

Poverty: A Problem in Need of Definition

E. Calvin Beisner

Adapted from a paper prepared for the
Church and Welfare Conference
Covenant Presbyterian Church (PCA)
Oak Ridge, Tennessee
October 23-24, 1992

In January, 1990, Dr. Joe Remenyi, an Australian economist, presented to the Oxford Conference on Christian Faith and Economics a fine paper titled "Income Generation By the Poor: A study of credit-based income & employment generation programs in developing countries," since published as a short book titled *Where Credit is Due*.¹ I heartily recommend it to anyone interested in learning what kinds of development really work in less-developed countries.

My applause, however, comes with a reservation. Because the paper focused on income generation by the *poor*, it was necessary at the outset that Dr. Remenyi state what he meant by *the poor*. This is what he said:

To be poor, in the economic sense, one merely has to have a sufficiently low income relative to the national average. In this study the standard below which one is regarded as poor is defined as an annual income less than one half of the national [gross domestic product] per head. . . . If one further defines the poor as those who belong to households with an annual income of half the national GDP per capita or less, we define as poor between one half and three quarters of the households of developing countries. In other words, the poor are where the bulk of the people are.²

Dr. Remenyi's definition of the poor was consistent with the common definitions used by economists worldwide. It has, however, no rational basis, and much sensible criticism may be leveled against it. Consider four points.

The Relative Definition Is Arbitrary

First, so long as we draw the poverty line as a percentage of average income, we will have no reason not to draw it a point or two—or five or ten—lower or higher. Furthermore, why make a *nation's* gross product per capita the measuring stick? Why not a continent's, a city's, a state's, or the world's? This last option would have more appeal for Christians, who are taught in the Parable of the Good Samaritan that national lines do not define who the people are to whom we are to be neighbors.

The Relative Definition Is Self-contradictory

Second, if national product per capita is the standard of comparison rather than world product per capita, the irrational conclusion arises that some people with more wealth are poorer than others with less.

Dr. Remenyi presented data on incomes and poverty. Within each group, nations were listed in order of ascending GNP per capita. As I read his table, several questions presented themselves: Granted the relative definition of poverty, what would be the poverty levels in these different nations? And what would be the result of comparing increasingly severe levels of relative poverty across nations? The following table presents a summary of what I found, starting with his numbers.

¹Joe Remenyi, *Where Credit Is Due: Income-generating programmes for the poor in developing countries* (London: Intermediate Technology Publications, 1991).

²Joe Remenyi, *Income Generation By the Poor: A study of credit-based income & employment generation programs in developing countries*, paper prepared for the Oxford Conference on Christian Faith & Economics, January 4-10, 1990, St. Hugh's College, Oxford, 12.

Comparative Poverty Incomes Based on Relative Definitions of Poverty

Group/Country	GNP/Capita (1985 US\$)	Poverty Threshold (at 50 percent of GNP/cap.)	Severity of Poverty as Percent of GNP/cap. (increasing as percent of GNP/cap. received falls)	Annual Income Received at Severity Level (1985 US\$)	Income Up (+) or Down (-) with Increasing Severity of Poverty
Asia					
Bangladesh	150	75.00	49	73.50	n.a.
India	270	135.00	44	121.50	+
Sri Lanka	380	190.00	39	148.20	+
Indonesia	530	265.00	34	180.20	+
Philippines	580	290.00	29	168.20	+
Thailand	800	400.00	24	192.00	+
Malaysia	2,000	1,000.00	19	380.00	+
S. Korea	2,150	1,075.00	14	301.00	-
Hong Kong	6,230	3,115.00	9	560.70	+
Simple Average	1,455	727.50	29	421.95	n.a.
Africa					
Kenya	290	145.00	49	142.10	n.a.
Zambia	390	195.00	44	171.60	+
Egypt	610	305.00	39	237.90	+
Ivory Coast	660	330.00	34	224.40	-
Mauritius	1,090	545.00	29	316.10	+
Simple Average	610	305.00	39	237.90	n.a.
Latin America					
El Salvador	820	410.00	49	401.80	n.a.
Peru	1,010	505.00	44	444.40	+
Brazil	1,640	820.00	39	639.60	+
Mexico	2,080	1,040.00	34	707.20	+
Panama	2,100	1,050.00	29	609.00	-
Argentina	2,130	1,065.00	24	511.20	-
Venezuela	3,080	1,540.00	19	585.20	+
Simple Average	1,840	920.00	34	625.60	n.a.
Donors					
Britain	8,870	4,435.00	49	4,346.30	n.a.
Netherlands	10,020	5,010.00	44	4,408.80	+
Australia	11,920	5,960.00	39	4,648.80	+
W. Germany	12,080	6,040.00	34	4,107.20	-
Japan	12,840	6,420.00	29	3,723.60	-
Canada	14,120	7,060.00	24	3,388.80	-
Norway	15,400	7,700.00	19	2,926.00	-

