The Politics of Poverty: Definitions and Explanations

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It is becoming increasingly apparent that a nation’s poverty rate is determined in large part by how a nation’s governing authorities distribute economic and other resources amongst the population, i.e., politics. In this article various definitions of both poverty and politics are presented and their interrelationships noted. The links between politics and poverty can be understood in three primary ways. The first is that individual characteristics such as lack of education or employment skills create poverty. The second is that public policies themselves are the primary determinants of a nation’s poverty rates. The third is that the distribution of power and influence within the nation create the public policies that determine poverty rates. Recent data from the Luxembourg Income Study, the Innocenti Research Centre, and the Organisation for Economic Cooperation and Development are used to illustrate how differences in the poverty rate are shaped by the politics of a nation.

Introduction

Societies set goals for themselves. The French aim for Liberty, Equality, and Fraternity, the Americans seek Life, Liberty, and the Pursuit of Happiness, Norwegians strive for Equality and Equality, and Canadians aim for Peace, Order, and Good Government. In Australia the idea of a Fair Go is seen as part of its national identity. Whatever the goal, the presence of poverty is a clear obstacle to its attainment. Poverty is also a clear threat to human and social development, and health and well-being. It is becoming increasingly apparent that poverty in developed nations is a result of the political and economic organisation of society rather than the personal failings of individuals. Recent scholarship has examined how national governments organised along social democratic lines have the lowest poverty rates and those organised along liberal lines have the highest. In this special issue of Social Alternatives we examine the politics of poverty by; a) reviewing the recent literature on the politics of poverty; b) examining these concepts in relation to exemplar nations of each regime; and c) outlining the political processes by which poverty can be reduced in these nations.

Poverty

There is a consensus among agencies and researchers on the meaning of poverty in developed nations. These definitions identify two kinds of poverty: absolute and overall. The World Summit on Social Development provides this definition of absolute poverty: ‘Absolute poverty is a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education, and information’ (United Nations 1995: 57). Absolute poverty is frequent in many developing nations but there is evidence it is not uncommon in developed nations. UK researchers describe absolute poverty as individuals lacking the basic necessities of life to ‘keep body and soul together and being so poor that you are deprived of basic human needs’ (Gordon 2000: 75).

There are numerous ways of assessing absolute poverty. In one approach it is argued that ‘to avoid absolute poverty, you need enough money to cover all of these things: adequate diet, housing costs/rents, heating costs, clothing, water rates, and prescription costs’ (Gordon 2000: 76). In another, absolute poverty is not having access to ‘basic necessities of food, shelter, clothing, health care, personal care, essential furnishings, transportation and communication, laundry, and home insurance’ (Sarlo 2001: 11). One measure of absolute poverty used in international comparisons is that of the USA poverty line, which identifies an income level at which there is an immediate threat to the physical integrity of the individual (Innocenti Research Centre 2005). The presence of absolute poverty in a wealthy developed nation is an affront to human rights and should be politically unacceptable. As will be seen, this is frequently not the case.

Overall poverty – also called relative poverty – is the situation where access to resources so deviates from the societal average as to be problematic for the individual. The World Summit on Social Development (United Nations 1995: 57) provides this definition of overall poverty:

Overall poverty has various manifestations,
including lack of income and productive resources sufficient to ensure sustainable livelihoods, hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social, and cultural life (United Nations 1995: 57).

Overall poverty is about exclusion from activities expected in a developed nation and when operationalised is usually synonymous with the concept of relative poverty. Researchers in the UK define it as not being able to do the things that most people take for granted (either because one can’t afford to participate in usual activities or because one is discriminated against in other ways) (Gordon 2000). Townsend (1993) gave the most widely used definition of overall or relative poverty as early as 1993 while Rainwater and Smeeding (2003) provide a recent restatement of the argument (see Table 1).

