

The Meaning of Poverty

Questions of Distribution and Power

Arthur MacEwan

Summary

Poverty is a word that is used to mean many different things. The problem is that poverty is a concept that is used to define a great deal of economic policy, and, insofar as economic policy has – or fails to have – real impacts on people’s lives, the meaning of poverty is important.

Nowadays, poverty, especially poverty as it is experienced in the low-income parts of the world, has become central to a great deal of discussion among economists and policy makers, and we have various campaigns underway to eliminate poverty, or, as the slogan would have it, “to make poverty history.” The United Nations Millennium Development Goals (MDGs) project is at the pinnacle of these efforts. In these campaigns, the issue is absolute deprivation, and the current widely accepted standard defines poverty as living on less than \$2 per day and extreme poverty as living on less than \$1 per day (in terms of 1990 purchasing power)..

This definition of poverty in terms of absolute deprivation seems to make good sense. When people do not have the basic necessities – the food, the shelter, the clothing – that they need to lead a reasonable life, they are living in poverty. Yet there are problems with this absolute deprivation concept of poverty. First of all, there is the issue of whether or not an income measure can really capture what we mean by people living in an “unreasonable” situation of deprivation; not all the things that make for a reasonable existence can be readily translated into purchasable commodities. Then there is the issue of what we mean by “deprivation” – where does our sense of what people need come from?

My purpose here is, first, to review the different ways we can define poverty. I argue that what people mean by poverty – or, more generally, by economic well-being – cannot be adequately captured by a single, absolute measure. In particular, the meaning cannot be adequately captured by a person’s or a people’s absolute level of income. This point has been widely recognized and is embodied in the UN’s Human Development Index (HDI), Sen’s capabilities concept, and to a degree in the Millennium Development Goals (MDGs) themselves. The fact that there are several goals in the MDGs underscores the recognition that attaining an income goal alone does not eliminate poverty. A closely related issue that I will note is that poverty (or well-being) cannot be captured adequately by any single measure or single combination of measures, such as the HDI.

I have, however, a further concern that challenges all of these concepts of poverty and economic well-being. None takes into account issues of inequality in the distribution of income or the distribution of other measures of well-being. This failure to incorporate a

consideration of distribution in defining poverty (or, more generally, economic well-being) is conceptually problematic, if not simply wrong. Poverty is a relative concept as well as an absolute concept.

Perhaps more important, the failure to consider distribution creates serious practical problems for campaigns – the MDGs program in particular – against poverty, at best limiting their impact and at worst dooming them to failure. If poverty is understood in absolute terms without consideration of distributional issues, the social structures that generate poverty tend to be ignored. Policy is then viewed as a technical matter and often focuses on particular programs that are directed toward helping the poor improve their absolute situation: new seed varieties to raise income, mosquito nets treated with insecticide to improve health, more schools to raise the level of education. These sorts of policies, when they are actually implemented successfully, can have positive impacts. Yet they leave unexamined and unaddressed the social structures, the power relations, that have generated and continue to generate poverty.

To a large extent, the poor are poor because they lack power, and they lack power because they are poor. When power is brought into consideration, the focus of policy shifts towards such issues as land reform and the effective control of state actions – i.e., of the underlying factors that determine spending on health care, education and other social services. The problem of poverty, then, would be approached as a socio-political problem, not simply as a technical problem. One implication of this approach is to recognize that, instead of doing things for the poor, it is important to create conditions where the poor can gain power and change their own situation. It is, for example, desirable not simply to create better schools and health clinics for the poor, but for the poor themselves to have a determining role in directing these social programs. Likewise, supporting the development of cooperatives among agricultural producers can both increase production and raise the collective power of the poor.

We have ample evidence that it is possible to promote both greater equality and more rapid economic growth. Policy can and should be directed towards reducing poverty in both absolute and relative terms.