

Christian Humanism and Poverty in the World

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Christian humanists are rightfully concerned with the problems of poverty, injustice, and inequality in today's world. In order to address these issues in earnest, it is important to separate them from ideology, however. Toward this end, this chapter offers a review of trends in poverty under current poverty measurement, and some comments about moving to a broader understanding of poverty and perhaps new measures.

The focus of this chapter is poverty, but its relationship with injustice and inequality is important. For people concerned with poverty, injustice, and inequality, the first thing to realize is that they are three distinct terms. They are related but certainly not synonyms. Not all poverty is a result of inequality, not all inequality reflects injustice. Yet, there are also injustices that lead to inequality but not necessarily poverty.

Defining poverty

Definitions are dry but important. Economically speaking, poverty is defined as a deprivation of economic resources. This definition may be narrow, but it is precise. How do economists measure poverty? Typically, poverty researchers set an absolute standard of resources (real income or real consumption) called a poverty line. For example, the 2017 poverty line for a family of four in the U.S. is \$24,600/year (Federal Register, 2017, p. 8832). Note that this measures a flow of material resources like income or consumption, rather than a stock of material resources like wealth. The former are more relevant for measuring the material living standard at a point in time, but the latter is often more informative about how robust this living standard might be over time.

The simplest measures of poverty are the headcount, where one simply counts the number of people below the poverty line, and the poverty rate, where you divide this headcount by the population. Since most countries exhibit population growth, the *fraction* of people in poverty can decline, even though the *total number* of people living in poverty rises.

Indeed, using most reasonable poverty lines, this is precisely what has occurred since 1750. Agricultural advances and the Industrial Revolution have brought about tremendous reductions in poverty rates, but rising incomes and medical advances have also led to dramatic population growth, and consequently an increase in the total number of people in poverty.

Drawing poverty lines is difficult. What is considered poverty in a society varies considerably across time and space. In 16th century France, a land of prosperity meant "a chicken in every pot" (on Sunday!) to Henry of Navarre. By the 1920s, in the U.S., prosperity had become "a chicken in every pot, and a car in every garage"

for Herbert Hoover. Similarly, in Germany a couple decades ago, there was the debate about whether a television was a minimum standard; the minimum standard included a black and white television but not a color TV. There are now movements to give internet access to all in advanced economies, while people in other countries do not even have access to clean water.¹

Even among developing countries, there is considerable variation in poverty standards. National per capita poverty lines in developing countries vary by over a factor of ten in real terms. These poverty lines are strongly related to the average per capita incomes in those countries, which can vary by a factor of 20. (Joliffe and Prydz, 2016)

But if standards move over time and space, it is hard to use these lines to compare societies or distinguish progress from stagnation. Consistent measurement is necessary for evaluating policies, for example. The Lord said, “The poor will always be with you” (*New American Bible*, Matthew 26:11), but presumably moving targets in poverty lines is not what he had in mind. As Christians, concern for the relatively poor off in society is necessary, but we must also be able to acknowledge the material advances that societies have made, and we must be able to evaluate and prioritize the relative direness of a variety of social concerns.

To account for varying standards of poverty across time and space, and address the serious problem of extreme or “subsistence level” poverty, about 25 years ago the World Bank set the standard of a dollar a day of consumption. That dollar was measured in 1985 dollars. The value was chosen because it was a nice round number in the range of the national poverty lines in many developing countries. The line has been brought forward in time several times. In 2016, the Commission on Global Poverty, led by the late Sir Tony Atkinson, finalized their recommendations. Although they recommended reporting the “international poverty line” in local currencies, they maintained the 2011 level, which amounts to just less than \$2/day in today’s terms, or about 1.6 euros a day (World Bank, 2017).

This is an extremely low standard of poverty. Keep in mind that these numbers attempt to adjust for differences in the cost of living in different countries, so that this would be the equivalent of living today on two dollars a day in the U.S. or about 1.6 euros a day in Germany. These numbers seem hard to fathom. Stop for a moment, and think about how you could possibly sustain your life, much less your lifestyle, on 1.6 Euros/day. In the U.S., even a street beggar consumes more than this on food. But for the poorest of the global poor, this may amount to a bowl of rice, beans, or corn meal, maybe a few vegetables on a typical day, which you prepare yourself. Water collected at a local spring (or worse), some firewood that has been collected, and living in a shanty home with a dirt floor.

