

THE MORAL EGREGIOUSNESS OF POVERTY IS WORSE THAN EVER BEFORE IN HISTORY

August 30, 2018

Last week Twitter erupted in a heated debate about global poverty. The question was whether it's better to measure our progress against poverty (or lack thereof) by looking at the total number of people in poverty or by looking at poverty as a proportion of the world's population.

Over the past few decades, the proportion of people living under \$7.40/day, which is the minimum necessary to achieve basic nutrition and normal life expectancy, has fallen from 71.8% in 1990 to 58.1% in 2013. Not a great improvement, but certainly some progress. But if we look at it in terms of absolute numbers, a very different story emerges. The number of people living under \$7.40/day has grown from 3.78 billion in 1990 to 4.6 billion in 2013. With numbers like that on the table, it's hard to escape the conclusion that there's something wrong with the progress narrative.

As the debate continues, it's clear that there is no single simple narrative we can tell about progress against global poverty. I have argued that absolute numbers matter because that's the metric that the world's governments agreed to focus on when they first pledged to tackle poverty in the Rome Declaration. But both measures are analytically important; they tell us different things about the world.

There is a third approach, however, proposed by Yale philosopher Thomas Pogge. Pogge argues that the morally relevant metric of progress against poverty is neither absolute numbers nor proportions, but rather the extent of global poverty compared to our capacity to end it. By that metric, he says, we are doing worse than at any time in history.

Is he right? And, if so, is there some way to demonstrate this with hard data?

The first step is to measure our relative capacity to end poverty. One conceptually easy way is to determine the cost of lifting everyone above the poverty line (the "poverty gap") as calculated by the World Bank as a percentage of total global GDP (in constant 2011\$ PPP). Then we can compare that metric against the actual extent of global poverty (using proportions, to be generous to my critics), and chart the change in this relationship over time.

So if the poverty rate stays the same while our capacity to end it doubles, then the moral egregiousness of poverty is twice as bad as it used to be. And if the poverty rate improves by a factor of two while our capacity to end it stays the same, then the moral egregiousness of poverty is half as bad.

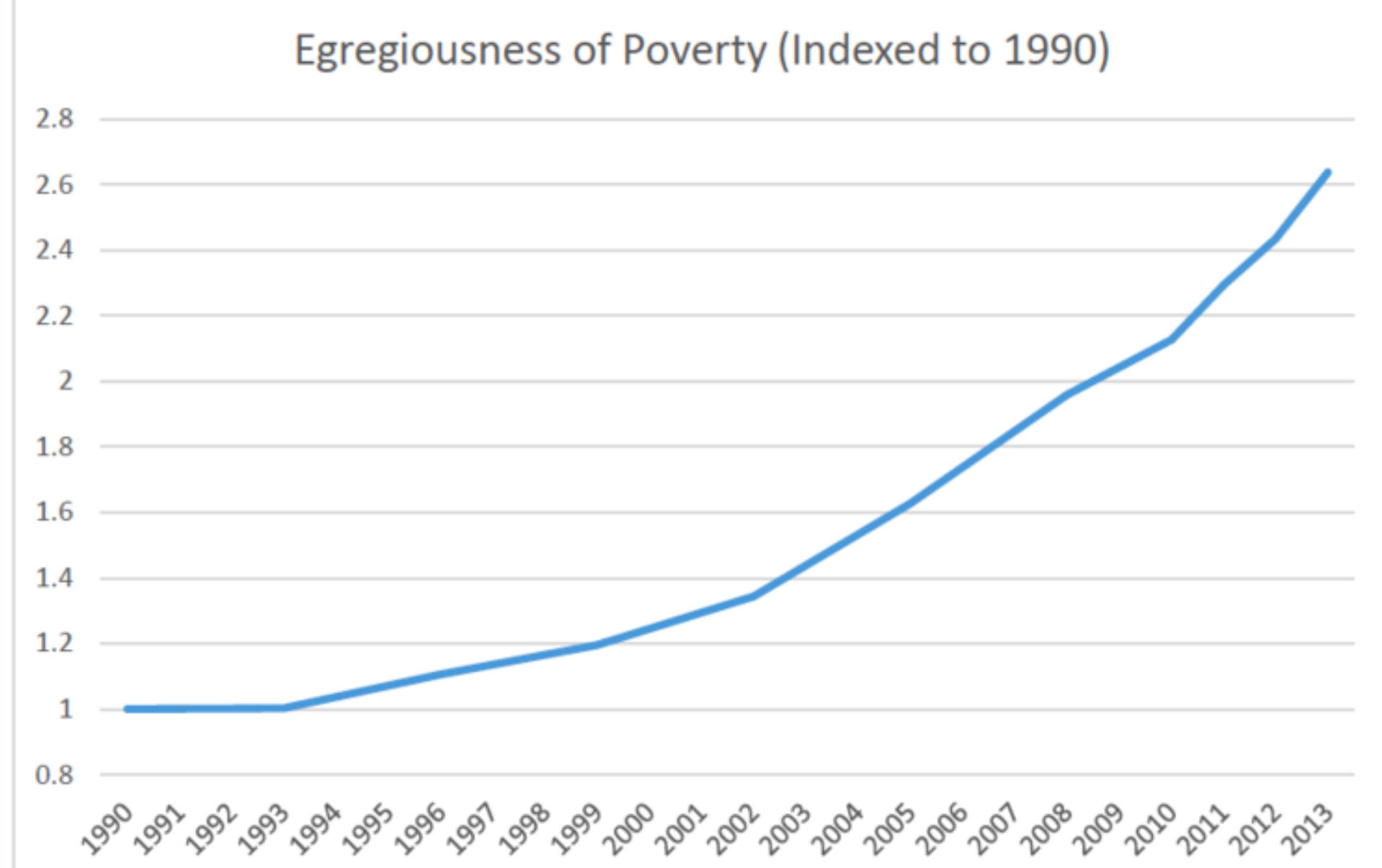
Let's flesh this out with some real-world figures. In 1990, it would have cost 10.5% of world GDP to lift everyone above the poverty line. In 2013, it would have cost only 3.3%. Our capacity to end poverty has improved by a factor of 3.18. Meanwhile, the poverty rate has improved only by a factor of 1.23. This means that the moral egregiousness of poverty is 2.58 times worse than it was in 1990.