Table 1. The Meaning of Poverty in Industrialised Nations

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<th>Definition</th>
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<td>‘Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged, or approved, in the societies to which they belong. They are, in effect, excluded from ordinary living patterns, customs and activities’.</td>
<td>Townsend, P. (1993: 36) The International Analysis of Poverty. Harvester Wheatsheaf, Milton Keynes UK.</td>
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<td>&quot;The argument is that objectively people cannot carry out the roles, participate in the activities, or maintain the social relations that are definitive of mainstream members of society if their resources (over some period of time) fall short of a “certain minimum”. In such a situation, inadequacy of resources precipitates a lower-class style of life that is reactive to the inability to live the life identified with the standard package”.</td>
<td>Rainwater, L. and Smeeding, T.M. (2003: 147) Poor Kids in a Rich Country: America’s Children in Comparative Perspective. Russell Sage Foundation, New York,</td>
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Overall poverty – henceforth referred to as relative poverty – has proven to be very useful for understanding the meaning of poverty in wealthy developed nations and provides the conceptual underpinnings of much of the international work in this area (Williamson and Reutter 1999). It is widely used by the international research community as the primary poverty metric.

International Approaches to Measuring Poverty

There are a number of ongoing international efforts that monitor the extent and determinants of poverty rates in developed nations and provide venues for discussing means of reducing these rates. The dominant measurement approach is use of relative measures of poverty that correspond to the overall poverty definition provided earlier. Three institutional efforts are highlighted here: The Luxembourg Income Study, The Innocenti Research Centre, and the Organisation for Economic Cooperation and Development.

Luxembourg Income Study (LIS)

The LIS is an important source of data on income and poverty rates for over 30 middle and upper income nations in Europe, the Americas, and Asia and forms the basis for much of the published research on income and poverty (LIS 2013). The LIS also publishes a series of Working Papers that are a rich source of information on poverty rates and their determinants. The work presented in the LIS Working Paper Series usually applies the following definition of poverty: the percentage of individuals and/or households with post-tax-and-transfer income <50% of the country’s household size-adjusted median. Figure 1 provides recent poverty rates for working aged men and women from 31 middle and upper income nations from Europe, the Americas, and Asia. Wide variation is seen in nations’ poverty with the Nordic nations generally showing lower rates than the Anglo-Saxon nations. South American nations are among those with the highest rates (see Figure 1).

UNICEF Innocenti Research Centre (IRC)

The IRC provides Report Cards on Poverty that focus on child and family poverty rates in developed and developing nations (UNICEF 2013). It provides measures of poverty using the <50% of the median disposable income indicator favoured by international researchers. It also publishes public policy analyses focused on the societal factors that shape national poverty rates. Figure 2 provides data on children’s poverty rates in wealthy developed nations using this relative measure as well as the poverty gap represented by a percentage by which children living in poverty on average fall below the nation’s poverty line. Again, the Nordic nations have lower rates than the Anglo-Saxon nations. Interestingly, outside of Denmark, nations with the highest poverty rates also have the highest poverty gaps (see Figure 2).

Organisation for Economic Cooperation and Development (OECD)

The OECD provides data on poverty rates in its ongoing series Society at a Glance using the <50% median income indicator. It provided detailed analyses of income inequality
**Figure 1. Poverty Rates for Working Aged Population 20-54 Years, Mid 2000s**

![Poverty Rates Chart]

**Figure 2. Poverty Among Children, Late 2000s**

![Poverty Among Children Chart]

Source: Luxembourg Income Study 2013. Key Figures, Wave Six. Available at www.lisdatacenter.org/data-access/key-figures/download-key-figures/

and poverty in *Growing Unequal: Income Inequality and Poverty in OECD Nations* (OECD 2008) and *Divided We Stand: Why Income Inequality Keeps Growing* (OECD 2011). These reports provide a wide range of poverty measures with the most important being use of the <50%, median disposable income. Figure 3 provides poverty data using these indicators for OECD nations. Similar patterns are seen as was the case for the LIS and Innocenti data (see Figure 3).

