

**THE NATURE OF MASS POVERTY:
A Review Article***

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Professor Galbraith has written a book on mass poverty which is assured of a wide audience; his lucid exposition, probing commonsense and wit appear to be at their best. But despite these rare merits, on a less sympathetic view, this book does not seem to live up to its promise.

Its main concept of poverty as a trap, to which accommodation by the poor is the only rational alternative, carries appeal on intuitive grounds. But not only is this concept essentially ahistorical, it cannot, as we shall see, stand up to empirical evidence. Moreover, accommodation to poverty, to the extent that it exists, rarely offers so intractable a resistance to change as claimed for it. Most of the poor in modern times have managed, without help, to overcome accommodation. But not all have done equally well afterwards. This disparity, however, can scarcely be explained with reference to the numbers rejecting accommodation. One must focus on the human qualities as well of those rejecting accommodation. Differences of this order are recognized by Galbraith too, but he tends to slight them. I will argue that they are more instrumental. But before we elaborate on these objections, a summary of Galbraith's thesis will be useful.

I

In the early fifties when development economics was coming into vogue, many economists argued that the poor economies of Asia, Africa and Latin America were caught in a vicious circle: their poverty itself, since it denied the resources for improvement, constituted the chief barrier to escape from it. One version of this theory, first adumbrated by Leibenstein (1954) and Nelson (1956), went further, claiming that even if resources become available, the consequent increase in income will be swiftly devoured by rising

* John Kenneth Galbraith, 1977, *The nature of mass poverty*, Cambridge, Massachusetts: Harvard University Press.

population. The poor, in other words, are caught in a low-level equilibrium trap. It is to this theory of the poverty trap that Galbraith, at this late hour, adverts in his account of the nature of mass poverty. First, this old theory is refurbished, with some new arguments added in its support. But more importantly, Galbraith seeks to explore its psychological implications.

Galbraith focuses on mass poverty in the rural areas; it is here that the vast majority of the world's poor live "at or near the minimum necessary for survival" (p.52). This condition, moreover, is self-perpetuating. Attempts to escape from it are near certain to fail because, first, poverty denies the means for improvement and, secondly, even "if these become available, there are built into the structure of poverty the social and biological forces by which improvement is aborted, the poverty perpetuated" (p.59). But if the equilibrium of poverty is a stable one, rationality on the part of the poor demands that they accommodate to it. "It is more civilized, more intelligent, as well as more plausible, that people, out of the experience of centuries, should reconcile themselves to what has for as long been inevitable" (pp.62-63). This reconciliation seals the fate of the poor; poverty is accepted as part of the order of things.

It is argued that once accommodation has taken hold of the poor, development policies do not have a chance of success unless, first, this accommodation is overcome. The poor must be motivated to escape from their poverty. The methods by which this is done are not in doubt. "They are trauma and education – famine, military depredation, pogroms, forced expulsion of inconvenient or nonconforming ethnic or religious groups, landlords with a vision of a better use of their land" (p.100). Fortunately, Galbraith recommends the more humane alternative: education. "It is not by itself a sufficient measure, but it is an absolutely necessary one" (p.100).

Once education has motivated the poor to desire and seek self-improvement, the various development plans come into their own. Some of the poor may be facilitated to escape *within* the equilibrium of rural poverty through support in their "efforts to break out of the conventional mode of agricultural production – to acquire land, fertilizer, water, better seed, pest control and capital required for these, and thus improve (their) income progressively" (p.95). It is emphasized that such attempts must necessarily be selective at first, being aimed only at those who have rejected accommodation. But, of course, the great majority must be enabled to escape *out* of the equilibrium of rural poverty. This latter is made possible by industrialization; in all modern economic development this has been the major avenue for escape from rural poverty. The rural poor also have another recourse, migration, an escape route that has been of great importance in the past two hundred years, but future opportunities appear somewhat limited. These policies are not spelled out in any detail, rather they are identified as avenues for escape

from poverty.

The preceding summary is necessarily bald; no summary can convey the nuances and richness of Galbraith's writings. But this is only by way of introducing the reader to the ground plan of the book. And although our critique will not be limited to this summary, it could not begin without it either. Our criticism extends to three points. The first relates to the efficacy of Galbraith's remedies. We then proceed to examine the concepts of accommodation and equilibrium in the light of historical evidence. Also, Galbraith's rejection of a competing theory is criticised. A final section summarizes the discussion.

II

Galbraith's policy recommendations could scarcely be described as novel: this is what economists have been recommending all along. Moreover, this is what most poor economies, especially India, have been doing anyway. But what is at issue here is whether these remedies can enable the poor to get out of the poverty trap in which Galbraith places them. We maintain that they cannot.