¹ There are also “one child, one laptop” interventions, even in very poor countries in Sub-Saharan Africa.

Despite this low standard, the numbers are staggering. We currently estimate that over 740 million people live on less than 1.6 Euros/day (World Bank, 2016). That is about the size of the U.S. and Western Europe combined.

Progress in the fight against poverty

The good news, however, is that poverty rates have been improving over time. The estimated number of people living under the lower line, the extreme poverty line, in 1980 was about 2 billion. The poverty rate was about 44 percent in 1980 and 37 percent in 1990. In October of 2015, the World Bank made news that the global poverty rate had fallen under 10 percent for the first time ever (World Bank, 2016).

The development community has a tendency to want to pat ourselves on the back for the progress. Indeed, the announcement itself was certainly meant to do some back-slapping. Based on the Sustainable Development Goals, the World Bank has mounted a campaign to eliminate extreme poverty by 2030. This campaign includes real efforts to better measure poverty and attack poverty using evidence-based interventions, but there are also elements of the campaign that resemble a political propaganda campaign, as one sees stickers and signs to “End Poverty” everywhere in the Bank these days.

Still, the headlines hide a great deal, and it is important to understand the caveats in these numbers.

First, generally, the times when we’ve seen the largest swings in poverty rates over time (both positive and negative) have been the result of changes in measurement. Real consumption of the ultra poor is difficult to measure. One has to collect representative individual level data, and combine, for example, measures of out-of-pocket expenditures with data on the consumption of homegrown food, and data on in-kind services received. One has to collect accurate data reflecting the prices the poor actually face in developing countries, and whenever the price data are updated, the set of countries represented expands, but the new data usually leads to swings in measured poverty rates.

The political and marketing campaigning plays a role here. What started as in part a campaign to draw attention to the seriousness of global poverty – something where large numbers and extremely low poverty lines draw attention – has morphed into a test of mankind’s ability to solve a problem, perhaps in the technocratic sense that Pope Francis might criticize. Once international goals are set, however, the political forces are unlikely to let us “fail”.

Indeed, back when people were concerned that the Millennium Development Goal to cut extreme poverty by half might fail, Angus Deaton – who later won the Nobel prize – ironically reassured people not to worry: the Millennium Development Goals had been met before they even began. (Deaton, 2003)

How could this be? Well, survey data asks households about their consumption and expenditures. For infrequent but major purchases, these questions usually ask about the previous year. For more day-to-day expenditures, some surveys ask about the previous month, but others ask about the past month. It turns out people recall a lot better, when only considering the past week. Consumption rates are much higher and poverty rates are lower, when using the latter procedure, and there has been a shift in surveying over time.

Still, it is important to stress that both measurement and poverty rates have authentically improved over time. Anyone who has been visiting poor areas in developing countries over time can *see* poverty rates falling. Indeed, more people have escaped dramatic poverty over the past 25 years than over any similar period in the history of the world.

A second caveat is that the reduction in poverty has not been uniform. Indeed, it has been quite localized. We have seen sharp progress against poverty in East and South Asia, but little progress in sub-Saharan Africa. In 1990, the poverty rate in East Asia was around 60 percent, South Asia around 50 percent and sub-Saharan Africa in between the two. Today, poverty rates in South Asia are below 25 percent, and East Asia are below 10 percent, but poverty rates in sub-Saharan Africa remain above 40 percent. Latin America and Europe/Central Asia have also shown weaker progress, but the levels of poverty are relatively low there (below 10 percent), and so they account for relatively few of the world's ultra poor. In 1990, the overwhelming majority of the world's ultra poor lived in Asia, but today extreme poverty is increasingly becoming an African phenomenon (World Bank, 2016).

Indeed, a great deal of the global decline in poverty over the last few decades is due to China. China alone accounts for about 750 million people escaping poverty, over two-thirds of the total decline in global poverty. (World Bank, 2016). As a huge country that was very poor after the Mao years, China constituted a sizable share of the world's poor in 1980, but its dramatic growth experience has led to dramatic declines in poverty. Even within China, however, the declines in poverty have been localized, however. Rates have fallen faster where growth has been strongest: among urban workers, especially those on the eastern and southern coastal areas. Poverty rates are higher in rural areas and in the inland provinces, where growth has been slower. India shows similar patterns. Moreover, within populations we also see differences in poverty rates. Extreme poverty falls disproportionately on women, disproportionately young (especially children), and disproportionately indigenous populations and ethnic minorities within these populations (World Bank, 2009).