**Explanations for Poverty**

Governing authorities of all developed nations will argue their commitment to reducing poverty but the wide differences in national poverty rates question this claim. Much of this has to do with the existence of various explanations for poverty that are adopted to varying degrees by governing authorities. These can be conveniently placed into three main categories: poverty as individual shortcomings; poverty as a result of faulty public policy; and poverty as reflecting structural inequalities within society (Raphael 2011c).

**Politics as Individual Shortcomings**

This explanation of poverty dominates many nations’ approaches to poverty (Raphael 2011c). It is especially the case for liberal nations such as Canada, Australia, the UK, and USA. Here, living in poverty results when an individual lacks education, employment skills, or motivation to succeed. This view is based upon research that shows that those living in poverty generally have less education and fewer employment skills than those not living in poverty. The proposed solution to this problem is providing greater educational opportunities and opportunities to learn employment skills.

This approach takes little notice of the profound differences in poverty levels that exist among nations.
The limitations of the approach can be seen in the case of Canada where international comparisons indicate that Canada actually does rather well in terms of the literacy and math skills of its population as compared to other jurisdictions, but does rather poorly in terms of poverty levels (Mikkonen and Raphael 2010). The narrow focus upon individuals and their individual deficiencies deflects attention from the role public policy plays in determining poverty levels within a nation.

Poverty as the Result of Faulty Public Policy

This approach recognises that a jurisdiction’s public policies play an important role in determining poverty levels (Raphael 2011c). Focus is upon issues of employment security, wages, tax policy, and state provision of resources such as education, childcare, and health care. Not surprisingly, nations that keep poverty levels low are the ones with more progressive taxation systems; greater provision of economic and social resources to citizens; and legislation that provides greater employment security and higher wages (Raphael 2011b). To illustrate, research finds the single best predictor of poverty rates among nations is the percentage of low paid workers (Rainwater and Smeeding 2003). Here, the lack of education and employment skills are not themselves the primary pathway to poverty. It is rather the interaction of these characteristics with public policy that leads to poverty. Reducing poverty requires public policies that equalise the distribution of economic and other resources.

Poverty as Reflecting Structural Inequalities in Society

The final approach sees poverty resulting from structural inequalities by which certain segments of the population benefit at the expense of others. Wright (1994) argues that poverty results when those at the top in terms of income and wealth unfairly benefit from the deprivation of those at the bottom. Some argue that this study of poverty has unduly focused upon the poor when it should be looking at the situation of the rich: Poverty is not a situation of people at the bottom having too little, but rather that people at the top have too much. In this analysis the differences among jurisdictions in poverty rates represent the distribution of power of various classes. To illustrate, nations with lower poverty rates have higher unionisation rates and collective employment bargaining coverage and are more likely to have been ruled by social democratic parties of the left (Raphael 2011a). Nations with higher poverty rates have lower unionisation and collective agreement rates and have been less ruled by parties of the left.

Poverty rates – mediated by implementation of public policy and the interactions of individual characteristics with these public policies – are therefore shaped by these broader factors. Reducing poverty requires balancing inequalities in power. The situation in the Nordic nations is frequently held as the example of what can be accomplished.

Politics

Bambra et al. (2005) outline four aspects of politics related to issues of public policy and the day-to-day life of those who experience poverty: politics as a) government; b) public life; c) conflict resolution; and d) power. While overlapping, these aspects provide roadmaps for considering the relationship between politics and poverty and their consequences for the lives of those living in poverty.

Politics as Government

Politics is primarily associated with the art of government and the activities of the state that distribute economic and social resources among the population (Bambra et al. 2005). Specific areas of public policy relevant to these issues include a) financial policy in regards to taxation levels; b) labour policy in relation to active labour policy and employment laws in relation to employment security, benefits, and working conditions; c) social policy in relation to benefits provided to families (family policy), governmental provision of affordable and supportive housing (housing policy), provision of benefits in the case of disability, illness, or...
unemployment (social assistance policy), and supports to the elderly (pension policy) and provision of health care, including home care (health policy).

