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POVERTY

By David Schmidtz*

Abstract: *Poverty can be an ephemeral life stage of a young person whose skill sets will become more valuable with training and experience, a personal setback such as losing a job, or a systemic affliction that puts a whole community in danger of widespread famine. A common theme of this volume's essays is that we cannot understand poverty and famine unless we acknowledge that poor people are not mouths to be fed but agents. Amartya Sen got this right, crediting Adam Smith for the seeds of his insight. What has been enabling people by the billions since Smith's time to work their way out of poverty?*

KEY WORDS: poverty, agency, mobility, famine, innovation, Great Leap Forward, Amartya Sen, Adam Smith, Peter Singer, Henry Sidgwick

Tauhidur Rahman holds that we cannot truly understand problems of poverty and famine unless we start by acknowledging that, like the rest of us, poor people are not mouths to be fed but agents. (In reply to F. Scott Fitzgerald's musing that "the rich are different from you and me," Ernest Hemingway is supposed to have said, "yes, they have more money." How might Hemingway have responded to a remark that the poor are different?)

Poverty can be an ephemeral life stage, a matter of being young in a world where skill sets become far more valuable with decades of training and experience.[1] Poverty can be a personal setback, a matter of losing a job or a domestic partner and not having a nest egg sufficient to ride out the storm. Poverty can be more systemic, afflicting a whole community, undermining its customary ways of feeding itself to a point where widespread famine becomes a real possibility.

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[1] As per U.S. Census Bureau figures for 2021, a year in which the U.S. economy was badly disrupted by the COVID-19 pandemic, 25.6 percent of household heads in the 15–24 age group were in the bottom income quintile. By comparison, 12.3 percent of the 35–44 age group were in the bottom quintile, as were 30.9 percent of household heads over age 65. For what it is worth, 2 percent of households with more than one wage earner were in the bottom quintile. The overall poverty rate was 11.5 percent. See https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-hinc/hinc-05.html.

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People who experience poverty do not thereby become a different kind of being; they do not become less than agents. Amartya Sen got this right, and graciously credits Adam Smith for the seeds of his insight.[2] What has been enabling people by the billions since Smith's time to work their way out of pits of famine? Smith inquired into the nature and causes of the wealth of nations. He set aside the egocentric question "what does morality ask of me?" and instead asked what was transforming Europe before his eyes and making an entire continent famine-proof. What I call social (as opposed to personal) morality is not about deciding what to do or what to feel guilty about not doing. It is about observing which of our community's evolving patterns of cooperation and coordination are making it a better place. Such observation raises questions about what to respect, not only what to do.[3]

A consequentialist might care enough about famine to do what Sen did, namely, to theorize *about famine*—why it begins, why it ends. Instead of asking what to do, we might ask: Why are fewer people starving today than when Peter Singer began writing about famine in 1972?[4] Which ways of organizing communities have histories of making famine a thing of the past? History is a complex, poorly controlled experiment, but its lessons seem difficult to miss when it comes to observing which communities have a history of securing reliable access to food in the face of periodic shocks that otherwise have lethal consequences.

To Henry Sidgwick, "methods of ethics" were methods of deciding what to do. Utilitarianism, as it took shape in the wake of Sidgwick, was theorizing about what to do.[5] It reached a culmination in the work of Peter Singer, where "what to do" became a question of how much to sacrifice rather than a Smithian question about what was making Europe famine-proof.

Some institutions are created with good intentions. Other institutions help. Truly good intention implies wanting to know the difference—that is, not which institutions are well-meaning, but which institutions help. How do we learn what helps? Consider this: *empirical research is the kind of research we do when we actually care.* What do you do when you want to help your child choose a car or college? What do you do when deciding whether to decline chemotherapy? Answer: you gather information.

Amartya Sen gathered information. He earned his 1988 Nobel Prize partly for his work on twentieth-century famines, where he claimed that lack of food is not what causes famine. Natural disasters can push a population over the edge, but they are not what forces a population to live on the edge in the first place. Famine is caused by eroding rights, not eroding soil.