Group/Country	GNP/Capita (1985 US\$)	Poverty Threshold (at 50 percent of GNP/cap.)	Severity of Poverty as Percent of GNP/cap. (increasing as percent of GNP/cap. received falls)	Annual Income Received at Severity Level (1985 US\$)	Income Up (+) or Down (-) with Increasing Severity of Poverty
United States	17,480	8,740.00	14	2,447.20	-
Simple Average	12,840	6,420.00	31.5	4,044.60	n.a.

Consider Asia. Incredibly, a citizen of Hong Kong making forty-one times as much as a citizen of Bangladesh could be called poor while the Bangladeshi could not. The spread was not so wide in Africa as in Asia, but it was significant nonetheless. A Kenyan, to be disqualified for poverty relief, could make as little as \$145 per year, while a Mauritian could make 3.75 times as much and still qualify. In Latin America, a Salvadoran could not qualify as poor unless his income was less than one-third that of a poor Venezuelan's. At the extreme, a "poor" American could have 116 times the income of his non-poor Bangladeshi neighbor.

Or consider not just poverty thresholds but increasingly severe poverty. If the poverty threshold is defined as income below 50 percent of gross national (or domestic) product per capita, then it follows that someone with income of 44 percent of GNP per capita should be poorer than someone with 49 percent, and so on. Within a given country, that of course is true. But a strange thing happens if we compare someone in more severe poverty in India with someone in less severe poverty in Bangladesh. The Indian earning 44 percent of GNP per capita has income of \$122, while the Bangladeshi earning 49 percent has income of only \$73.50. So the poorer Indian earns more than the richer Bangladeshi. The still poorer Indonesian, at 34 percent of GNP per capita, can be earning nearly two-and-a-half times as much as his richer Bangladeshi neighbor. Meanwhile, the desperately poor American, earning 14 percent of GNP per capita, has income more than thirty-three times as high as his richer Bangladeshi neighbor. (See Figure 1.)

Any definition of poverty that leads inexorably to such absurdities is itself absurd.

The Relative Definition Makes Eliminating Poverty Impossible

Third, it follows from a relative notion of poverty that unless all people have precisely equal shares of income, it is impossible to eradicate poverty or even greatly to reduce its prevalence, no matter how much wealth (or how high an income) even the least wealthy enjoy. There will always be those with more than average income, those with average income, and those with less than average income. If history is our teacher, there will always be those with less than half the average income. In the United States, for instance, "the percentage of income that is received by each quintile group is very close to that received by the same quintile group in 1776. According to those statistics, we have made no improvement in the *position* of the poor over the last 200 years. But is that relevant? One must not ignore the fact that those people at the bottom have substantially improved their ability to consume food, enjoy medical care and have more of other economic goods."³

What sense does it make to call poor today Americans whose standard of living is several times higher than that of the *top* 20 percent of Americans a century ago?

³P. J. Hill, "An Analysis of the Market Economy," *Transformation* 3/4. Hill points out in the same article that "in the United States, from 1790-1980, the bottom 20% of the income distribution (that is, those ordinarily considered poor) raised their real standard of living by 750%. This was because of substantial economic growth rather than because of income distribution programmes."

Relative Definitions of Poverty Rely on Unreliable Data

Fourth, reliance on statistical reporting of GNP and GNP per capita for one's definition of poverty and for the practical application of that definition within given economies is tenuous at best and notoriously misleading at worst—which is the most likely case in the less-developed economies, where "the biases and errors of income estimates . . . often amount to several hundred per cent"⁴ and statistics on the distribution of income are even less reliable than statistics on GNP and GNP per capita.⁵ Common flaws in GNP per capita estimates in less-developed countries include failures to count home production in low-income households (frequently several times cash income), to deal adequately with purchasing power parities, and to consider different age distributions (children typically need far less income than adults). Also, exaggerated population estimates cause underestimates of GNP per capita in LDCs. Merely adjusting Nigeria's GNP per capita figure to correct for official estimates of population that turned out over a third too high would raise the figure by at least a third.⁶

Such are the *Alice in Wonderland* problems of a relative definition of poverty. Up becomes down, richer becomes poorer, and poorer becomes richer. And the effect of all this on people who care and want to take sensible steps to help is to confuse them and divert their attention—and their gifts—from the needier to the less needy. "Woe," said Isaiah, "to those who call evil good, and good evil; who put darkness for light, and light for darkness; who put bitter for sweet, and sweet for bitter" (Isaiah 5:20). Yes, and woe to those who put rich for poor and poor for rich!

