What is poverty?

**Definitions of poverty really matter. They set the standards by which we determine whether the incomes and living conditions of the poorest in society are acceptable or not. From this follow all actions to help the poorest.**

### Absolute and overall poverty

Absolute poverty has been seen as a matter of acute deprivation, hunger, premature death and suffering. This captures an important understanding of poverty and its relevance remains widespread in parts of the world today. It focuses attention on the urgent need for action.

However, while there are some circumstances, such as starvation or unsafe water, which do lead to immediate death, most of these criteria require judgements and comparisons. What is classed as acute deprivation will vary from society to society and through time, and what is counted as premature death will depend on average life expectancies. So while there is a core to ideas of absolute poverty relating to the severity of deprivation and the need for immediate action, in practice, it is part of a continuum of a measurement of poverty, indicating it is deeper and worse.

As such, in 1995 the United Nations adopted two definitions of poverty.

**Absolute poverty was defined as:**

A condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services.

**Overall poverty takes various forms, including:**

- Lack of income and productive resources 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 characterised by lack of participation in decision making and in civil, social and cultural life. It occurs in all countries:

- as mass poverty in many developing countries,
- pockets of poverty amid wealth in developed countries,
- loss of livelihoods as a result of economic recession,
- sudden poverty as a result of disaster or conflict,
- the poverty of low-wage workers,
- and the utter destitution of people who fall outside family support systems, social institutions and safety nets.

*(UN, 1995)*

### Millennium Development Goals

In 2000, world leaders came together at United Nations Headquarters in New York to adopt the United Nations Millennium Declaration. This declaration committed their nations to a new global partnership to reduce extreme poverty and set out a series of time-bound targets – with a deadline of 2015 – that have become known as the Millennium Development Goals.
The development goals cover eight areas:
- End poverty and hunger
- Universal education
- Gender equality
- Child health
- Maternal health
- Combat HIV/AIDS
- Environmental sustainability
- Global partnership.

The goal of eradicating extreme poverty and hunger sets three targets to be reached by 2015. Using 1990 as the base, it aims to:
- halve the proportion of people whose income is less than $1 a day;
- achieve full and productive employment and decent work for all, including women and young people;
- halve the proportion of people who suffer from hunger.

In 2010, the United Nations reported on progress towards these targets in *The Millennium Development Goals Report*. Detailed data on progress towards meeting these targets can be found on the UN’s Millennium Development Goals Indicators website.

Setting a poverty reduction target has undoubtedly raised awareness of world poverty and directed action towards this goal. However, setting the target at halving the proportion of people living on less than $1 a day can be criticised, as with other income-based measures, as being arbitrary and the level of $1 a day limiting.

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Relative poverty, absolute poverty and social exclusion

Information from The Poverty Site.

Poverty versus social exclusion

Prior to the 1997 Labour Government, the term ‘social exclusion’ was rarely, if ever, used when discussing social policy in the UK. Rather, the word ‘poverty’ was generally used as an all-encompassing term to describe situations where people lack many of the opportunities that are available to the average citizen. Whilst low income was central to this notion, it also covered other factors relating to severe and chronic disadvantage.

However, some people used the word ‘poverty’ in the narrower sense of simply low income. It was to ensure that the wider notion – that disadvantage can cover a wider range of factors than ‘just’ low income – was not lost, that the Government started using the term ‘social exclusion’.

In other words: the wider notion of ‘poverty’ = the narrower notion + ‘social exclusion’.

One of the advantages of the term ‘social exclusion’ is that it is reasonably self-explanatory, clearly relating to the alienation or disenfranchisement of certain people within society. Its use therefore helpfully highlights the importance of such alienation and the need to understand the full complexities of its causes and effects.

However, one of the consequences of introducing the term ‘social exclusion’ was that it led some people to assume that low income and alienation were essentially unconnected and that each could (and should) be considered separately when developing policy. This, in turn, led to the tendency in some circles to downgrade the importance of addressing issues of low income, on the grounds that its effect was simply to limit the material goods that a household could acquire rather than having any wider social impact.