The role of economic growth

There are some important lessons that can be drawn from the macroeconomic patterns, however. First, the major reason that poverty rates have fallen is because of economic growth, and the countries and regions that have had strong growth

have experienced declines in absolute poverty despite increases in inequality. It is a simple matter of arithmetic given the scale that comes from economic growth relative to other channels. For example, poverty reduction as a result of the growth in China swamps anything that has been accomplished elsewhere in the world as a result of foreign aid. The capital flows that come from foreign aid, both government and private charities, are small relative to things like international trade flows, foreign direct investment flows, and they are even smaller than the flows that come into developing countries from the remittances of their own emigrants and migrant workers.

Economic growth is therefore important. It is not something that is in all ways and everywhere a good and necessary goal in itself – and Pope Francis has emphasized this both in *Gaudium Evangelii* (see points 54 and 204) and *Laudato si'* (see points 4, 54, 109, 134, 141, 194) – but it is our most effective weapon in the fight against extreme poverty. We can learn a lot about what causes dramatic growth episodes by studying those countries that have experienced them. Many of these episodes are structured as quasi-experiments. Two easy lessons to draw are the importance of market economies and international openness. Consider several examples: South Korea vs. North Korea, Taiwan vs. China under Mao, China pre- and post-reform, Vietnam pre- and post-reform, India pre and post-reform, and even Chile pre- and post-reform. Second, government and social stability are important. Markets and global markets are important, but so are strong governments.

The first two caveats have been the measurement issues and unevenness of poverty reduction. A third caveat is that even though we have seen progress, the ten percent number overstates our success because it understates the current problem of global poverty. In many places the most extreme forms of poverty have fallen, but severe poverty is still prevalent. For example, if we increase the poverty line under consideration from 1.6 to 2.6 Euros a day, then our estimate of global poverty almost triples to over 2 billion people living in poverty today (World Bank, 2016).

Clearly, we do not want to understand the World Bank's slogan of "end poverty" as meaning we are content with billions of people living on \$3/day. Of course, these simple measures miss a great deal. For one, poverty rates or headcounts do not even account for how far below the poverty line the poor are. Indeed, an undiscerning technocratic approach simply focused on lowering the poverty rate might concentrate on incrementally improving the incomes of people right near the poverty line, while ignoring those that are far below, but this would be ignoring the poorest of the poor. To account for this, economists will often talk about the total poverty gap, which is the total shortfall below the poverty line. This measure gives the poorest of the poor the most consideration.

2. The difficulties the poor face

Having summarized the definitions and trends using the existing poverty measures, it is important to focus a little on broadening our perspectives on poverty. Technical definitions aside, poverty is clearly not just a matter of not having enough spending

money. It greatly impacts many aspects of the lives of the people who face it, and it is correlated with many other measures.

Consider the international extreme poverty line that we've been discussing. What are the lives of the ultra poor like? We know they consume less than two dollars a day, but what, for example, is the composition of this consumption? Of course, it varies from family to family and country to country, but we have representative survey data about the economic lives of the poor spanning 16 countries that represent a substantial share of the world's poor (Banerjee and Duflo, 2006).

It is probably not surprising that the majority of their consumption, about two-thirds on average, is simply food. In these countries, less than one percent is on entertainment services. The country averages for out-of-pocket expenditures on health and education range from 2-10 percent. (The range reflects differences in averages across countries.) The similar range for (reported) expenditures on alcohol is 3-5 percent (Banerjee and Duflo, 2006). On the one hand, that means that very little is going toward alcohol, but on the other hand, that means there is at least one country where on average alcohol expenditures exceed those on health and education combined.

Consider education and health in a bit more depth. Literacy is an area, where we have made substantial and steady progress over time, even among the ultra poor, and there are now large gaps in literacy and numeracy across the generations. Still, things like schooling enrollment, while improving over time, are very low among the ultra poor, especially after the early primary years, when children reach ages when they are able to earn money through child labor or, much more commonly, help out with household work and watching younger siblings. Depending on the country, schooling attainment can be much lower in rural areas and among girls.

