

Swarthmore College

Works

Economics Faculty Works

Economics

2018

Poverty: A Very Short Introduction

Philip N. Jefferson

Swarthmore College, pjeffer1@swarthmore.edu

Follow this and additional works at: <https://works.swarthmore.edu/fac-economics>



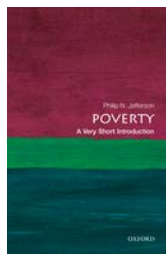
Part of the [Economics Commons](#)

Let us know how access to these works benefits you

Recommended Citation

Philip N. Jefferson. (2018). "Poverty: A Very Short Introduction". *Poverty: A Very Short Introduction*.
<https://works.swarthmore.edu/fac-economics/463>

This work is brought to you for free and open access by . It has been accepted for inclusion in Economics Faculty Works by an authorized administrator of Works. For more information, please contact myworks@swarthmore.edu.



Poverty: A Very Short Introduction

Philip N. Jefferson

Publisher: Oxford University Press

Print ISBN-13: 9780198716471

DOI: 10.1093/actrade/9780198716471.001.0001

Print Publication Date: Jul 2018

Published online: Jul 2018



p. 1 1. Introduction

Philip N. Jefferson

<https://doi.org/10.1093/actrade/9780198716471.003.0001> <<https://doi.org/10.1093/actrade/9780198716471.003.0001>>

Published in print: 26 July 2018

Published online: 26 July 2018

Abstract

Poverty is a global issue. There are people in every country with a standard of living that is significantly lower than that of others. Nevertheless, the absolute number of people living in poverty has decreased since 1990, especially in the poorest countries in the world. Therefore, there is reason to hope that further poverty reduction can occur. The Introduction outlines the pervasiveness and trends in poverty around the world; the many different causes of poverty that embed themselves in social, political, economic, educational, and technological processes, which affect all of us from birth to death; and considers why poverty matters. Overall, the economy suffers if systematic public policy does not address poverty.

p. 11 Pervasiveness and trends

Poverty is a global issue. Travel to almost any country today and you will see people with a standard of living that is significantly lower than that of others. That fact is distressing and it has real consequences for adults and children living in poverty. Nevertheless, the absolute number of people living in poverty represents a marked improvement over that in 1990, especially in the poorest countries in the world. Therefore, there is reason to hope that further poverty reduction can occur.

- p. 3 Tables 1 and 2 show the poverty rate and the number of people living in poverty in the developing world. In 2013, approximately 11 per cent of people, or 766 million people, in the world lived on less than \$1.90 per day. In 1990, these numbers stood at 35 per cent, or 1.8 billion people. In less than twenty-five years, more than a billion people graduated out of extreme poverty. By looking at the data across regions, we can see where we are winning the fight against poverty and where we are not. In terms of percentages and absolute numbers, the East Asia and Pacific region, led by China and Indonesia, experienced the greatest reduction in poverty. South Asia, which includes India, was also impressive in this regard. In contrast, over the same time frame, extreme poverty in sub-Saharan Africa fell in

percentage ↗ ↗ terms but rose in absolute number, so much so that in 2013, about half of the people living in poverty worldwide were concentrated in this region. In Chapter 7, we will consider economic factors and policies that explain why countries in East Asia and Pacific excelled in poverty reduction, while sub-Saharan Africa countries did not.

Table 1: Percentage of Population in Extreme Poverty

Region	1990	2002	2010	2015
World	35.9	25.7	15.7	10.0
East Asia and Pacific	61.6	29.9	11.2	2.3
Europe and Central Asia	—	5.9	2.4	1.5
Latin America and the Caribbean	14.2	11.8	6.0	4.1
Middle East and North Africa	6.2	3.2	2.3	5.0
Other High-Income Countries	0.5	0.5	0.6	0.7
South Asia	47.3	38.6	24.6	—
Sub-Saharan Africa	54.3	56.4	46.7	41.1

N.B. \$1.90 per day poverty line; dashes indicate insufficient data to determine. To account for differences in cost of living across regions, prices are set at 2011 purchasing power parity.