The equilibrium of rural poverty, it has been argued, is preserved by powerful forces. The farms with given resources and technology, already yield their optimal outputs even though this provides no more than a subsistence living. At this subsistence living, moreover, resources are difficult to augment; neither will farmers, from their precarious position, undertake innovation. But, more importantly, if somehow, there materializes an increase in income, it will be devoured by pressures of consumption and increasing population. "In the poor country any improvement in income is nakedly exposed to the pressures of consumption, and these pressures, needless to say, poverty makes infinitely more urgent" (p.58). Similarly, it is argued, "If people's lives are being shortened by malnutrition or famine or if they are not breeding because they are sick or dead, the first inevitable effect of any escape from poverty is to save lives, including the lives of those who, in consequence of a manageable proposition in biology, would not be born because their parents would be dead" (pp.57-58). The poor are locked so securely into the equilibrium of poverty that, we are told, they even give up trying to get out of it: it is simply so much wasted effort.

But soon after this plot is laid out, Galbraith turns around to argue that if only this accommodation to poverty can be combated and the means of escape provided, the equilibrium of poverty too will be overcome. It is never made clear why, as these policies bring about an erosion in accommodation and a gradual improvement in incomes, the erstwhile operative equilibrating forces will not be reactivated to swamp the increase in living standards. The

opportunities for escape that will be made available, both within and outside the culture of poverty, cannot in a trice lift the poor so far above their accustomed poverty as to render the equilibrating forces inoperative. Improvements in agricultural productivity are bound to be slow; jobs provided by industry will at first be few even relative to those who wish to escape. How then are these modest initial gains going to be safeguarded from the erosion of consumption and population pressures. Moreover, the consumption pressures, due to the effects of education and demonstration, can only have increased in the meantime. Also, the spread of modern medicine is certain to augment the population pressure. Thus, all things considered, it is hard to see how the poverty trap will be breached by the recommended policies.

Here, it may be pointed out that the earlier proponents of various poverty-trap theories were at least more consistent in this respect, fully taking this difficulty into account in their policy recommendations. They proposed to apply a dose of investment so massive as to push the economy out of the centripetal pull of the demographic pressures. The poor, they argued, needed a 'big push' if they were to break out, as it were, out of their poverty-trap. However, Galbraith seems to believe that his equilibrium of poverty can be breached without a 'big push'.

III

If Galbraith's remedies will not eradicate poverty, either the remedies are inadequate or his diagnosis of poverty incorrect. We take the latter position on the ground that the hypothesis of an equilibrium of poverty, and accommodation to it, are not in general borne out by facts.

Professor Bauer (1976) has done well to marshal the facts from the economic history of the past two centuries to counter the hypotheses of a vicious circle of poverty. And here, we can do no better than refer to some of them. The examples most relevant to our purpose are to be found in the peasant economies of South-east Asia and West Africa in the period after 1870. Under the stimulus of opportunities opened up by foreign trade, these subsistence economies rapidly became market-oriented, specializing in the production and export of tropical produce. Frequently, this specialization required, as with cocoa in Ghana and Nigeria, rubber in Malaya and Indonesia, the introduction of crops entirely new to the region. And what is remarkable, this was the work of native peasants, i.e. those who had, supposedly, made their accommodation to the equilibrium of poverty.

What we have here then is an example of poor, largely self-subsistence economies responding positively to new economic opportunities and as a result experiencing a sustained improvement in their incomes. There is clearly no evidence of any tenacious accommodation having to be overcome:

the growth was not preceded by any attempt at education. One is also at a loss to find the much spoken of aversion to change and the risks of innovation. There could hardly be any question that the shift to the market and new crops were acts of innovation. Admittedly, population grew as a result of this experience, but hardly fast enough to swamp the positive results. All in all then, any evidence here of an equilibrium trap or accommodation to it is hard to find.

Wherever economic opportunities have appeared in the past two centuries, the response of the poor has been positive. More than a quarter century back, W.A. Lewis (1954, p.43) had written that "peasant farmers are everywhere anxious to improve their material conditions, and responsive to innovations which have this effect. They gladly adopt new seeds, or fertilizers, or make use of water provided by new irrigation facilities, or turn over to more remunerative commercial crops. The suggestion that economic development is prevented by farmers not having worldly values is largely a myth, since farmers are almost everywhere an acquisitive class". However, what has frequently frustrated the poor in their efforts at improvement is to be found not in any self-perpetuating equilibrium of poverty. Rather, the product of their increased efforts has been transferred to economies whose superior political and economic position gave them leverage over the market. Both Myrdal (1957) and Myint (1971) have described how the richer economies, because of the way in which the market favoured them, managed to receive most of the benefits of development in the poor countries. Thus, it would be more correct to say that if at the conclusion of the colonial era the great majority of the colonies were poor, it was not because they had not tried to improve their lot. Rather, they were poor despite their efforts at improvement.