[2] Amartya Sen, *Poverty and Famines* (Oxford: Oxford University Press, 1981), 161.

[3] The following summarizes and revises material from David Schmidtz, *Living Together: Inventing Moral Science* (New York: Oxford University Press, 2023).

[4] Peter Singer, "Famine, Affluence, and Morality," *Philosophy & Public Affairs* 1, no. 3 (1972): 229–43.

[5] Henry Sidgwick, *Methods of Ethics* (Bristol: Thoemmes Press, 1996 [1874]).

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When local farmers lose the right to choose what to grow or where to sell it, they lose everything, and that is when people starve.

Sen learned that the laws and customs of famine-proof countries don't stop farmers from producing and shipping food to wherever they can get a good price. A famine-proof rule of law respects farmers who have, for generations, been gathering and revising information regarding how to produce, store, transport, and sell particular crops in particular places. A famine-proof rule of law doesn't take decisions out of their hands.

In many societies, famine is a thing of the past. Why? Sen conjectures that a human rights ethic might be better at famine-proofing a society than a utilitarian ethic would be.[6] True? If so, *which* rights are keys to a society becoming famine-proof? One answer is that food security begins with farmers, not consumers. Farmers must be able to count on their crops not being confiscated. Where farmers cannot count on that, they don't plant crops, and famine results. People survive droughts, floods, earthquakes, and fires. But what kills people by the millions (as in the Holodomor or the Great Leap Forward) is making it illegal for people to produce for purposes of their own.

Sen reported, "No famine has ever taken place in the history of the world in a functioning democracy."[7] Sen's report was stunning and there was pushback. Michael Massing, writing for the *New York Times* in 2003, said "About 350 million of India's one billion people go to bed hungry every night, and half of all Indian children are malnourished. Meanwhile, the country is awash in grain, with the government sitting on a surplus of more than 50 million tons."[8]

Indeed, Sen realized, there were famines in nominal democracies, but the key is not that leaders nominally are elected but that leaders can be held accountable. As a matter of painfully obvious observation, elections as such are not enough to hold leaders accountable in countries that lack stable constitutions, reliably independent courts, reliably independent media, and reliably independent markets.[9]

Here, I take myself not to be disagreeing with Sen so much as saying out loud what Sen left unsaid, namely, there is something democratic about the marketplace. To acquire a sack of wheat, you need not be the one with political connections. All you need is to be one among millions willing and able to pay the price. Obviously, there is no such thing as a positive price that every customer is *guaranteed* to be able to afford. Even so, the observable history of markets is the closest thing the world has seen to a guarantee that nearly everyone will be able to afford the price.

Why? Any explanation will be more speculative than observing the plain fact. Still, we can speculate that profitably unloading fifty million tons of

[6] Amartya Sen, *The Idea of Justice* (Cambridge, MA: Harvard University Press, 2009), 362.
[7] Amartya Sen, *Development as Freedom* (New York: Oxford, 1999), 16.
[8] Michael Massing, "Does Democracy Avert Famine?" *The New York Times*, March 1, 2003: https://www.nytimes.com/2003/03/01/arts/does-democracy-avert-famine.html.
[9] Mark Pennington, *Robust Political Economy* (Cheltenham: Edward Elgar, 2011).

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grain will involve delivering the grain to millions of paying customers. The world has never seen a retailer sitting on a fifty-million-ton surplus in the way Massing accuses India's government of doing. Retailers have a robust history of aiming to move merchandise, not hoard it.

It would be easy to misinterpret this as a necessary truth. It is not. To belabor the obvious, the observation that retailers aim to move merchandise is an observation of an empirical regularity rather than a necessary truth. The rule will have exceptions and contrary evidence will be to the point. Indeed, in his own time, Smith observed real-life cartels arising from deals between crony capitalists and monarchs whose overspending rendered them desperate for revenue. We can easily imagine a cartel of private retailers amassing fifty million tons of grain on world markets, then belatedly realizing they have no plan for getting the grain to customers. Improbable though this easily imaginable scenario may seem, it is enough to lead us to speculate that, ideally, no one would have enough *economic* power to control fifty million tons of grain.