Source: PovcalNet, World Bank.

Table 2: Number of People in Extreme Poverty

Region	1990	2002	2010	2015
World	1894.8	1609.9	1090.6	735.9
East Asia and Pacific	987.1	552.5	220.6	47.2
Europe and Central Asia	—	27.6	11.4	7.2
Latin America and the Caribbean	62.6	63.5	35.6	25.9
Middle East and North Africa	14.2	9.4	7.9	18.6
Other High-Income Countries	4.3	4.9	5.8	7.3
South Asia	535.9	554.3	400.8	—
Sub-Saharan Africa	277.5	398.0	408.5	413.3

N.B. Number (in millions). \$1.90 per day poverty line; dashes indicate insufficient data to determine. To account for differences in cost of living across regions, prices are set at 2011 purchasing power parity.

Source: PovcalNet, World Bank.

Poverty, however, is not restricted to the developing world. Developed countries have their own brand of poverty. We consider how that brand differs qualitatively from that in the developing world in Chapter 4. Suffice it to say that people experience poverty in the developed world relative to those who are not poor that is akin, if not in kind, to those living in poverty in the developing world. Therefore, concern for expanding opportunities that might improve their well-being is justified. The past twenty-five years have yielded mixed results in poverty reduction in the developed world, as the United Kingdom and the United States exemplify.

Table 3 shows that while the poverty rate in the United Kingdom has fallen by 6 per cent, the number of people living in poverty has only dropped by two million in actual number. As in much of Western Europe, the concept of poverty reported here is a relative one. The poverty line is 60 per cent of median household income of the total population. In the United States, the poverty rate has been static over the past quarter century as shown in Table 4. The number of people in poverty, however, has drifted upward in line with population growth. The US government bases its official poverty rate on a concept of poverty that is absolute, meaning that the poverty line reflects a fixed level of basic needs. In Chapter 3, we spell out the differences between absolute and relative concepts of poverty. The important point to take away from Table 3 and Table 4 is that in the UK and the US, we see nothing like the progress against poverty that we have seen in the developing world.

Table 3 Poverty in the United Kingdom

	1990	2002	2010	2013	2015
Rate	22.2	18.4	16.9	15.4	15.9
Number (millions)	12.1	10.4	10.4	9.7	10.1

N.B. The poverty rate is the number of people whose income falls below the poverty line divided by the population. The poverty line is 60 per cent of median household income of the total population. Income measure is before deduction of housing costs. Based on data from the Institute for Fiscal Studies, with kind permission.

Table 4 Poverty in the United States

	1990	2002	2010	2013	2015
Rate	13.5	12.1	15.1	14.8	13.5
Number (millions)	33.6	34.6	46.3	46.2	43.1

N.B. The poverty rate is the number of people whose income falls below the poverty line divided by the population. The poverty line reflects a fixed level of basic needs.

Source: United States Bureau of the Census.

The results for the UK and the US are common to those in other developed nations: an absence of dramatic declines in poverty over the past quarter century. Why? One argument is that there was less poverty in rich countries to begin with and hence there is less room for reducing the poverty rate further. A counter-argument to this is, why not use our considerable wealth to eliminate the poverty that remains? Another argument is that poor people in rich countries are not actually poor. They have amenities of which truly poor people, such as those in developing countries, could only dream. Hence, society need not do any more to help lift people out of poverty. Here, a counter-argument is that we made a false comparison. At its core, poverty is contextual. What matters is an individual's well-being relative to the community in which she exists.