For people called upon to be neighbors to people in need across national lines, defining poverty on a nation-specific, relative basis should be simply unacceptable. When it results in pouring billions of dollars into "poverty relief" to nonpoor Americans, making that assistance unavailable to our truly poor neighbors in the less-developed world who are literally a hundred times worse off than the recipients of our generosity here, it is scandalous.

The Need for a Biblical Definition of Poverty

The absurdities implied by relative definitions of poverty cry out for an absolute definition. Until recently such a definition was commonly used. It is still reflected in standard dictionaries. Thus an authoritative modern dictionary defines *poor* as describing one who is "lacking material possessions; having little or no means to support oneself; needy," and *poverty* as "indigence, lack of means of *subsistence*."⁷ A modern encyclopedia defines poverty as "an insufficiency of the material *necessities of life*."⁸ And an older dictionary defines poverty as "need or scarcity of means of subsistence; needy circumstances; indigence; penury."⁹ These definitions all have to do with the means of subsistence, i.e., "the material necessities of life."

Interestingly enough, an exhaustive study of the Biblical vocabulary of poverty and its usage shows that this is precisely what the Bible means by *poverty*, when it speaks of *material* poverty.¹⁰ In the New Testament, for instance, we

⁴Peter T. Bauer, *Reality and Rhetoric: Studies in the Economics of Development* (Cambridge, MA: Harvard University Press, 1984), 176, n. 5. Bauer cites an important study by D. Usher, *The Price mechanism and the Meaning of National Income Statistics* (Oxford: Oxford University Press, 1968).

⁵The World Bank, *World Development Report 1989* (New York and Oxford: Oxford University Press, 1989), 246.

⁶Compare James A. Miller, "Nigeria's Population Bomb Fizzles Out," *The Wall Street Journal*, May 12, 1992, A16, and The World Bank, *World Development Report 1992* (New York and Oxford: Oxford University Press, 1992), 218.

⁷Jean L. McKechnie, et al., eds., *Webster's New Twentieth Century Dictionary of the English Language*, 2nd ed. (New York: Collins & World, 1977), pp. 1400, 1411.

⁸Theodore Caplow, "Poverty," in *Encyclopedia Britannica* (1969 ed.), vol. 18, p. 392.

⁹William White Whitney, et al., eds., *The Century Dictionary: An Encyclopedic Lexicon of the English Language*, 6 vols. (New York: The Century Co., 1890), vol. 4, p. 4660.

¹⁰Daryl S. Borgquist, *Toward a Biblical Theology of the Poor* (La Mirada, CA: Talbot Theological Seminary, unpublished thesis for Master of

find reference to three economic classes:¹¹

1. The first group is the rich, for whom the word is *plou̓sios*, who need not work to survive, or even to thrive, but can live entirely on the earnings of their investments in others' labor. (This does not mean that the Bible assumes that the rich never work. They may, and many work very hard.)
2. The second group consists of those who lack none of their daily necessities, but who do not have sufficient wealth to hire others to do their work for them. These people, the *pénēs*, may be identified with those today who must work for a living rather than living on the interest and dividends of savings and investments. It is common to translate *pénēs* "poor." If this is understood simply to mean "not rich," it may be unobjectionable. But if it implies destitution or need for charitable support, it is certainly wrong. The noun comes from the verb *pénamai*, "to work for one's living." As such it might better be translated, in its only occurrence in the New Testament (2 Cor. 9:9), "laborer."¹²
3. The third group consists of people so destitute that they must depend on charity for survival. They cannot sustain themselves, usually because they are too old or young or disabled to work. These, for whom the Greek word is *ptōchós*, are the truly poor.¹³ They have nothing and can get nothing by their own labor. They and they alone, in the New Testament, are presented as proper recipients of systematic charitable giving simply because they are poor.¹⁴

Some finer distinctions may be made between the second and third classes, and there are several other words sometimes used in the New Testament, as well as several in the Old, to designate the poor and the laboring classes, in addition to words and usages having to do not with economic but with social, legal, or spiritual status.

Practical Implications of a Biblical Definition of Poverty

Is all of this mere theoretical quibbling about words? Far from it. It has profound practical and moral implications.