In reaction to all this, The Poverty Site generally uses the term ‘poverty and social exclusion’ throughout, without differentiating between them. This usage has several advantages, namely:

It emphasises that the issue of concern is both low income and the other factors relating to severe and chronic disadvantage, and that these are closely connected.

Its overall scope is the same whether the word ‘poverty’ is used in its wide or narrow sense.

Relative versus absolute poverty

For the sake of simplicity, the discussion below relates to income poverty only (i.e. the narrow sense of the word ‘poverty’ above). It would, however, equally apply to the wider notion.

Absolute poverty refers to a set standard which is the same in all countries and which does not change over time. An income-related example would be living on less than $X per day.

Relative poverty refers to a standard which is the same in all countries and which does not change over time. An income-related example would be living on less than X% of average UK income.

Absolute poverty and relative poverty are both valid concepts. The concept of absolute poverty is that there are minimum standards below which no one anywhere in the world should ever fall. The concept of relative poverty is that, in a rich country such as the UK, there are higher minimum standards
below which no one should fall, and that these standards should rise if and as the country becomes richer.

**Absolute poverty**

Clearly, where both absolute and relative poverty are prevalent, it is absolute poverty which is (by far) the more serious issue. This is the case in much of the third world, where the focus is therefore on fixed income thresholds (typically $1 or $2 a day, on the grounds that this is the minimum needed for mere survival). But in a UK setting, such thresholds have no import: no one in the UK lives on incomes anywhere near this low.

So, logically, either one concludes that there is no absolute poverty in the UK or that a much higher threshold of absolute poverty than $1 or $2 per day should be used.

The view that there is no absolute poverty in the UK is a perfectly valid position to take.

The view that there should be an absolute poverty threshold but that it should be much higher than $1 or $2 per day begs the question about how such a threshold should be defined and on what basis.

In the UK, the main efforts to define such thresholds have been undertaken under the general heading of ‘minimum income standards’, which basically estimate the level of income required to purchase a given basket of goods and services. But the key point about such initiatives is that the basket of goods and services is defined according to the norms of the day and, as such, are inherently relative rather than absolute in nature. So, for example, there would be many items in the ‘today’s basket’ that would not have been in the basket 50 years ago. In other words, ‘minimum income standards’ relate to relative poverty rather than to absolute poverty.

In recent years, the Government has begun to describe households with less than half the average 1997 household income (after adjusting for inflation) as being in ‘absolute poverty’. This is, however, purely a political device – the only relevance of 1997 is that it is when the current Government came into power. That is not to say that the statistic is unimportant, simply that it should not be described as ‘absolute poverty’.

To summarise: there is no obvious way of defining an absolute poverty threshold except the $1 or $2 a day thresholds defined on the grounds that this is the minimum needed for mere survival. But in a UK setting, such thresholds have no import: no one in the UK lives on incomes anywhere near this low.

**Relative poverty**

The view that relative poverty is not important is a perfectly valid position to take – it is just not the view that the authors of this article, along with most other researchers, the EU, the UK Government, and politicians of all hues across the political spectrum take. So, for example, the Government’s target of halving child poverty by 2010 was defined in terms of relative poverty.

The reason that we believe that relative poverty is important is because we believe that no one should live with ‘resources that are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities’.

In other words, we believe that, in a rich country such as the UK, there should be certain minimum standards below which no one should fall. And, as society becomes richer, so norms change and the levels of income and resources that are considered to be adequate rise. Unless the poorest can keep up with growth in average incomes, they will progressively become more excluded from the opportunities that the rest of society enjoys. If substantial numbers of people do fall below such minimum standards then, not only are they excluded from ordinary living patterns, but it demeans the rest of us and reduces overall social cohesion in our society. It is also needless.

If one accepts that relative poverty is important in principle, then the obvious issue arises of what thresholds to use and on what basis. Our basic answer is that it does not matter, so long as the thresholds are defined in relation to contemporary average (median) income and are for households rather than individuals. It is for this reason that the main indicators on this website use a variety of thresholds, so that a fuller picture of trends can be developed. But, for reasons of consistency and clarity, there has to be a ‘headline’ threshold.