Contextual aspects

We need look no further than a kitchen to discern that poverty is contextual. In India, a family living in poverty is likely to use a traditional wood-burning stove as in Figure 1. It is functional but it also exposes the family to a number of risks including repeated exposure to carbon and particulate emissions that may eventually undermine the family's health. If this stove compromises the health of adult family members, then it will also reduce their earnings capacity and increase the likelihood that the family remains in poverty. If it compromises the health of children family members, then they will attend school less frequently. Therefore, they will learn less over time and have limited employment opportunities when they get older. In this way, intergenerational transmission of poverty may occur, as discussed in Chapter 6.



1. Wood-burning stove in India.

In the US, 97 per cent of people living in poverty have a cooking stove. Figure 2 shows a basic version of one. This modest stove runs on electricity. It is easy to operate, highly functional, and it does not pollute the home. Yet, from the perspective of a wealthy American family, this basic stove might be considered wholly inadequate because it does not have certain amenities such as an embedded clock and timer, a digital interface, a self-cleaning function, a convection fan, automatic shut-off, temperature sensor for baking, or an interior light. To top that list off, it does not even have a window in the oven door! Therefore, while an Indian family living in poverty might consider a basic electric stove a luxury, an American family living in poverty would consider it an entry-level appliance of which there are vastly superior versions that are far beyond the family's reach.



2. Basic electric stove.

Beyond the observation that poverty is contextual, our kitchen stove example hints at the material inequality that exists both within and across nations. An American living in poverty may seem wealthy to an Indian living in poverty because the former has an electric stove. That same American may seem poor to another American living at median income in the United States because the former has to manage with a stove that is not self-cleaning. In Chapter 6, we discuss inequality. We also consider how its severity can impede graduation out of poverty. Before getting to that issue, however, we will see in Chapter 4 that contrasts between people living in poverty in different parts of the world extend beyond their kitchens to things like their life expectancy and their typical family structure. Nevertheless, what is perhaps more striking are similarities between these same people. In their context, insufficient access to quality schooling, healthcare, and employment constrains them. These factors, however, are not the only ones that drive narratives about why people are poor.

Causes

No one wants to live in poverty. Yet, many people do live in poverty. Why is that? Over time, observers have proposed many causes of poverty, including dysfunctional institutions, discrimination, low social capital, social exclusion, low human capital, social stratification, residential segregation, the business cycle, unemployment, low wages, poor health, culture, shifting norms about family structure, technological advance and industrialization, globalization and the expansion of international trade, holes in the social safety net, and anti-poverty policy itself.

Institutions are the rules we live by. Dysfunctional institutions impede innovation and broad participation in economic and political life. Rules that create significant imbalances in economic and political power can suppress returns that individuals and groups receive from their work and can exclude them from processes that permit them to voice their political will. Such rules undermine incentives to engage in productive activities. For example, a farmer whose claim to land ownership is insecure due to a government's weak enforcement of property rights is less likely to invest in maintenance or enrichment of her land. Therefore, the farm will be less productive than it otherwise could have been. If the problem is severe, the farmer may decide to stop farming altogether and to shift to another activity to which she is less well suited. As a result, weak property rights enforcement exposes the one-time farmer to a higher risk of impoverishment.

Discrimination excludes people from resources and opportunity. Underlying it is the notion that something valuable like high-quality jobs, housing, education, or healthcare is scarce. The perception of scarcity can induce utilization of arbitrary characteristics such as race, gender, language, ethnicity, sexual orientation, or religious belief as a basis for restricting access to basic goods and services that sustain well-being. People who discriminate put members of the discriminated-against group at a disadvantage, particularly if the characteristic on which discrimination is based is readily observable. For example, if you live in a society where there is discrimination based on race and you are a member of a disfavoured racial group or caste, then your chances of restricted access to quality housing, healthcare, and a good job is higher, your level of education notwithstanding.