The Problem is Manageable

First, it results in considerably lower estimates of the numbers of truly poor people, and thus of the numbers of people in need of (and legitimate recipients of) systematic charitable aid. What is the advantage of this? Many people believe poverty is such an overwhelmingly huge problem that it can never be solved and that only governments have enough resources to do anything significant about it. A Biblical definition destroys those impressions and so can encourage people to undertake truly effective, truly compassionate voluntary, private measures to combat poverty—measures like those that dominated America's responses to poverty in the nineteenth century, vividly described in Marvin Olasky's *The Tragedy of American Compassion*.¹⁵

(..continued)

Theological Studies, 1983). The Bible also uses words translated *poor* and *poverty* that address not one's economic status (whether he has enough food and adequate clothing and shelter to survive) but his social or political status: e.g., whether one is subject to unredressed oppression by those more powerful than he. It is unfortunate that many English versions of the Bible use the word *poor* to translate the terms used in this latter sense, since *poor* in English doesn't typically carry that sense. *Weak* or even *oppressed* would be better.

¹¹See E. Calvin Beisner, *Prosperity and Poverty: The Compassionate Use of Resources in a World of Scarcity* (Westchester, IL: Crossway Books, 1988), 191-3.

¹²A. T. Robertson, *Word Pictures in the New Testament*, 6 vols. [Nashville, TN: Broadman, 1931], vol. 4, p. 249.

¹³L. Coenen, *penes*, sub-article to "Poor," in Colin Brown, ed., *The New International Dictionary of New Testament Theology*, 3 vols. (Grand Rapids, MI: Zondervan, 1979), 2:820; R. C. Trench, *New Testament Synonyms* (Grand Rapids, MI: Eerdmans, [1880] 1976 rpt.), 129, cf. 128-30; H.-H. Esser, *ptōchós*, sub-article to "Poor," in Brown, ed., *New International Dictionary of New Testament Theology*, 2:821.

¹⁴This does not mean that charitable giving is *forbidden* to anyone but the *ptōchós*. It may be given to others to support a particular ministry or simply out of spontaneous kindness.

¹⁵Marvin Olasky, *The Tragedy of American Compassion* (Wheaton, IL: Crossway Books, 1992). See also Marvin Olasky, "Beyond the Stingy

When I wrote *Prosperity and Poverty*, my studies led me to believe that the number of the poor in the United States, defined Biblically, was at most about .75 percent of that claimed in official government statistics (based on a relative definition of poverty).¹⁶ The official estimates—roughly 30 million, or 13 percent of the population¹⁷—create the impression of a problem insuperably large relative to non-governmental resources.¹⁸ But if the number of the poor is really only .75 percent of that—about 250,000 or .1 percent of the population—it becomes clear that churches alone have more than enough resources to care fully for all of the truly poor in the United States. If more Christians were aware of this and took seriously the Bible's instructions regarding the poor, churches could reclaim the job of poor relief in America.

The Goal of Poor Relief

Second, adopting this Biblical definition leads to a new understanding of what aid to the poor should aim at. Rather than raising the income of the poor above the "poverty level" as defined relative to GNP per capita, the immediate goal of poor *relief* is to raise them above mere subsistence, to make them no longer destitute. (Long-term *development* is a different and important issue.)

This aim, like the conclusion that what the Bible means by material poverty is actual destitution, finds support from the extended discussion of poverty relief in 1 Timothy 5-6. Near the conclusion of that study (6:8), Paul writes, ". . . if we have food and covering, with these we shall be content." Anyone who has food and covering (reasonably implying both clothing and shelter adequate to protect one from the elements, which will differ from place to place and from season to season) is not truly poor (*ptōchós*) and therefore not a proper recipient of systematic aid (although he might receive spontaneous aid).

No doubt taking Paul's language seriously means major adjustments in notions of contentment for many Americans, who routinely view as *necessities* what their forebears would have viewed as outrageous luxury. It also deeply undermines the envy that presently drives much of political debate and policy. But we must face squarely the question whether the world's current (and always changing) standards or the Bible's permanent standards shall rule our thinking.

I will never forget the response to these ideas from Dr. Remenyi. When I told him I thought the poverty level in the United States was too high and that a Biblical definition would categorize far fewer people as poor, he responded, "But I've *lived* in the United States, while doing graduate studies, and you [he meant even a single person] simply cannot survive on less than \$10,000 per year." Imagine his surprise when I told him that my wife and I and our children had been living on less than \$7,000 per year for each of the past four years, had never sought or accepted government handouts, yet had never lacked adequate food, clothing, shelter, medical care, transportation, entertainment, or anything else! What we can "live" on depends on our choices about how we will live.

No Lack of Compassion

Third, adopting this definition of poverty carries a risk to our reputations. We will be accused of having no compassion on needy people. And in our age of absolute moral relativism, compassion is the only (other) absolute.

