Aspirations Failure and Poverty Traps

Introduction
A key policy concern is the appropriate design of policy interventions to alleviate chronic deprivation and poverty in Scotland. A significant strand of economic research (starting from Nelson (1956)) focuses on external constraints that may perpetuate poverty traps, such as lack of credit or poor housing. Largely missing from conventional analyses of poverty traps are the psychological mechanisms through which the experience of poverty forms the beliefs, values, and aspirations of the poor. From this starting point pro-poor policies tend to focus on relaxing the external constraints, but recent research has emphasized constraints internal to the person that also perpetuate poverty, for example learned helplessness, pessimistic beliefs and an external locus of control. Unlike external constraints, these internal constraints adapt to the experience of chronic poverty (Dalton, Ghosal and Mani (2013)). Over time, however, they become an independent source of disadvantage for poor persons in their own right.

In this short paper, I present evidence from a variety of different sources (including new fieldwork from Kolkata, India) that suggest that pro-poor policies that take into account the need to alter internal constraints among the poor, such as raising their aspirations, will have a greater impact on the breaking poverty traps than policies that address external constraints alone. I conclude by examining the relevance of the analysis presented here to policy interventions that aim to reduce deprivation in Scotland.

Poverty traps: External vs Internal Constraints
By focusing on external constraints (e.g. malfunctioning credit markets, poor housing, neighbourhood effects), the extensive literature on poverty traps (surveyed by Azariadis 2004 and Azariadis and Stachurski 2004) tends to disregard internal constraints, such as lack of self-confidence and aspiration failure, although these are well documented in other disciplines such as psychology, sociology and anthropology. The literature in these fields show that poverty, with social exclusion, has detrimental self-reinforcing effects on self-perception, self-confidence and lack of aspirations.

Appadurai (2004), an anthropologist, argues that the poor may lack the capacity to aspire to ‘contest and alter the conditions of their own poverty’. For Appadurai, the capacity to aspire’ involves not only setting goals but also knowing how to reach them. Although resources provide the opportunity to aspire, a capacity to aspire is also essential. As Bandura (1991) points out, “People’s beliefs in their efficacy

\footnote{Full details of the results reported here and references not explicitly listed can be found in Chapter 6 of the CAGE Policy Report (2013) and a Chatham House Policy Briefing paper Ghosal (2013).}
influence the choices they make, their aspirations, how much effort they mobilise in a given endeavour, how long they persevere in the face of difficulties and setbacks.”

Aspirations failure: evidence
The work of Wilson (1987), the renowned sociologist, offers clear evidence of the ‘social exclusion-lack of aspirations-poverty’ link first observed in urban ghettos in the United States in 1970. In Wilson’s view, the increasing ‘social isolation’ of the poor, especially poor African-Americans, has greatly contributed to their poverty. ‘Out of sight, out of mind’ allowed most of the non-poor to deny or forget the conditions in the ghetto. Furthermore, Wilson argues that causality can equally go in the other direction: poverty also implies exclusion. Indeed, a concentration of poverty isolates the poor from the middle class and its role models, resources and job networks. In effect, he concludes, being poor in a mixed-income neighbourhood is less damaging than being poor in a high-poverty neighbourhood.

If hard work is an ingredient of success, an individual’s beliefs about the role of hard work (versus luck or other external circumstances) in life will shape efforts, goals and outcomes. There is clear evidence that people of lower socio-economic status tend to place greater weight on external circumstances in deciding life outcomes (Schultz and Schultz, 2004).

This is of particular importance for younger people, who have more opportunities ahead of them to shape their own futures. In the United Kingdom, for example, evidence of the impact of poverty on young people comes from the Avon Longitudinal Study of Parents and Children. As Figure 1 demonstrates, children between the ages of 8 and 14 years from the most deprived areas have a strongly external locus of control, attaching almost zero weight to their capacity to determine their own outcomes. They believe that external factors will decide how they live, rather than the fruits of their efforts. For other children, the weight placed on their own effort rises strongly with increases in prosperity.

Figure 1: Locus of control and deprivation

Source: Cabinet Office (2008), drawing on Longitudinal Study of Young People in England (2006), data. Note: ALSPAC, the Avon Longitudinal Study of Parents and Children, is hosted at the University of Bristol.
Young people who come from deprived backgrounds also demonstrate less faith in their own academic abilities and overall intelligence. Between the ages of 8 and 13 years, children from the most deprived families in the ALSPAC data have almost no confidence in their ability to succeed in school work; again, this confidence rises strongly with family prosperity.

Other research, such as the Longitudinal Study of Young People in England (LSYPE 2006), shows that children from the most deprived backgrounds have the lowest academic aspirations. They are least likely to say that they will apply to university or that their friends will stay on at school. Such measures of personal and group aspiration rise steadily with family income.

However, there is a flip side. Falk et al. (2011) have shown experimentally that raising ‘reference points’ (or goals) can raise performance outcomes. In their study, when subjects were given higher reference points for earnings, they persevered longer at the experimental task. Because aspirations are ‘reference points for life goals’, this evidence underscores how higher goals can affect life outcomes.

