems from its inability to cope with the idea that poverty judgments are complex 'theory-rich' interpretations of dynamic states of being, which cannot be adequately captured in quantifiable measures. Shoehorning poverty into binary concepts of poor/non-poor thus ignores the complex and relative nature of poverty. In addition, poverty judgments are situated moral and political judgments. Their significance is derived from being embedded in underlying social discourses about the nature of society and they are made by value-laden social actors embedded within that structure. Contrary to the presumptions of the econometric approaches, therefore, du Toit argues that, "there is no objective, uncontroversial, value-free and unitary concept of poverty directly available for transparent operationalisation by 'social science'."<sup>13</sup>

Du Toit's criticisms here reflect what Tom Bottomore explains are the two main features of all recent paradigms in sociology concerned with the broader logic and methodology of the social sciences: attacks on positivism and controversy over the place of value judgments. Bottomore argues that this has led to a renewed interest in hermeneutic approaches to the social sciences: approaches that try to interpret and understand social events by looking at their relevance and meanings to the participants and the culture in question. The difficulty, however, is that this does not suggest a means for deciding between different subjective interpretations of social events and processes and thus it depends on the creative powers of the individual interpreter rather than on testing "propositions by reference to some kind of empirical reality."<sup>14</sup> And, since there is no reference to an objective truth, preference is often based explicitly on values.

Du Toit suggests, however, that honest and transparent value choices may actually be preferable because these can be analysed and evaluated. When we assume we are referring to some reality 'out there' and using objective measures in the process, we in fact mask the value-laden processes underlying this and shelter them from important criticism and evaluation. Bottomore does acknowledge that to be taken seriously all paradigms must make at least some allusion to the involvement of social theory with the historical process of social life from which the interpreter cannot be removed. He is, like all people, embedded.

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<sup>11</sup> Lakoff & Johnson *Metaphors We Live By* (1980).

<sup>12</sup> Gregory Mankiw 'The Macroeconomist as Scientist and Engineer' *The Journal of Economic Perspectives* (2006) 20.4 at 29.

<sup>13</sup> du Toit op cit note 5 at 3.

<sup>14</sup> Tom Bottomore 'Competing Paradigms in Macrosociology' *Annual Review of Sociology* (1975) 1 at 201.

In an effort to address the implications of this 'embeddedness' of social discourses and actors for poverty, du Toit extends the notion of 'chronic' poverty from a simple temporal concept into a structural one. He argues that any understanding of chronic poverty must grapple with issues of "structure, agency, antagonism, and social change."<sup>15</sup> This in turn requires "an engagement with the ways in which applied social science research in the 21<sup>st</sup> century is shaped by the architectures of power and knowledge in modern states and donor institutions."<sup>16</sup>

One particularly influential critical account of modern power and knowledge, which du Toit clearly draws influence from, is that of Michel Foucault.<sup>17</sup> Foucault argued that, in opposition to the previously hierarchical and top-down forms of power, modern power is characterized by the internalization of norms such that the power in a sense emanates from the 'dominated'.<sup>18</sup> The modern subject is the product of power, but also the object of it, and the vehicle for it. The mechanisms of this new form of 'normalizing' power are the disciplinary institutions such as psychiatry, medicine, psychology, and education. Modern individuals are thus the agents of their own 'normalization' to the extent that they are subjected to, and invested in the norms propagated by these disciplines. Foucault termed this power *governmentality*.<sup>19</sup>

The relationship between power and knowledge is integral. Power stems from knowledge and makes use of it but it also reproduces it and shapes it. Knowledge is never neutral, as it determines power relations. In light of this account of power coupled with the lack of a dominant counter-hegemonic theory, du Toit asks: what is the scope for decolonising methodologies still connected to old imperial forms of power and knowledge? In other words, given this account of power, how is it possible to challenge the megalith of the 'econometric imaginary'?

#### 4. STRUCTURE, AGENCY, AND COUNTER-HEGEMONY

An oft-cited problem with Foucault's account of power, and the reason he was often labelled a structuralist despite his own rejection of the term, is that he does not appear to leave room for agency and transformatory politics in the new disciplinary society. If individuals are merely constructions of power and not a priori in any sense then how do they resist that power?

Foucault did have a political concern to facilitate an emancipatory project, however, and in his later works he argues that:

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<sup>15</sup> du Toit op cit note 5 at 9.

<sup>16</sup> Ibid at 1.

<sup>17</sup> For Foucault's account of power and knowledge see *Discipline and Punish: The Birth of the Prison* (1975), *Power/Knowledge: Selected Interviews and Other Writings* (1980), *The History of Sexuality* (1984), and other writings.

<sup>18</sup> This internalization is reminiscent of Sartre's famous line "Hell is other people", where Sartre refers to the experience of Shame – the experience of being seen, being objectified and made in to the Other, which has a powerful effect on the way that you think and act, but where the experience, the power, ultimately emanates from oneself.

<sup>19</sup> This is a combination of the words "govern" and "mentality", symbolizing the combination of the elements of power relations and internalization of these relations.

'There are no relations of power without resistances; the latter are all the more real and effective because they are formed right at the point where relations of power are exercised.'<sup>20</sup>

The disciplinary society limits our freedom by playing an integral role in constructing our identities and our understanding of power and knowledge. It is a mistake, therefore, to imagine that freedom is a state that can be granted or inhibited by laws and institutions. Freedom exists only in being exercised and is a constant struggle against normalizing forces.