Who among us does not know someone who got a job or found a place to live or gained membership into a particular club as a result of knowing someone in a position to either provide a key introduction or to close the deal himself or herself? Perhaps we, ourselves, are the ones who have benefited from such an occurrence. Personal networks that can deliver such meaningful economic and social outcomes are a part of one's *social capital*. We build these networks over time and intertwine them with networks of others with whom we have professional and social contact. The position of our family members, close friends, and even acquaintances in the existing social hierarchy of society determines the potency of our social capital. The better the position of these individuals, the more likely it is that our individual talents will catapult us within that same social hierarchy. What if, for reasons beyond your control, you do not know someone who knows someone? Then, you do not have much social capital. Then, it is less likely that you will receive the tip that, for example, a job for which you have trained is about to become available at a business across town because of a pending transfer of a current employee. Alternatively, it is less likely that someone will recommend you to assume the lease of that apartment in that neighbourhood surrounded by a bevy of start-up firms looking for new employees. Further, it is less likely that someone will connect you to the right person who can get your child into the right pre-school; you know the one, whose graduates gain access to the best primary schools.

There are people who work regularly, sometimes holding down multiple jobs, yet live in poverty because their wages are low. According to economic orthodoxy, their low earnings are likely to reflect the fact that they are relatively unskilled and/or not well educated. That is, they have low *human capital*. The amount of human capital you possess is a function of past schooling, training, and experience. It is a determinant of how productive you are likely to be in the workplace. For example, if, because of your education and training, you are able to read, calculate, and write both quickly and effectively, then it is more likely that you will be highly valued by an employer. A manifestation of your value will be greater compensation relative to someone with less education. We can only go so far, however, with the viewpoint that productivity is the sole determinant of wages, earnings, or compensation. We know that other factors such as custom and bargaining power also matter. For example, just a few decades ago, it would have been unseemly for the chief executive officer of a firm to make more than thirty times the salary of the average staff employee. That ethos has eroded in many countries worldwide. Labour unions, once a bulwark against the power of management to set wages unilaterally, have seen a decline in membership and effectiveness to the detriment of workers at the lower end of the pay distribution.

Residential segregation circumscribes educational, employment, and healthcare opportunities whenever there are geographical restrictions on enrolment, insufficient or inequitable public funding, or transportation costs. Typically, there are catchment areas for schools and considerable heterogeneity in the quality of schools because of how societies fund them. For example, if local property taxes fund schools, then the quality of educational facilities, the curriculum, and, most importantly, the teachers will vary according to the wealth of the community. With this funding structure, low-wealth communities are likely to have low-performing schools. More generally, it is more likely that poverty traps people allocated to a residential area with under-resourced schools and few employment options. We say 'allocated' because historically where low-income people can live has often been a manifestation of public policy. The researcher Richard Rothstein documents government allocative policies in the United States. For example, the Federal Housing Administration (FHA) practised 'redlining' from the mid-1930s to the late 1960s. It refused to insure the mortgages of African Americans who wished to purchase homes in white neighbourhoods regardless of their creditworthiness. This practice limited where African Americans could live. The FHA even went further by refusing to insure the mortgages of creditworthy whites who wished to purchase homes in or even near African American neighbourhoods. Not surprisingly, the net effect of redlining was neighbourhoods segregated by race. Such policies are one source of the high level of racial segregation that we see across the United States today. Another historical example is the government policy of apartheid in South Africa from 1948 to 1994 that sought to minimize interactions between whites and people of colour, especially blacks. One component of this policy was severe restrictions on land ownership by blacks that relegated them to substandard housing and all of its concomitant perils.

Cultural explanations of poverty span the gamut. One viewpoint is that people live in poverty because they harbour deviant morals, values, and behaviour. The idea underlying this viewpoint is that somehow people living in poverty are fundamentally different from other people in society. They are lazy and looking for a handout. They do not have enough resilience or determination. They do not have grit. They are responsible for their plight. If only they would change their attitudes and behaviours, their lives would be different. An alternative viewpoint is that the values of people living in poverty are no different from the rest of society. In response to social and economic conditions such as racism and systemic exclusion, people living in poverty develop patterns of behaviour that enable them to cope and to survive. For example, the US has high incarceration rates relative to other industrialized nations. Over two-thirds of incarcerated men are between the ages of 25 and 50, a prime age range for marriage. Consequentially, single motherhood may be a response to a decline in the availability of marriageable men.

