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WORLD POVERTY, HUNGER, AND DISEASE

PART 1

Edward J. O'Boyle, Ph.D.

Mayo Research Institute

Poverty, hunger, and disease have been harsh and often cruel realities from the very beginning of recorded human history. Most of humankind even today live in the shadow of the four horsemen of the apocalypse: war, famine, pestilence, and death. And we've known for more than 150 years – for certain ever since the Great Irish Famine of the 1840s – that hunger and famine engender disease that in the extreme leads to death in massive numbers, cutting life short for many of its victims. This report addresses world poverty. Hunger and disease will be covered in next month's report. A third report will speak to causes and remedies.

Defining and Measuring Poverty

There are two standards by which poverty is defined and measured: the absolute (minimal-living) standard and the relative (income-distribution) [see O'Boyle, pp.281-301]. The minimal-living standard addresses the question: How much does a human being/family need to live at a minimally acceptable level? The income-distribution standard addresses the question How much does one human being/family have relative to others?

Students of poverty are deeply divided as to which standard to use. In the United States, the official definition of poverty, from the very beginning, has incorporated the minimal-living concept, dismissing out of hand income-distribution. Some countries have opted for the income-distribution concept, rejecting minimal-living.

This divide, which gives the impression that how one defines and measures poverty in the end is an arbitrary matter, is entirely unnecessary. There is nothing arbitrary about the question that is fundamental to the minimal-living standard. Indeed it originates in the individuality of every human being. Every human is unique, truly one of a kind, distinct and apart from every other human being. Nor is there anything arbitrary about the question that is basic to the income-distribution standard. That question originates in the sociality of every human being. Every human being is alike, every one is raised in a human family, indeed every human being is brought into existence through the special intimacy of a man and a woman. The "family of man" and the "rugged individual" would not be cliches if they did not reflect something fundamentally true about human nature. We are at once individual beings and social beings, and human existence is a struggle in which both sides are vying for control.

Common sense alone tells us that outside the developed world where hundreds of millions of human beings struggle to survive from one day to the next, poverty must be defined and measured first in terms of minimal living. It is meaningless to set the official poverty threshold at, say, one-half the median income for all persons when large numbers of persons above that threshold cannot afford the bare essentials for human survival. It is also meaningless to define as poor only those persons with incomes that place them in the lowest two or three deciles of the income distribution when persons with higher incomes struggle to survive.

An income-distribution standard makes sense only in the developed world, where it should be used alongside the minimal-living standard; but never as a replacement for that standard. Employing both concepts not only allows us to incorporate both dimensions of human nature into the definition and measurement of poverty but also lets us address the issue of the depth of poverty in way that limits the arbitrariness which follows when that issue is addressed one dimensionally. Thus, a person/family is not poor whenever personal/family income exceeds the thresholds established by both the income-distribution standard and the minimal-living standard. A person/family is marginally poor whenever its income is below one of the thresholds but above the other. They are poor whenever personal/family income falls below both thresholds. This scheme automatically provides better estimates of the extent and depth of poverty as improvements are made in the way in which the threshold income figures are calculated.

In examining poverty on a global scale, however, it is necessary to put aside these important technical issues and based on the available information focus attention on (1) the numbers and proportions of persons who are poor, and (2) changes in poverty with the passage of time. One source of information is the World Bank, that set the poverty threshold in 1998 at US\$ 1.08 a day -- the median value of the ten lowest poverty thresholds in low-income countries for which threshold information is available -- and that provides the same purchasing power as US\$ 1.00 a day in 1985. The World Bank regards this threshold as the income necessary to “purchase a basket of commodities that is roughly similar across the world.” This is a threshold that appropriately incorporates in principle the minimal-living not the income-distribution concept because the World Bank applies this threshold only to developing countries and economies in developmental transition including China [*World Development Report 2000/2001*, pp. 18, 21].

Living on \$1 a day does not mean being able to afford what \$1 would buy when converted into a local currency, but the equivalent of what \$1 would buy in the United States: a newspaper, a local bus ride, a bag of rice [*Human Development Report 2003*, p. 41].