Nations distinguish themselves in the extent to which governmental public policy moderates the effects of the market economy and shapes resource distribution. Decommodification refers to the extent to which individuals are dependent upon their employment wages to receive economic and social resources (Esping-Andersen 1990). Nordic nations are higher in decommodification in that the citizenry in general, and especially those unable to work because of illness, disability or lack of employment opportunities, are able to receive supports, benefits and services without having to pay directly for them. Poverty rates in these nations – especially for children – are very low. In contrast in liberal nations such as Australia, Canada, UK and the USA, decommodification is less such that individuals frequently lack needed economic and social resources. Not surprisingly, these nations have higher poverty rates than the Nordic nations.

Politics as Public Life
Here, politics is concerned with the conduct and management of community affairs and the day-to-day lives of individuals and their interactions with various community and governmental organisations and agencies (Bambra et al. 2005). Studies in Canada have found that people living in poverty experience ongoing difficulties in their interactions with social assistance agencies and the health care system (Reutter et al. 2005; Raphael 2009). In terms of social assistance, much of this has to do with the fact that in Canada receipt of social assistance requires one to be virtually destitute. To confirm this, government regulations require profound intrusions into the personal lives of individuals. In terms of the health care system, the treatment of people living in poverty is better in that they do not experience the stigma associated with receiving social assistance benefits. However, people living in poverty do not receive specialist health care at higher levels than Canadians in general even though they experience a greater incidence of disease. This appears to be a common situation across nations (Schoen and Doty 2004).

Politics as Conflict Resolution
Politics is also concerned with the expression and resolution of conflicts through compromise, conciliation, negotiation and other strategies (Bambra et al. 2005). Not surprisingly, the voices of people living in poverty in liberal political economies are frequently not heard (Swanson 2001; Reutter et al. 2009). They are excluded from the negotiations that occur at the community and political levels. They are doubly disadvantaged: a) they are seen as responsible for their situations making their participation in resolving these conflicts less likely; and b) since they experience ongoing day-to-day stresses associated with just getting by, they are less likely to have the ability to participate in conflict resolution as it arises in day-to-day community and political life (Schellenberg 2004). Essentially, people living in poverty exhibit the last aspect of politics: not having the power to influence their society.

Politics as Power
Politics is the process through which desired outcomes are achieved in the production, distribution and use of scarce resources in all areas of social existence (Bambr et al. 2005). It is in this definition where we see the profound influence of societal structures upon the ability of people living in poverty to influence what goes on in these societies. In the Nordic nations, firm ideological commitments to promoting equity (Saint-Arnaud and Bernard 2003) allow for systematic attempts to both reduce poverty and engage those living in poverty to reach solutions. In contrast, liberal nations’ emphasis on individual liberty leads to the denigration of people living in poverty. It should not be surprising there is little attempt to provide these people with greater power, creating a cycle by which their needs are not addressed: Systematic attempts to reduce poverty are minimal.

The Links between Politics and Poverty
The links between politics and poverty can be summarised succinctly: a society’s dominant ideology and who wields political power shape the incidence and response to poverty. This happens through the public policies that determine the incidence of poverty and how it is responded to by governing authorities (Brady 2009).

Ideology
The profound differences between Nordic and Anglo-Saxon nations are described by two Canadian sociologists (Saint-Arnaud and Bernard 2003). Among the Nordic nations, the overriding ideological imperative is one of promoting equality through state action. It does so by promoting full employment and reducing inequalities in income. In contrast, the dominant Anglo-Saxon ideological inspiration of liberty manifests by giving the market economy a freer rein. State intervention in the operation of the economy is minimised. Not surprisingly, these liberal political economies have the greatest incidence of poverty and the least emphasis upon implementing public policy to reduce it.