More broadly, shifting norms about *family structure* mean that women and men have more options for arranging their social affairs. When we add children to the equation, women, in particular, are less constrained by custom to do what may not be in their best interest. In societies where women are paid less than men for comparable work and where there is weak public support for income maintenance during labour market absences due to childbearing, particular family structures,

such as households headed by single women, are at higher risk of experiencing episodes of poverty.

Many societies are hierarchical with the structure of a multidimensional lattice. This structure is the result of interstitial relations along the lines of gender, class, educational attainment, race, and ethnicity. Movement across the nodes of intersection can be challenging because there are barriers that preserve the existing *stratification*. Stakeholders want to preserve the status quo. In a stratified society, some group or groups of people matriculate at the bottom rungs simply because they have the 'wrong' attributes either singly or in combination. History provides us with examples of stratified societies based on caste, race, and religion. This is not to say that stratification is anachronistic. We see it in modern societies as the preservation of privilege through restricted access for some people to the best schools, healthcare, and housing. People born into poverty in such societies face a labyrinth of obstacles to social mobility.

Technological advance and industrialization have undoubtedly enriched us on average over the long run, but they have also been a source of displacement of workers with obsolete skills, farm workers, and artisans. For example, the Industrial Revolution in England saw the release of many skilled textile workers in the wake of the introduction of mechanized production methods. More recently, widespread use of computers and robotics induced the release of traditional assembly-line workers in manufacturing. Displaced workers with obsolete skills may integrate into the new economy slowly. The transition can be both immiserating and psychologically traumatic.

Globalization, the enhanced freedom of movement of people, goods, and capital, and the expansion of *international trade*, is a positive phenomenon on balance. Its benefits, however, are widely diffused. These benefits can seem insignificant compared to the losses experienced by those harmed by increased competition in trade. The benefits of globalization can be lower prices for goods and increased variety, which most consumers enjoy. Its costs can take the form of redundant production plants and equipment and localized job losses, especially when local labour is immobile. For example, the economist David Autor and his collaborators show that communities in the United States with industries that compete with cheap imports from China have experienced significant employment loss, wage declines, and an increase in transfer payments from government.

Policymakers design *anti-poverty policies* to assist people living in poverty and to promote graduation from poverty. Policies that provide assistance seek to support the poor by providing cash, services, or goods in amounts to prevent people from falling below a minimal standard of basic needs. For example, unconditional monthly cash payments to a household would allow the head of household to buy food so that the caloric intake of household members does not fall below those needed for human growth and development. Households could use these same cash payments for clothing and shelter. Policies that promote graduation from poverty seek to pave the way for people to achieve a sustainable level of income that is above a given poverty threshold. For example, a programme that provides job training, employment counselling, and employment referrals to individuals living in poverty could enable them to gain lasting employment and an enduring attachment to the labour force. A good job has the potential for professional growth, some autonomy, and benefits (a workplace pension and a health plan).

It is possible, however, that all of these policies, while well intentioned, are misguided. Critics argue that they distort behaviour and that people respond better to incentives. If anti-poverty policy is too generous, then people are less inclined to work, save, and invest in themselves. They become reliant on government for support: they sit back and let the rest of society care for them. In the absence of these policies, would-be beneficiaries have a strong incentive to become self-sufficient, industrious, and entrepreneurial. Anti-poverty policy, by logical extension, causes poverty because it incentivizes dependency on social provision of benefits. Why work when the government rewards not working? To go further, critics point out that anti-poverty policy penalizes financially those who want to work more by incorporating very high marginal income tax rates. Consider a conditional cash transfer programme based on labour supply behaviour. When participants first start to work, cash transfers paid to them supplement their earnings. This creates a strong incentive to work. Once earnings reach a certain level, however, the government reduces the amount of the transfer gradually. Then, when earnings reach an even higher level, the transfer is withdrawn entirely. During this so-called phase-out range, the government penalizes each dollar earned by the amount of the reduction in the transfer received. In the phase-out range of conditional cash transfer programmes based on labour supply, the implicit marginal tax rate on earned income can be quite high. This high marginal tax rate could create a disincentive to work more. We discuss examples of this kind of programme in Chapter 3 and Chapter 5.