However hypothetical that speculation about economic power may seem, the corresponding political point is not remotely hypothetical: ideally, no one would have enough *political* power to control fifty million tons of grain. When we entrust production and distribution to a central planner, the result is not that there are no mistakes, but that there are no small mistakes. We can talk about holding central planners accountable, but the fact remains that, like everyone else, central planners operate under severely limited and severely biased information, often supplied by lobbyists. When farmers are deciding on the ground, a bad mistake results in their needing to ask neighbors for help. When, instead, central planners are managing fifty million tons, a bad mistake results in famine. Saying that central planners should be held accountable ignores the problem: namely, where responsibility is big, mistakes are big.

Sen might agree but, arguably, he needed to leave the above unsaid. Had Sen said there was never a famine in a country with a Wal-Mart, readers would have rolled their eyes, yawned, or, worse, sought to "cancel" him. What happened instead was that Sen made the world notice something monumentally important by circumspectly hanging his thesis on the most politically correct ingredient of the secret recipe that seems to have made Western, constitutional, democratic, market societies famine-proof.[10]

As Sen might also agree, feeding people has saved countless lives in dire emergencies, but when the time comes to explain why many countries no longer experience famine, that is a different question and it is difficult not to notice that the Western world's secret correlates far more robustly to securing a right to produce than to securing a right to be fed.

[10] See Joseph Henrich, *The Weirdest People in the World: How the West Became Psychologically Peculiar and Particularly Prosperous* (New York: Farrar, Straus, and Giroux, 2020) for experimentally tested conjectures about what makes people in some cultures more adept at finding mutually beneficial solutions to common problems.

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Charles Noussair offers a different perspective on how a moral science can be grounded in observation when he explains how experimental economics can be used to test both the theory and practice of responses to poverty.[11]

There are various ways to define poverty for the sake of drawing a sharp line between who counts as poor and who does not. But behind the goal of turning the concept of poverty into *data*—something observable, measurable, and testable in the field or the laboratory—are the fundamental worries to which the word points. These are worries that some people are not getting enough to eat or that some children are growing up in situations of impoverished opportunity, such that they are unlikely to able (or even feel encouraged) to realize their full potential. If we said we define poverty as the difference between being in a household whose income is one point above versus one point below a statistical poverty line, that would be measurable, to be sure. However, the concept of poverty that is of genuine interest and concern is not an artificially precise cutoff. *Poverty* is having far less than it takes to flourish, less than enough food to fuel the activities that make up a normal day, less than enough education to be equipped for normally demanding work. That is already complex, and not because specifying precise measurables is complex so much as because it is difficult to articulate everything that is worrisome about people not having enough.

Poverty is relative, in a way, yet not merely a matter of opinion. Looking back on North America circa 1800, we might say that everyone but that era's "one percent" would have been considered destitute by today's standards. In that case, we might be saying something verifiable, notwithstanding the fact that it would have been verifiably false to call 99 percent of the population destitute by standards of *their* time. In any case, definitions we fabricate so as to have measurables that make claims look testable will always have a potential to mislead. It may not be as blatantly mistaken as saying, "It is a disgrace that a society can put a man on the moon and still have twenty percent of its population mired in the bottom income quintile."[12] Still, we have to be careful what we measure. Measurables can become a dangerous servant and a terrible master.

[11] For laboratory and field evidence that poor people have no special tendency to discount the future but instead are as adept as anyone at long-term investing when they have the resources, see Catherine Eckel, Cathleen Johnson, and Claude Montmarquette, "Human Capital Investment by the Poor: Informing Policy with Laboratory Experiments," *Journal of Economic Behavior & Organization* 95 (2013): 224–39.