Yet we need not fear. For, as economist Walter Williams put it in his devastating critique of institutionalized compassion toward his race, *The State Against Blacks*, ". . . truly compassionate policy requires dispassionate analysis."¹⁹ (. . .continued)

Welfare State," *Stewardship Journal*, 1:1 (Winter 1991), 41-54.

¹⁶Beisner, *Prosperity and Poverty*, 200-203. The figure of a real (i.e., Biblically defined) poverty rate being 10 percent of the officially estimated (relatively defined) poverty rate itself probably exaggerates the number of the poor by about 1,000 percent, as I show in my study (p. 201).

¹⁷U.S. Bureau of the Census, *Statistical Abstract of the United States: 1991*, 111th ed. (Washington: U.S. Government Printing Office, 1991), p. 462, Table 745.

¹⁸Even that impression is, however, not accurate, as I point out in *Prosperity and Poverty*, 202.

¹⁹Walter Williams, *The State Against Blacks* (New York: McGraw-Hill, 1982), 49.

When, as it is today, compassion is transmuted into mere pity; estranged from prudent examination of causes and effects; divorced from the intimate personal relationships that once characterized efforts to aid the poor; wedded to a cold, institutionalized welfare state with all its abuses and inefficiencies;²⁰ and made synonymous with the drive toward equality in the name of a perverted justice²¹—why, then there is little merit in being "compassionate."

Furthermore, when we consider what compassion really is—feeling something with someone—it becomes clear that by tying compassion to the relative definition of poverty we create an unequal yoke. For if we take Paul seriously when he says we should be content with food and covering, then the call for compassion for the relatively but not truly poor *because of their "poverty"*—not for some other reasons—is chiefly the call to feel with them the discontent and envy our society so systematically and vociferously urges them to feel. To feel compassion for victims of injustice, to be determined to see them vindicated and restored, is good. But there is no virtue in sharing another's envy. There is, however, much virtue in feeling with another the suffering of real poverty.

Indeed, I believe that it is precisely their instinctive sense that there is something wrong with calling people poor who are, by historical and world standards, abundantly fed, clothed, housed, educated, medicated, and entertained that keeps many Americans from feeling strong compassion toward the *relatively* poor. Sadly, however, this sensible caution breeds unwarranted cynicism toward anyone called poor, undermining the motivation needed to help the truly poor. Thus, adopting the Biblical definition of poverty is the starting point for restoring real and proper compassion.

Targetting Aid to the Truly Poor

Fourth, adopting this definition is crucial for restoring proper compassion because it allows us to target our aid to the truly poor, where it belongs. People with incomes above subsistence are not truly poor; people with incomes below it are.²² As I said above, it is scandalous when an unbiblical notion of poverty leads us to expend on people who have far more than what Paul says anyone should be content to have, what we should expend on those who are in danger of starving to death.

Restoring Hunger as a Motive to Work

Fifth, recognizing poverty as actual destitution allows us to bring an important Biblical incentive back into play to counteract the tendency of many people to adopt the mentalities of the underclass—immediate gratification of desires, short-term perspective, failure to save, low priority on work, and so on. Paul commanded that those who refuse to work should not be permitted to eat (2 Thessalonians 3:10). In our day, they need hardly worry about eating; the welfare state ensures that they not only eat but also live in what can only be called luxury by historic—or developing world—standards. But there is much to be said for the effect of simple hunger in instilling the virtue of hard work. "The person who labors," Solomon wrote, "labors for himself, for his hungry mouth drives him on" (Proverbs 16:26).

I well recall a time in 1980 when, having lost a job, I searched for a similar job for weeks. I ran out of food. Unwilling to accept unemployment compensation or welfare, I fasted for the next couple of days. My hunger drove me to lower my expectations, and I quickly found a job driving a truck for a warehouse. It wasn't what I preferred, but it was honest work. Had I not become hungry, I could easily have continued searching for a more "suitable" job, when what God intended was that I learn the discipline of doing whatever work He put before me.

For the sake of the truly poor, then, let us return to a Biblical definition of poverty. Doing so will make it far easier to return to Biblical means of ministering to the poor.

²⁰See Olasky, *The Tragedy of American Compassion*.

²¹See Beisner, *Prosperity and Poverty*, Chapters 4-5.

²²Two qualifiers are necessary here. (1) "Income" must include both cash and noncash and both earned and unearned income. (2) Income, in this sense, necessary for subsistence will differ considerably depending on one's situation. A young child in a household needs very little income to subsist; a single adult needs considerably more. A family in the tropics will need little housing and heat, while one in the temperate zone will need more, and so on.