On the health side, we also find improvements in many dimensions, but low levels overall. Life expectancy has generally trended up in developing countries, and the only areas where we saw any real backsliding on that front is in places where HIV and AIDS spread intensely in the 1980s and 1990s. Among the ultra poor, we find infant mortality rates that remain high, ranging from 3-17 percent across these countries (Banerjee and Duflo, 2006). So a 17 percent infant mortality rate means that a child has an almost a one-in-five chance of dying before their first birthday. Few things in life are as devastating as the loss of a child.

The causes of child mortality are varied, but much of it comes from very simple failures. Treatable and preventable sicknesses like malaria, for example, but people lack things like mosquito nets and malaria pills. In some countries, children have dysentery nearly one in three days. Clean, running water and latrines are vital to both private and public health outcomes, but they are often lacking. (At the risk of being too blunt, "open defecation" is a big problem in many countries, but it is simply a fact of life for many of the world's ultra poor.) See for example, Houde et al, 2017, or Adukia, 2017). It is not merely a problem of building the infrastructure. In

many places, wells are dug but pumps are not maintained, for example. Many of the ultra poor do not seem to value clean water, even when it is simply a matter of walking a little further.

Economic research (Kremer et al., 2011) tries to see in which situations, private ownership of water sources improve the provision of clean water (by giving people the economic incentives to invest and maintain wells and pumps) and in what conditions they limit access (with water fees driving out those most in need). The results of this research are unfortunately both nuanced and imperfect, but they seem to vary by the income of the community and the willingness to pay. Moreover, although these results are probably the best we have, they are always subject to change based on new information and research.

It is perhaps surprising to hear that it is more common for the ultra poor to have radios and televisions than to have access to clean water or latrines. Across countries the ownership rates for radios range from 11-80 percent and television ownership rates range from as low as zero percent but as high as 80 percent (Banerjee and Duflo, 2006). This partially reflects the different efficiency between private markets (that sell television and radio) and public and non-profits (which often provide water and latrines), but it also reflects people's willingness to pay. (There are often market options for clean water and latrines.) We should be slow to judge, however. If anything, I consider this a reminder that people remain spiritual beings even under extreme poverty. Man does not live on bread alone; we need some levity in life, even and perhaps especially when we suffer hardship, and even the poor can feel the pressures of keeping up with (or staying ahead of) the Jones's.

Beyond health, the lives of the poor are precarious in many other ways. Many practice subsistence farming or are self-employed in the informal sector. Many others rely on day labor, and productive labor is often hard to come by. We find that asset transfers to the ultra poor can have sizable impacts, and it does so precisely when they allow the poor to increase their labor supply. Microfinance research has yielded less favorable results. Certainly, it is important for the livelihood and incomes of some, but on average, programs that require repayment have smaller take up and provide smaller benefits to the poor (Buera et al., forthcoming).

Migration is another alternative, and a significant share of the ultra poor (up to 50 percent of households in some countries) have had members migrate away from their home for labor opportunities. Rural-urban migration within countries is common. Research shows that simple interventions, like purchasing the cost of a bus trip in Bangladesh, can lead to substantial and lasting income gains for migrants and their families. International migration is also quite important. The current refugee crisis shows that often migration is as much a result of being pushed out from home countries as being pulled by opportunities in the receiving countries. Migrant labor has its own set of trials, both for the workers and the families they often leave behind, but the success that many migrant workers have in different

economic environments underscores that poverty in developing countries is usually a result of the surrounding circumstances rather than the poor themselves.

Poverty, happiness, and community

Are the poor less happy than others? It is difficult to know. Most happiness research is not overly focused on the global poor. There is certainly a statistically significant relationship between income and self-reported levels of life satisfaction. We see this correlation both across countries (i.e., comparing rich and poor countries) and across individuals (i.e., comparing individuals within a country). It is hard to know the exact causal relationships, however. What is certain is that poverty is difficult in many ways. There are clearly struggles and sufferings, e.g., the loss of a child, common among the ultra poor that cause genuine sorrow.

My own experience in the countries that I have worked in (Kenya, Uganda, Thailand, Armenia) is that people are often surprisingly happy despite their poverty, often happier than not only the poor in the United States but also the rich. I have to hedge by saying this just my own soft impression. Consequently, I can only conjecture as to why, but I will do so.