Pogge is right: by this metric, poverty is worse now than ever before. Our world is replete with unprecedented riches, and yet we cannot ensure that everyone has a decent basic share of it. Morally, we have regressed as a civilization.

But this is a crude way to think about our capacity to end poverty. We shouldn't be looking at the cost of ending poverty as a percentage of total world income, but rather as a percentage of the income of all the people who are not poor; say, those who live on more than double the poverty line. In 1990, it would have cost 12.9% of their total income to end poverty. In 2013, it would have cost only 3.9%. According to this measure, our capacity to end poverty has improved by a factor of 3.31.

By this method, the moral egregiousness of poverty is 2.69 times worse than it was in 1990. The difference between the two results is due to increasing global inequality; because the incomes of the global rich have grown more than the incomes of everyone else, the cost of ending poverty is a faster-shrinking share of their income compared to total world income.

The numbers above are all rounded off for easy reading, and so you can repeat the calculations yourself. The graph below is based on the actual figures associated with the second method (all data is derived from the World Bank). It gives us a visual depiction of the egregiousness of poverty since 1990.



We live in an age where more than 4 billion people – some 60% of the human population – live on less than what is required for meeting basic human needs. This is a ringing indictment of the global economy by any standard. But it is particularly unjust given that their suffering could be ended with only 4% of the income of the world's richest quintile.

Such a transfer could be made either directly, with progressive taxes on financial transactions, wealth, carbon, resource extraction etc, or – better yet – by changing the rules of the global economy to make it fairer to poor nations: democratizing the World Bank and IMF, cancelling unpayable debts, rolling out a global minimum wage, ending structural adjustment conditions on finance, etc (see Chapter 8 of The Divide for more).

\*I'll be working on refining this method further, testing different thresholds, and exploring national-level results. If you have any suggestions, please feel free to share them either through my contact form or in the comments below.

Technical notes: (a) The poverty data is notoriously messy, so this needs to be taken with a grain of salt. One potential problem is that at very low levels, poverty is defined according to consumption rather than income as such, so it is a bit tricky to compare this to global GDP. (b) In many contexts people who earn more than \$14.80 per day are still very poor; obviously it would make little sense to "tax" them in order to improve the incomes of those who are even poorer. The transfer should be borne by the rich on a progressive scale. (c) This metric may be over-sensitive to the difference between the proportion of people living in poverty vs the poverty gap. One can imagine a scenario where 4 billion people are only 5% under the poverty line; the proportion of people in poverty would be high but the cost of ending poverty would be very small. This would distort the result. One way to correct for this might be to use the poverty gap in the numerator. By that metric the egregiousness of poverty has increased by a factor of 2.25 since 1990.

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"We live in an age where more than 4 billion people – some 60% of the human population – live on less than what is required for meeting basic human needs. "

It's also a ringing indictment of human stupidity. The common vernacular is "human over-population". Access to birth control, religion, cultural acceptance and norms, lack of policy and prescriptions for human population, all contrive to create inequality and over-population.

Ultimately, the failure is ours. We could go on depleting the planet of resources to try and ensure that every human has their basic needs met (and thereby ensure ecological collapse) or we could limit human populations (while we continue to try to avert ecological collapse which is unfolding now as you know).

Population and needs cannot be decoupled from sustainability and equity, but also to be aware that humans are not the only species on the planet, we do not deserve exclusive right to planetary resources, and by not allowing other life to flourish without our severe depredation, we also harm ourselves through endless ecological destruction. Nature does not permit unsustainable populations very long, neither should we. It's actually pretty simple.

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