In real life, such reference points emerge from the social settings that people inhabit. It is important, however, to separate two distinct channels of influence. One is the information that a person receives from a deprived social setting; the other is the set of values, beliefs and preferences that a person forms under the influence of the same milieu. In the first view, aspirations fail because the poor person suffers from an information disadvantage, with fewer role models to copy and less chance of learning what matters for success. Alternatively, aspirations failure is an internal response to the experience of poverty that devalues success, even when it is visibly attainable.

There is considerable evidence to support the second view. Experimental work by Steele (2010), the social psychologist, and others on ‘stereotype threat’ shows that merely invoking racial/gender identity damages the educational performances of African-Americans and women respectively. In another case, Clark et al. (2003) found that more pessimistic expectations raised the likelihood of frequent smoking and reduced that of exercise – suggesting a feedback effect from low aspirations to low effort even in matters such as health, where individual motivations need not be driven by market returns alone.

**What does fieldwork show about aspirations?**

The findings of an ongoing micro-level project in Kolkata, India are instructive and may offer some important policy-making lessons. The programme aims to raise the aspirations of a marginalized group in society, sex workers. Given the social stigma attached to the sex trade, particularly in India, many sex workers suffer from a loss of hope and a sense of defeat. Can the intervention raise aspirations and self-perception (measured by self-efficacy and locus of control) and lead, in turn, to increased efforts to improve their own wellbeing?

The training programme, called ‘Dream Building’, aims to give sex workers a renewed sense that they are as entitled as others in mainstream society to have hopes and aspirations, to teach them how to work towards these aspirations, and to develop a positive, pro-active outlook regarding their future. In eight sessions,
experienced trainers use novel methods of discussion and engagement. Some of the trainers are themselves former sex workers who have reinvented their lives and careers and can thus serve as role models for the participants.

Between February and July 2011 data was collected in a small-scale pilot study. A sample of 34 sex workers was randomly selected for the study in the localities of Khidirpore (18) and Kalighat (16). Baseline interviews were carried out with these women in February-March 2011, weekly ‘dream-building’ workshops were held during April-May, and an end-line interview took place in July. As a control group not exposed to the dream-building workshops, a further eight women (four in each locality) were interviewed once in June 2011. For the pilot scheme, the focus was on outcome variables related mostly to behavioural and psychological measures, including opinion about oneself, sense of shame (arising from sex work as a profession), feeling of discrimination, locus of control, decision-making and mobility.

Two sets of analyses were conducted. First, a simple pre- versus post-analysis was carried out of the 34 women who constituted the original sample, all of whom were exposed to the dream-building workshops. Each of the outcome measures was constructed as a binary variable based on a series of questions that were asked in surveys relating to the issue in question. With regard to opinion of oneself, for example, the question asked was: ‘What is your opinion about yourself?’, and the answer options were: ‘I am a bad woman’, ‘I am a fallen woman’, ‘I have no future’, ‘I am somehow living my life’, ‘I am committing a crime’, ‘I am committing a sin’, ‘I have no opinion’, ‘I am a service provider/entertainment worker’ and ‘I do it to feed myself and there is nothing wrong with it’. For the last two answers, the corresponding binary variable ‘opinself’ was assigned the value 1, and 0 otherwise.

Being exposed to the dream-building workshop improves the sense of self-worth in treated women – they are 29% more likely to think of themselves as being no different from any other informal sector worker in India, and less likely to think of themselves as being a fallen woman or a sinner. They are also 29% less likely to feel ashamed of their occupation. Post intervention, these women are also 28% more likely to feel discriminated against; this might reflect their heightened sense of self-worth. The intervention also improved these women’s self-confidence and strengthened their belief that their life was under their control. Similarly, the intervention appears to have significantly increased these women’s mobility. Afterwards, they were 22% more likely to attend social functions, travel alone, etc.

In a treatment-control analysis, outcomes of the ‘treatment’ group of 34 women exposed to the intervention are compared with those of a control group of eight women who were not. The impact of intervention on self-worth, self-confidence, locus of control, decision-making and mobility is qualitatively similar to the results obtained in the pre-versus post-analysis.²

² The pilot study has been scaled up to around 600 participants, and is reported in Ghosal, S, Jana, S, Mani, A, Mitra, S and Roy, S (2014), “Sex Workers, Stigma and Self-Belief: Evidence from a Psychological Training Program in India”, (mimeo) where similar results have been found.
Policy implications for Scotland

The costs of persistent deprivation in Scotland have been extensively documented. For example, Ellaway et al. (2012) show, using data from the longitudinal West of Scotland Twenty-07 Study, that over a 20 year period, the self-reported health of people living in deprived areas became poorer faster compared to those living in more affluent areas. They conclude that “attempts to reduce area differences in health should start young but also continue throughout the lifespan”.

An interesting new initiative in Scotland is the Big Noise orchestra created by Sistema Scotland (an initiative pioneered in Venezuela) aims to raise the aspirations, and confidence and enhance the self-belief of school kids in areas of Stirling and Glasgow with high poverty rates. A report commissioned by the Scottish Government into the scheme reported “evidence that Big Noise is having a positive impact on children’s personal and social development, including increased confidence, self-esteem, sense of achievement and pride, improved social skills and expanded social networks”.

Such interventions, if successful in altering internal constraints, will have a greater impact on mitigating deprivation than policies that address external constraints alone.

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