First, absolute poverty in the sense of having enough food and other necessities is important, but so is inequality. Inequality refers to the distribution of a given level of economic resources across a society's population. In principle, it abstracts from the absolute level of these resources, since it does not necessarily depend on the total resources available. In that sense, it is logically independent of poverty. Still, statistically poverty and inequality are related. Countries with higher levels of income can still have substantial poverty, when inequality is high. (In very poor countries, inequality can actually lower poverty rates, although richer measures like poverty gaps are still exacerbated by inequality.) Empirically, we see that the role of inequality trends in driving the dynamics of poverty rates and poverty gaps is nevertheless secondary to the role of average growth rates. The size of the pie is much more important in driving absolute poverty than how the pie is divided.

Inequality may be linked to happiness in its own right, which is one reason that Germans often refer to as "relative poverty", as opposed to the traditional "absolute poverty". In developing countries, poor people are surrounded by others, who also live in poverty. For many, poverty is simply the regular way of life, not a reflection of any dysfunction. Relative to the poor in advanced economies – who are clearly richer in absolute terms – they have several advantages. They are not haunted by unfulfilled aspirations for one, but they also are functional in many other avenues of life. They are able to participate fully in their villages, for example, and so in the sense of this local context, they are not marginalized or alienated to the same degree.

Second, there is also the related issue of injustice. It is not true that all poverty (or inequality) is the result of injustice, and indeed, the fact that the world has been

poor for centuries is not because the world was previously more unjust (although it may have been in many ways), but simply the fact that our ability to produce food, clothing, shelter, health care, entertainment, etc. has increased immensely over time, especially in the advanced economies.² But it is equally true that poverty is often caused by injustice, and injustice may well exacerbate the impact of poverty on a person's sense of dignity and hope. In communities, where many suffer from injustice, this may be less intense. First, those injustices may be impersonal injustices occurring at the national or international level, and I suspect that local injustices hit the soul in a more manageable way. Second, I can also imagine that injustices that cause many to suffer in a community are less poignant than if someone is the only person suffering. The old saying that misery loves company may hold some water here.

Third, those who lack material resources in developing countries are often rich in many other ways. In the United States, an African-American man who does not finish high school has a greater chance of being in jail than having a job, and has an even lower chance of ever marrying. In contrast, an uneducated man in a developing country might have less government assistance to fall back upon, but they generally have larger families and stronger social networks. Moreover, they value family and community in ways that we have forgotten in advanced economies. When their families are split apart, it is often out of necessity not an attempt to get away from family. Marriage rates are much higher (often at very young ages, unfortunately) and divorce rates tend to be lower. People tend to know their neighbors, especially in rural areas, and these bonds can go across generations. In times of sorrow or strain, they have these relationships to lean on. Moreover, religiosity is often quite high in the developing world, and a relationship with God is another relationship that can offer purpose, encouragement, and hope in the face of suffering and adversity.

I do not want to paint an overly idyllic nature of family or community life or even religion, and ignore the dark sides of these aspects of social life, but in these crucial areas of human flourishing it is clear that the developing countries are doing better than the advanced economies, especially the poor in advanced economies. I do not see loneliness or a lack of purpose as major problems in the developing world, although frankly these issues are very understudied, and so this is based on casual observation rather than systematic research.

I realize that we live in a world of religious pluralism, but it seems that the roles of family and community should at least have some level of universal appeal. I view these as somehow lost dimensions in our focus on poverty and human flourishing.

² Moreover, not all inequality is unjust – some of it is actually necessary for justice – but some of it certainly is unjust. The roles of hard work, frugality, prudence, etc. can be exaggerated sometimes, but it is also true that the hard working, frugal, and prudent person deserves to enjoy the fruits of his or her virtues (and the stewardship such virtues merit).

For example, these seem to be nowhere addressed among the 17 new Sustainable Development Goals (United Nations, 2015).

There is I believe, a universal truth, that as human beings it is in our nature to be in communion with others. Human beings cannot survive on our own like lions. I have two sons on the autism spectrum, who are isolated in many ways. But even they long for love, praise, acceptance, companionship. We are social beings. I believe this is one reason that Pope Francis often uses the words inequality or inequity and poverty interchangeably. Inequity is often a reflection and cause of alienation: a lack of love. To Pope Francis, and in my mind, inequity is therefore a genuine poverty, in the sense of an unmet need. This sense of community, loneliness, and alienation seems to be something worth measuring and worth pursuing.

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