[12] It may seem like a joke that twenty percent of the population is stuck in the bottom quintile. It seems tautologous. But in the United States it is not even true, for two reasons. The less important reason is that the bottom income quintile is the bottom twenty percent of *households*, not of individual earners. Bottom quintile households hold fewer people on average, so the number of individuals in the bottom quintile for *household* income is under twenty percent. The more important reason is that bottom-quintile heads of household tend to be in the 15–24 age group. Most will age into a higher quintile. Their place at the bottom will be taken by people just being born now. What matters for many poor agents is that even if the number of people in the bottom quintile were fixed, that would not imply that individuals are stuck. Some people are, of course, but "stuck" is not what is being tracked when the Bureau of Labor Statistics or the Michigan Panel on Income Dynamics tracks income distributions.

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In the aftermath of the ambition of David Hume and Adam Smith "to apply the experimental method of reasoning to moral subjects" (the subtitle of Hume's *Treatise on Human Nature*), the social sciences emerged over the course of the nineteenth century as their own siloed specializations. Hume's ambition was realized after a fashion—not in the field of Moral Science as Smith and Hume envisioned it, however, but in specialized departments of social science.

What was left to be reconceived as the turf of academic Philosophy became anything but empirical. Today, for example, Smith's work on the impact of tariffs would today be unrecognizable as moral philosophy.

Later in the nineteenth century and reaching a climax in the twentieth century, moral theorizing became theorizing about what to do. Indeed, it became *unresolvable* theorizing about what to do, because the habit of holding theories accountable to empirical testing (such as Smith aimed to do with, say, questions about whether trade barriers are fair to poor people) had been lost. Asking how some societies became famine-proof became a question of social science, perhaps, as social science departments emerged in the 1800s to become specializations of their own, separate from Philosophy. Incredibly, the question of "Do I have a duty to do this?" came to be seen as a more foundational question than "How is this supposed to work?" In the twentieth century, discussion of famine relief would culminate in admonitions about "reducing ourselves to the level of marginal disutility," which means, "the level at which, by giving more, I would cause as much suffering to myself or my dependents as I would relieve by my gift. This would mean, of course, that one would reduce oneself to very near the material circumstances of a Bengali refugee."[13] Philosophers would come to see this as a paradigm of taking our concern about consequences to its logical conclusion. Philosophers wanting to resist the conclusion would quibble with the logic instead of asking, "How did we come to see this as a question of what to do rather than of what has a history of solving the problem?" To Hume and Smith, the discussion would have been a paradigm of ignoring consequences rather than of making them central.

Fernando Tesón argues that the duty of rich countries to assist poor countries is first and foremost a duty to refrain from unfair competition. In any case, no amount of material aid can do as much lasting good as working to ensure that poor countries can compete on a level playing field for the opportunity to be of service on a global scale. Can we respond to poverty in a way that is not mere charity but that instead actually solves the problem and puts people in a position where they no longer need charity?

Logistical challenges are exacerbated by the fact that it is important not only to give children what they need, but also to give them what they need *when* they need it. In particular, children pass through critically important stages of maturation; if we cannot meet a child's nutritional or educational

[13] Singer, "Famine, Affluence, and Morality," 241.

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needs at the right time, supplying those resources years later may be too late for that child. It is difficult for a distant bureaucracy to get the timing right when tasked with providing for a whole region rather than for a particular child. That is not to say a distant bureaucracy should not try, but the question is whether to see distant bureaucracy as a first resort or a last resort. In any case, aiming for timeliness is one thing; actually achieving it is something else. That is where parents come in. We cannot expect much from relief efforts that aim at something other than enabling parents to provide for their own children in a timely fashion.

What is a poverty trap? Are poverty traps real? Is there is a bottom rung that people can grab, but need to *grab*, in order to haul themselves out of poverty? Are there traps so deep that, for some people, even the bottom rung is out of reach? Yana Rodgers considers how to conceptualize poverty. Time is one dimension, as just noted. Poverty traps also have a history of being gendered. As Naila Kabeer, Nivedita Narain, Varnica Arora, and Vinitika Lal observe, there are trade-offs between group rights and gender justice in indigenous communities.