Of course, in the post-colonial era there do exist economies whose rural poor, despite official efforts at development, appear to be locked in an apparently undisturbed equilibrium of poverty. But in most of these economies, no single factor is to blame more for this situation than their continuing population explosion. And this has come about, not in response to the increased incomes of the rural poor, as Galbraith suggests, but, rather, it has followed inexorably upon the easy success with which their governments have eradicated those diseases which through their toll of lives had previously maintained a high death rate. Here, one may also invoke the 'cumulative causation' of Myrdal (1957) which acts to drain the rural areas, of resources and its best labour force. Migration from the rural areas, Galbraith argues, by easing the pressure of poverty may create greater elbow room for those left behind, thereby facilitating their escape from the equilibrium of poverty. But it is also likely that such migration may weigh against the rural areas by draining it of the young, energetic and the most talented

and innovative members of the labour force. And since education stimulates migration from the rural areas, it is conceivable that a remedy in this case is perverted into its opposite.

IV

It appears from our preceding discussion that while Galbraith employs the logic of the equilibrating forces to posit the presence of accommodation to it, he quite disregards these same forces when pursuing the strategy of an escape from poverty. What matters now for development, is vital to it, is "the number rejecting accommodation to the equilibrium of poverty" (p.77). And it is differences in the numbers rejecting accommodation which account for disparities in the success of economies trying to escape from poverty. On closer examination, however, it is revealed that this can only be a proximate cause. Behind it lie other more enduring factors.

Rejection of accommodation alone will not eradicate poverty. Other endowments, in those rejecting poverty, are also necessary. And this is easily established with some help from an illustration in Galbraith (p.79). It is argued that the modern economic success of Hong Kong and Singapore "are merely the world's greatest assemblages of people who, rejecting accommodation, have escaped the equilibrium of poverty. The energy and thrust for accomplishment so aggregated and concentrated explains, far more than any other factor, the resulting development". But the same logic ought also to apply to every urban agglomeration in the poor countries. The populations of Bombay and Calcutta, under Galbraith's logic, have rejected accommodation no less than those of Hong Kong and Singapore, but nothing is more impressive than the contrast in their economic performance. Clearly, rejection of accommodation is no passport to success.

This point is also illustrated with respect to the unequal performance of the Chinese and Indian migrants in Singapore, Malaysia or the Caribbean: the Chinese invariably out-perform the Indians. Since the environment is the same for both communities, some factor other than the mere rejection of accommodation must be introduced to account for this difference.

It is my contention that the fate of a development programme depends in a fundamental way on what I have elsewhere [see Alam (1980, 1982)] described as the *work ethos* of a people, i.e. their effort propensity, rationality and social efficiency capital: the last concept refers to "the dexterity, finesse, consistency and discipline which members of a society *habitually* bring to their work and leisure activities." The work ethos of a society works at two levels. It influences the productivity of workers on whatever jobs they may be employed on. And, just as important, it determines the efficiency with which various tiers of government manage their diverse functions. On

this last point we shall find Galbraith, inadvertently, supporting us.

Galbraith's *obiter dicta* on the economic system appropriate to poor countries are motivated largely by one primary consideration: their scarcity of "administrative talent with its complementary requirements in expert knowledge, experience and discipline" (p.111). It follows that: "For the poor country the entrepreneur and the market are inevitable" (p.111). But at the same time, an important exception is admitted: "China, of all countries in the world, has the greatest experience in organization, administration and acceptance of the associated discipline . . . It is quite possible, in consequence, that China is better able to meet the administrative claims of socialism than, say, the Soviet Union" (p.112). We have here the plainest possible illustration of how differences in 'social efficiency capital' will influence success in managing a socialist economy. But this same difference, it is my contention, will also ensure the greater efficiency with which a capitalist economy will be managed. After all, management is vital also to a capitalist economy, especially when governments intervene to achieve accelerated development.

Effective industrialization under capitalism requires, in the words of Galbraith (p.115), "intensive intervention" in the economy. Law and order must be maintained; security of property ensured; transport, communications, water, electricity and other elements of the infrastructure provided; agricultural services must be extended; price support policies administered; institutions for supplying capital must be provided; and some publicly sponsored industries may have to be set up. It will be conceded that the execution of any of these functions requires the same managerial aptitudes which are vital to the success of a socialist economy. And since, not all poor economies are equally endowed with this aptitude, those without it carry a natural handicap in their efforts at development.

V

To conclude, Galbraith's thesis may be summed up, if somewhat tritely, as follows: The poor continue to be poor because there is nothing to combat their accommodation to poverty. If only a programme of education could be introduced to overcome this accommodation and outlets provided for the escape of those rejecting accommodation, development would proceed on its own steam. My objections to this scenario may also be summed up. The poor are not caught in any low-level equilibrium trap; had this been the case escape could have come about only through some kind of 'big push' or 'critical minimum effort'. Accommodation is not seen as a serious problem; it is rather easily overcome by the spread of modern mass consumption goods. The revolution of rising expectations soon reaches the remotest village. But the

success of those who are so motivated to improving their lot, will depend to a large extent on the nature of what I have described as their work ethos. Of all the poor peoples who desire improvement, not all will achieve it: in any case, not all will achieve it at the same rate.

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