An opposing viewpoint is that holes in the social safety net cause persistent poverty. Most Western societies have a system of programmes designed to help those that it deems worthy of support (the so-called deserving poor). Historical examples include widows, orphans, and the elderly. Then, there are those that society deems undeserving of public support. Historically, these are prime-aged adults who do not appear to be contributing to society by working and paying their share of taxes. When job loss occurs because of the vicissitudes of life such as ill health (mental or physical) or acts of nature, then individuals and families with limited financial reserves are vulnerable regardless of their stage of life. A robust social safety net can be all that stands between sudden misfortune and destitution.

For some people, *poor health* is a chronic condition. Bad health, permanent mental or physical illness, or disability restricts them from carrying out normal activities of life such as dressing and bathing, much less working on a regular basis. Chronic physical or mental illness is debilitating. Individuals living with chronic illness are at greater risk of living in poverty, especially if they do not have the support of family and friends. Generally, they are unable to work. Leaves of absence to accommodate pain and recovery disrupt workflows and reduce an employee's value to the firm. Absenteeism increases the likelihood of termination of employment.

The economic climate also plays a role in the availability of good and reliable employment. *Economic recessions* are broad-based declines in economic activity. Retail sales and the production of goods and services fall during recessions. In response to weak demand for goods and services, firms slow down production and reduce hours or staff numbers. *Unemployment* rises during recessions and people lose their jobs. These job losses cause income to fall. Housing construction is

an example of a cyclically sensitive industry that employs a large number of people of various skill levels. When the macroeconomy is doing well, unskilled workers are able to find steady employment in this sector. When there is a slump, unskilled labourers are among the first that firms lay off in the housing sector. For low-income households, an episode of unemployment experienced by one or more family members can mean living in poverty. This poverty is due to macroeconomic conditions. Its antidote is a revival in aggregate demand that leads to economic expansion. When the economy expands, firms are more willing to hire or rehire employees. For many families temporary poverty ends with macroeconomic recovery.

This list of the causes of poverty is not exhaustive. It highlights, however, some of the complex issues and situations that push people into poverty and hold them there. Each individual or family has its own story. Some of these causes have received more factual support than others have. These causes embed themselves in social, political, economic, educational, and technological processes that affect all of us from the time we are born until we die. Our degree of vulnerability is all that differentiates us. How vulnerable you are or are not to adverse changes in your life is a function of the circumstances of your birth, including where your family lived, which schools you attended, whether it was peacetime or wartime, whether you had access to clean water, whether you are male or female. The list goes on and on.

Why poverty matters

As Table 3 shows, poverty in the United Kingdom rose by 0.5 percentage points between 2013 and 2015 as 400,000 more people fell into poverty. In June of 2016, to the surprise of many in the UK and much of the world, the majority of citizens voted to leave the European Union, so-called Brexit. While there is no simple reason for this outcome, there is little doubt that the perception of widespread economic insecurity in the UK contributed to what many consider a political upheaval, an intentional severing of ties with rest of Europe that were forty-three years in the making. It is certainly fair to ask, would the outcome of the vote have been different if citizens of the UK felt their economic status was less precarious?