Political Power
In addition to describing these differences, it is important to note how they are shaped by who gets to wield political power in these nations. The Nordic nations are distinctive in that over the last five decades they have been primarily ruled by social democratic parties of the
left (Navarro et al. 2004). In contrast, the Anglo-Saxon nations over the same period have less often been ruled by parties of the left and instead ruled by liberal or conservative parties. These differences in political power manifest in public policies that profoundly shape the incidence of poverty and the day-to-day lives of those who live in such poverty (Raphael 2012).

Public Policy
A wide range of public policies shape the incidence of poverty. Financial policy related to the rates at which people of differing incomes pay taxes is a profound predictor of poverty rates. While both the Nordic and Anglo-Saxon nations share the highest marginal tax rates of between 42% (USA) and 57% (Sweden), in the Nordic nations, these high marginal rates kick in at about 1.5-2.0 times the average income (Sweden, 1.5; Norway, 1.6; Finland, 1.9). In the Anglo-Saxon nations these highest marginal rates kick in at 3.0-9.0 times the average income (Australia and Canada, 2.9; UK, 4.3, and the USA, 8.0) (Raphael 2012).

Public policy in the form of employment and working conditions as well as active labour policy related to the amount of training that is available are also profound predictors of poverty rates. The nations that allocate a greater proportion of their gross domestic product to employment training and retraining have lower poverty rates (Raphael 2011b).

Conclusion
Poverty and politics are intricately intertwined. In its most severe form, poverty is the impoverishment associated with lack of food, housing, clothing and other basic needs. In developed nations, it is more common to think of poverty in relative terms whereby individuals lack the resources necessary to participate in expected activities. Differences among nations in poverty rates and resulting problems are related to the politics of a nation defined as the activities of governments; the day-to-day operation of community affairs; the means by which conflicts are resolved; and the extent of power that one has. The ideologies and politics of a nation are the primary determinants of how these activities play out in poverty rates and responses to it. Individual characteristics such as education, occupation, gender, race, and Aboriginal status are related to poverty because these characteristics interact with how societies are organised. Ultimately, the presence of poverty and its alleviation are political problems requiring political solutions, an insight provided by Friedrich Engels (Engels 1845/1987) and Rudolph Virchow (Virchow 1848/1895) in the mid-1800s.

References
Luxembourg Income Study 2013 Key Figures, Wave Six. Available at www.lisdatacenter.org/data-access/key-figures/download-key-figures/


UNICEF. 2013 Innocenti Research Centre < www.unicef-irc.org/>


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**Raspberry-Lemonade**

*For Paul*

He was used to the smell of beer already from His father’s home brew, which stewed in brown Bottles in the downstairs laundry. The rich odour Of hops & barley sluiced through the bullet holes In the corrugated tin, where his dad took pot-shots At the big browns imbibing moisture from the slab Concrete floor. When his brother was sent in after An hour or two to fetch him, he was given a bribe; A raspberry-lemonade that forgave the time spent Waiting outside the pub in the Holden. Four kids & their mother watched the old Council Chambers Whiten in the daylight sun, as beer mats soaked up The ambience of another town run. When he was Ready his drought-thirsty family snaked back home.

*B. R. Dionysius*

*Woodend, QLD*

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**friedrich nietzsche contemplates the metaphor**

*Nietzsche was a philosopher, poet and professor of classical philology, the study of language in written historical texts.*

The first day light, then water, third day land, then sun and moon, and fish and fowl, and snakes and beasts and man, and then a time of rest. Then on the eighth day, we invented God, with Paradise and Golgotha as metaphors for life and death. But even children learn that metaphors reprised ad nauseam grow weak, then fade away and die, unheard until a self-appointed saviour raids the charnel-house of derelict refrains to cloak his hollow creed. The platitudes that once were metaphors take flight, until the advent of the übermensch* whose tireless will-to-power ignites a storm, that cleaves the dogma’s shroud. A hundred points of view contend but one idea prevails: dead metaphors can’t mask mendacious tales.

* Usually translated as *superman* or *overman*.

*Norm Neill, Potts Point, NSW*