The \$1 threshold is miserably low by comparison to the United States where in 2003 the official poverty threshold for a single individual was set at \$9,393 a year or \$25.73 a day [*Poverty Thresholds 2003*, p.1].

Estimating Poverty

Table 1 presents data on poverty in 1999 -- the most recent data available -- using a minimal-living standard of \$1 a day per person as the poverty threshold. Nearly one-fourth of the world's population in 1999 was classified as poor under this standard. In Sub-Saharan Africa close to 1 of every 2 persons had income of less than \$1 a day. In Europe and Central Asia, about 1 in 5 were living on less than \$1 a day, and in the Middle East and North Africa only 1 in 50 fell below the \$1 threshold.

Table 2 identifies the countries where fewer than 2 percent of all persons are living below the \$1 poverty threshold, and those countries where more than 50 percent are impoverished at that standard. All of the most impoverished are Sub-Saharan African countries. The worst are Nigeria and Mali where more than 70 percent of the population somehow live on less than \$1 a day.

Other statistical measures are indicative of the enormous and growing difference in living standards between the few who are rich and the many who are poor. The income gap between the fifth of humankind living in the richest countries and the fifth living in the poorest countries has widened from 30:1 in 1960 to 60:1 in 1990 and to 74:1 in 1997. In 1994 the total net worth of the 200 wealthiest persons in the world was US\$ 440 billion; by 1998 their net worth exceeded US\$ 1 trillion. Their assets are greater than the combined income of 41 percent of world's population. The assets of the top three billionaires in the world are greater than the combined GNP of the 48 least developed countries with a total population of 600 million [*Human Development Report 1999*, pp. 3, 36-38, 148-149]. Data for 2003 indicate that taking into account international differences in prices, gross national income per capita in high-income countries (\$29,450) is more than 13 times greater than in low-income countries (\$2,190). Per capita income in the United States (\$37,500), the world's richest country, is 21 times greater than in the sub-Saharan Africa countries (\$1,770) [*World Development Report 2005*, pp 256-257].

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Table 1. Persons Living in Poverty Defined According to the Minimal-Living Standard as a Percent of Total Population by World Region

	<i>Minimal-Living Standard</i>		
	<i>(percent)</i>		
	<i>\$ 1 a day in ...</i>		
	1987	1998	1999
→ Entire World	28.3	24.0	23.2
→ East Asia and Pacific	26.6	15.3	15.6
→ Europe and Central Asia	0.2	5.1	20.3
→ Latin America and Caribbean	15.3	15.6	11.1
→ Middle East and North Africa	4.3	1.9	2.2
→ South Asia	44.9	40.0	36.6
→ Sub-Saharan Africa	46.6	46.3	49.0

Sources: *World Development Report 2000/2001, Human Development Report 2003.*

Table 2. Persons Living in Poverty Defined According to the Minimal-Living Standard as a Percent of Total Population by Country

Countries where fewer than 2 percent are living below the \$1 poverty threshold

Albania, Algeria, Belarus, Chile, Croatia, Czech Republic, Dominican Republic, Estonia, Hungary, Iran, Jamaica, Jordan, Kazakhstan, Korea, Kyrgyz Republic, Latvia, Lithuania, Macedonia, Malaysia, Morocco, Poland, Portugal, Slovak Republic, Slovenia, Thailand, Togo, Tunisia, Turkey, Uruguay

Countries where more than 50 percent are living below the \$1 poverty threshold

Burundi, Central African Republic, Mali, Niger, Nigeria, Sierra Leone, Zambia

Source: *World Development Report, 2004.* Data are not available for some countries including the United States.

Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute. Since he completed his doctorate in economics from Saint Louis University in 1972, Dr. O'Boyle has been specializing in economic research and analysis increasingly from the perspective of the human person engaged in everyday activities both as a unique individual and as a community member. In January 2004 the Association for Social Economics conferred on Dr. O'Boyle its prestigious Thomas Divine Award for lifetime contributions to social economics and the social economy.