Also in 2016, in the province of Kasserine, Tunisia, public protests over the high level of unemployment broke out after a young man, Ridha Yahyaoui, committed suicide because the government left his name off a list of candidates for a government job. The protesters' demands were for jobs and a solution to the poverty gripping the province. The protest in Kasserine triggered protests in other cities in Tunisia, including the capital, Tunis. The government's initial response was a nationwide curfew from sunset to sunrise. The aggregate unemployment rate in Tunisia had risen over the previous two years and in 2016 hovered around 15.5 per cent. This aggregate unemployment rate, however, masked the unemployment rate among young people with university degrees. That rate was closer to 30 per cent in 2016. The protesters in the streets were predominately young people who were desperate for jobs but could not find work. If these circumstances sound familiar, it is because they are; for it was in Tunisia in 2011 that mass demonstrations that we know now as the 'Arab Spring' began after the self-immolation of Mohamed Bouazizi in December 2010. In Tunisia, these demonstrations led to the toppling of the government of then-president Zine El Abidine Ben Ali.

These examples from the developed and the developing world highlight why poverty matters. Widespread economic insecurity and the poverty it induces negatively affect the lifetime prospects of individuals and families. It can be a source of social unrest and political upheaval. In the face of a fraying social fabric, societies have to decide how to respond. Those responses often depend upon attitudes (philosophical, religious, political, social, or economic) towards people living in poverty.

Can a just society include many people living in poverty? The philosopher John Rawls provides one perspective on this question. His difference principle would allow an inequitable distribution of income as long as any further increment in inequality resulted in an increase in the absolute level of well-being of the poorest in society. It follows that in the design of public policy there would be no restriction on individual earnings or wealth. There would be scope, however, for redistribution of income to the neediest.

We know that attitudes about redistributive policies vary across countries. In the United States, the tendency to label any individual espousing favourable views about redistribution as 'socialist' circumscribes explicit political discourse on redistributive policies. In the European context, there is more space to advocate for redistributive policies. Increasingly, however, the narrative focuses on redistribution extending only to beneficiaries who are citizens. In the developing country context, frequently the government's capacity to collect taxes is so weak that the idea of implementing redistributive policies is beyond the practical scope of society's institutions.

If the government is unwilling or unable to assist people living in poverty, then who can or will? As will be discussed in more detail in Chapter 2, historically, the answer to this question is the church, charities, and private individuals. An individual could have strong views about his or her community and harbour concerns about acts of begging that can arise because of widespread poverty. Led by one's faith, and perhaps consideration of what it teaches about the path to heaven, an individual could contribute to the well-being of those living in poverty by contributing to them directly or by giving to one's church. Then, the church could pool the contributions of many people and aid those living in poverty by providing shelter, food, clothing, and even education. From this perspective, poverty matters because it provides individuals with an opportunity to enhance the well-being of others while practising certain principles of their faith. Although private charity and the church have always played a role in addressing poverty, it is rarely enough to provide relief to all who need it.

Overall, the economy suffers if systematic public policy does not address poverty. Poverty imposes costs on the economy due to lost human capital and poor resource allocation. Poverty accelerates the depreciation of any economy's most valuable resource, its people, by depriving them of quality healthcare and education. It drives people to engage in activities from begging to multiple low-wage jobs that are less than ideal, in the sense that they could spend their time more productively in specialized employment.

Poverty is a stain on the fabric of society. Widespread and persistent poverty can sow the seeds of discontent based on a loss of dignity associated with a feeling of exclusion from society. Feelings of indignity, alienation, and disrespect can fuel crime, large-scale public protests, and even extremist ideologies that lead to terrorism. Generally, removal or diminution of this stain requires public action by government with the consent and cooperation of the governed.

This book is an introduction into the various forms of public and private actions that societies have taken and are currently undertaking in the struggle against poverty. Access to and participation in the conversation about poverty presumes knowledge of a few key definitions and theoretical concepts, a bit of history, familiarity with some data, and the intuition behind a scientific methodology for determining cause and effect. We cover this terrain in this book. I invite you into the conversation about poverty.

Subscriber: Swarthmore College; date: 06 September 2019