Response to 4.

Many, many thanks for your thoughtful comments they've been most helpful. Below I've responded to the general comments, the detailed comments will all be attended to in a revision.

"1. As this paper bridges two different literatures, it is important that the concepts, terminology and jargon used on either side of the bridge are also clear …."

I agree and will insert some expanded definitions in a revised version

"2. The theoretical results open some new questions. To list a few:…."

Again I agree that this is material for further research and more papers, in the revision I will attempt to allude to potential points of departure, indeed I've already embarked upon some myself (see below).

"3. I find the analysis in section three thought-provoking and refreshing. The identification of the poor based on the stochastic process generating their incomes rather than a (monetary) cut-off is interesting and seems, to the best of my knowledge, novel to the economic approach to poverty measurement…."

Many thanks for this comment. The "echoes of a sociological approach.." is close to the mark. In fact what influenced me toward this tack was the Functionings and Capabilities approach of Sen and Nussbaum, I conjectured that if different groups in society suffered differing limits to their functionings and capabilities (most of which are unobservable or at least very difficult to measure) it would somehow constrain their observable actions (e.g. income generation) in similarly different ways which would result in different sorts of stochastic processes describing their respective income paths. Incidentally I only re-introduced the monetary cut-off definition later in the section to illustrate how the ideas differed and how you could compare the wellbeing measures in the two approaches, perhaps I should clarify this in a revision.

4. Honestly, the empirical part of the paper is not my favorite part….

Neither is it mine! I should explain, the origin of this paper was a lunchtime argument with a few of my colleagues who were theorists, my point being that the growth and consumption models they built to explore potential wellbeing improvements had implicit in them predictions as to the progress of the object of their explorations. To illustrate the ideas empirically I used a relatively simple data set I had to hand (the data in the paper) together with a quick simplistic approach to the estimation of various parameters under various model assumptions. It was not intended as a thorough and exhaustive investigation of the progress of various aspects of wellbeing of representative agents (countries) on that continent which is a matter for a completely different and much longer paper using more appropriate but laborious estimation techniques. Indeed I with some colleagues have done that elsewhere for both Africa and Urban China (Anderson, Pittau and Zelli (2012, 2012a)) wherein we discovered 4 rather than two subgroups in the case of Africa!

References:

Gordon Anderson, Maria Grazia Pittau and Roberto Zelli (2012) "Poor-Non Poor Country Probability Status: A New approach to Measuring Poor Country-Rich Country Progress and Convergence." Mimeo

Gordon Anderson, Maria Grazia Pittau and Roberto Zelli (2012) "The progress and characteristics of poor, middle and rich classes in urban China: Results from partial definition of class membership."