Almudena Fernández, Luis F. López-Calva, and Santiago Rodríguez explain some of the intersections of trust, social distance, and poverty traps. Arvind Chaudhary likewise works on building social capital and networks to alleviate poverty. Learning to trust particular people generalizes to learning to trust whole communities, so that patterns of mutual expectation can emerge. You can learn not only that particular drivers can be relied upon to stick to their own side of the street under canonical conditions, but that everyone is trustworthy enough to make it reasonably safe to drive. It may be somewhat dangerous for all that, but it isn't a war zone.

Crucially, we *learn* to trust, and our experience teaches us to trust—or teaches us not to. You learn to trust one person, then another, then another. What is teaching you that it is safe to trust is experience. Eventually, you generalize from that experience and begin to trust people you have not even met yet. Or not to trust—if your experience is of a sadder kind.

Karla Hoff and Allison Demeritt explore a behavioral economics approach to understanding how poverty and oppression can lower the quality of decision-making. Johannes Haushofer and Daniel Salicath provide an illuminating discussion of the current state of the literature regarding the commonsense (and increasingly well-confirmed) positive correlation between income and psychological well-being. Stress and scarcity do sometimes affect preferences and investment decisions.

Thomas Pogge plausibly observes that innovation increasingly is the key to famine-proofing a society. Technology is crucial, as are innovations in institutional design. Obviously, this is not to say that progress is guaranteed. It is only to identify some of the contingent correlates of plainly observable progress in globalizing supply chains that lower the cost of getting goods and services to where they are most needed. (I say "contingent" because, for example, the thinning and lengthening of global supply chains that had a

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history of driving massive and widely distributed economic gains before the COVID-19 pandemic were also increasingly fragile. Then the pandemic became a case where such fragility mattered. The world remains on an uneasy path to recovery as this volume goes to press.) For an older and more persistent example, Pogge notes that in the case of pharmaceutical innovations, we allow patents. The idea is that patents are a way to efficiently encourage innovation, to internalize the benefits of innovation. It is a bit of a deal with the devil, though, because the awarding of patents ends up creating an aspect of monopoly that eventually stifles competition and slows down the dispersion of innovation's benefits. Furthermore, there is a difficult-to-control dimension of "predatory patenting" that has a competition-stifling upshot. What is the optimal trade-off between desirable internalizing of benefits in the short term and desirable dispersion of benefits in the long term? Pogge proposes an alternative mechanism: a legal innovation.

Finally, Claudia Williamson notes that individual choice and individual agency are more than mere means to a flourishing life. Neither is individual agency merely a constraint that limits the efficacy of Smithian "men of system" in their efforts to alleviate poverty. Rather, individual agency is constitutive of a flourishing life.

The "Catfish Man of the Woods," as described by Williamson, had little material wealth, but from that man's own perspective, he lacked for nothing. What "Catfish" would classify as poverty is not easy to measure and seems in part to be a state of mind. When people have a sense of being able to do what they find worth doing—when they have a sense of having everything they need, indeed everything they want—then they do not see themselves as poor. If we assume that Catfish must be in the grip of false consciousness, that quite literally is our problem, not his.

My father would grill for our family every weekend and serve us steak along with a huge grin of pride and his favorite saying, namely, "Nothing but the best for poor people." I am not sure when he started saying this. I remember when we got indoor plumbing; it may have been before that. What did he mean? I interpreted him as joking about how preposterous it would be to classify as poor anyone who could afford to grill steak every week.

But that was naivete on my part. I learned later that my father left home in 1929, when he was fourteen years old. I can scarcely imagine how he could have a sense of humor about what he endured to get to a point where no one in his family would ever miss a meal. I recall him remembering the Depression as a time when "you could get a dozen eggs for a nickel, but no one had a nickel." Those were not memories he could laugh about even decades later. Yet, so far as I know, he never saw himself as anything other than an agent even when he was a homeless teenager scrambling to survive the Great Depression.

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