Foucault directs us to look beyond traditional emancipatory tools and to focus on the micro-political, at the level of local knowledge. This understanding of resistance as internal to power implies that there is no such thing as total emancipation and we should focus instead on localized struggles with the aim of creating spaces for change. Understanding and conceptualizing power and normalization is necessary for resistance and for maximizing freedom. By understanding what we are and questioning it we can loosen the constraints placed on us by the practices of normalization. Our analysis in turn feeds back in to our conceptual framework and in this way gives us some freedom within our chains.<sup>21</sup>

Anthony Giddens also suggests a sort of balance position between structure and agency, and perhaps one with more emancipatory potential (though he is careful to state that this is not an inevitable consequence of this methodology).<sup>22</sup> According to Giddens, life is a series of ongoing activities and practices that people carry on but which at the same time reproduce larger institutions. Structure is constituted by rules and resources governing and available to agents. It is not a fixed immutable thing external to the individual; it is independent with the individual. In human life, action and structure reproduce each other. For example, a concept of development borrows from and contributes to the legitimization of that concept as well as coordinates the policy from which it in turn gains further force. But these approaches are not just external theories reflecting off of an objective definable entity. They all feed back in to the practice and shape it to some extent. Methodology, theory and practice all intersect.

The role of social practice, of the actions and activities of laymen, of agents interacting with the structure, profoundly influence its development and vice versa. Theorizing is constitutive - we constitute the social world and the realms within it, it is not independent of human act and endeavour. There is no neutral language. This is why, according to Giddens, it is so important to investigate social sciences in general in lay language, in what people actually think is going on. For example, poverty and development should be examined in the context of the history of political ideas and traditions. They must incorporate various theoretical approaches to its particular area of study, as each is in some sense constitutive through the actions and activities of laymen interacting with the structure.

This question of structure, agency, and emancipation is particularly interesting in South Africa where the impact of a powerful form of institutionalised discrimination is often envisaged as constituting the most prevalent causal element of persistent poverty. According to the South African *Poverty and Inequality Report*, apartheid in South Africa "was a process of state-driven underdevelopment that encompassed dispossession and exclusion for the majority of

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<sup>20</sup> Michel Foucault *Power/Knowledge: Selected Interviews and Other Writings* (1980) 142.

<sup>21</sup> A reference to Rousseau's concept of freedom as the General Will - "man is born free and everywhere he is in chains".

<sup>22</sup> Anthony Giddens *New Rules of Sociological Method: A Positive Critique of Interpretive Sociologies* (1976).

South Africans.”<sup>23</sup> The distortions created by those dynamics are seen to persist in perpetuating poverty and inequality in the country. The *Poverty Report* focuses on the “underlying political economic structure” that created the polarisation of wealth and the inescapable cycle of poverty for so many.<sup>24</sup> The resulting strategic focus is on economic growth and human development supplemented with redistribution and enhanced individual capacities in order to correct the failures of the market system.<sup>25</sup>

This particular reference to structure refers, however, to a top-down political structure not an underlying one as it suggests. Undoubtedly this system of power had massive influence on people’s lives. It is also possible, however, that this overwhelming emphasis on hierarchical forms of power may mask more complex realities of structural poverty in contemporary South Africa; poverty that economic growth and redistribution may fail to impact upon. The first step to countering this hegemonic econometric imaginary in both Foucault and Giddens’ views, therefore, is raising the consciousness of possibilities that can be organised to promote social change. In the case of South Africa this might require developing a more nuanced and dynamic understanding of history and social relations so as to create new spaces for transformation and ultimately for development.

## 5. WHERE DO WE GO FROM HERE?

In the light of the current global economic crisis Robert Skidelsky asks, “Where do we go from here?”<sup>26</sup> Skidelsky argues that the major failures inherent in our current global crisis are an intellectual failure wherein everyone succumbed to the efficient market hypothesis of mainstream economics, and a moral failure wherein growth was worshipped for its own sake rather than as means to the ‘good life’. More importantly, however, Skidelsky also optimistically points out that it is in times of crisis that the opportunity for change really presents. In light of the failure of status quo approaches, policy-makers become willing to look at theories and strategies previously considered “exotic”. Space is created for transformation.

Similarly du Toit argues that in light of the urgency of the situation in South Africa and the clear problematic of the current dominant paradigms, space is opening to challenge what were previously considered self-evident meta-narratives; we must “contest homogenising quantitative narratives by developing powerful and convincing counter-hegemonic accounts.”<sup>27</sup> And Giddens posits that critical theory and methodology may not have an emancipatory consequence in and of themselves, but driven by human agency they may present an instrument to expand autonomy and to create space for change. So, while operationalisation is an important and often very difficult question for these critical theories, perhaps their crucial role lies in their antagonistic engagement with the status quo. With these approaches as wedges to open space for change, it becomes possible to envision a more meaningful concept of poverty that could allow us to better understand and to respond to the realities faced by those who live under its yoke. The only way to find out if this is possible is to try.

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<sup>23</sup> ‘Poverty and Inequality Report, ch.1 Growth, Development, Poverty, and Inequality’ available at [www.info.gov.za/view/DownloadFileAction?id=70499](http://www.info.gov.za/view/DownloadFileAction?id=70499) at 2, accessed on June 11, 2012.

<sup>24</sup> Ibid at 5.

<sup>25</sup> Ibid at 12.

<sup>26</sup> Robert Skidelsky ‘Where do we go from here?’ *Prospect Magazine* Issue 154, January 2009.

<sup>27</sup> du Toit op cit note 5 at 13.