

# History of economic thought 3303

[Sociology](#), [Poverty](#)



History of Economic Thought 3303 What Can Be Added? An Essay on Poverty  
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What can be added to the happiness of the man who is in health, who is out of debt, and has a clear conscience? " (TMS: 45) In life we learn to realize that happiness cannot be bought by money. In fact, it didn't even take the theory of diminishing marginal utility for man to realize that after a while more money just wasn't going to do anything to make him any happier. These concepts, that money cannot buy true value and happiness, were captured by Adam Smith and scores of other philosophers, economists, and theologians who expressed their belief that to be happy one needed more than just things. However, what does make a man lower in standard in terms of happiness? If money can't buy you love, can a lack of money leave your heart aching? Let's look at the second category expressed in the opening sentence: "...out of debt. " Clearly, this sentence shows that for one to truly be happy, an absence of debt must be acknowledged. Therefore, money does seem to somehow play a role in happiness. This paper seeks to discuss how the extreme lack of money, or poverty, has transpired over time. Can a poor man be happy? What exactly makes a man poor, and how has the fundamental notion of poverty been looked at over time? It is our contention that poverty, the extreme lack of the basic necessities of life, is directly related to an absence of money. If a person has money, they are able to obtain shelter, obtain food and clothing and provide the basic subsistence for themselves and any that depend on them. However in today's world many people do not even have the basic necessities. Although there is enough

money circulating to feed the world's poor, this money is not directed towards eliminating the suffering of the world's lowest in economic stability. Approximately 25, 000 children die each day from poverty related causes. Some die because they don't have enough to eat. Some die because they don't have the basic supplies to treat common sicknesses. No matter the reason, in a world of such opulence it is devastating to see how so many can lose 2 What Can Be Added? Written by Patrick Diamitani â^™ History of Economic Thought â^™ Dr. Charles M. A. Clark their lives because they just don't have enough. In this paper we will look at the causes and the history of such a deplorable occurrence and possibly even find out what we can do to end it. " Blessed are the poor in Spirit, for theirs is the Kingdom of God. " (Matthew) The topic of poverty has been around for centuries and the Holy Bible includes many vivid depictions of poverty and what it meant not to have wealth; not only in terms of material possessions but also in terms of one's inner being. The above-mentioned quotation is a portion of the Beatitudes of Jesus Christ, a number of teachings which Jesus gave on top of a famous mountain during His early ministry. Jesus' message was that a person who is down and out, who has nothing to look forward to and is completely dejected should not worry, because they will have wealth in heaven. This wealth seems to be characterized by joy, worth, contentment and love. No longer will that person have to struggle day by day and face an overwhelming burden, but the freedom of the Kingdom of God will keep their souls nourished. The New Testament has considerable other passages referencing poverty and the treatment of the poor. " Do not worry, " says Jesus, " about the clothes that you will wear or the food that you will eat. The

birds of the air do not sow or store away, but your Father in heaven feeds them. Don't you think that you, being worth more than birds, will be fed as well? " (Matthew, Matthew 5: 3) Poverty was looked at as a situation that was unfortunate, yet bearable. God, in the view of Jesus and the Bible, would take care of things. He would take care of you. Essentially, there were more important things in life than your current state of poverty, which God would relieve you of anyway. This may have led to the first wave of thinking in regards to poverty: poverty was only a factor when you could not meet your basic needs; since God would take care of things one was not truly in poverty and could live their lives. In fact, the Bible mentions poverty in relation to a scarcity of basic necessities. For 3 What Can Be Added? Written by Patrick Diamitani â<sup>™</sup> History of Economic Thought â<sup>™</sup> Dr. Charles M. A. Clark example, when Jesus gives a parable about the men who would enter heaven, he depicts individuals who go out of their way to help those who are poor: " Then the King will say to those on his right, ' Co me, you who are blessed by my Father; take your inheritance, the kingdom prepared for you since the creation of the world. 35 For I was hungry and you gave me something to eat, I was thirsty and you gave me something to drink, I was a stranger and you invited me in, 36 I needed clothes and you clothed me, I was sick and you looked after me, I was in prison and you came to visit me. " (Matthew, Matthew 25: 34-36) It is by relieving these basic needs that an individual is relieved from poverty. Interestingly enough, the position of poverty seems to have a seed planted in the realm of the " psyche" as Adam Smith will later bring on. For, the individual who was in dire need was not only made whole again by being given food or shelter, but it was these

things combined with the feeling of dignity that was instilled upon them that also brought them out of their previous depressed state. Thus, the New Testament seems to show that being poor is only a condition of not having the necessities that God will inevitably provide you with. Therefore, it is one's duty to relieve others of their poverty so as to provide as God intended, but also to show individuals in poverty love, respect, and kindness, increasing the amount of dignity the impoverished person feels and thereby truly ridding the individual of the destitute state in which they live. In the Old Testament wealth was still thought of as given only by God, " The LORD sends poverty and wealth; he humbles and he exalts; " (Samuel, 1 Samuel 2: 7) however hard work and effort also seemed to play a role in advancing out of poverty. The Book of Proverbs is filled with sayings regarding poverty and how one gets in and out of poverty. " Lazy hands make for poverty, but diligent hands bring wealth; " (Solomon, Proverbs 10: 4)" All hard work brings a profit, but mere talk leads only to poverty; " (Solomon, Proverbs 14: 23)" The plans of the diligent lead to profit as surely as haste leads to poverty. " (Solomon, Proverbs 21: 5) In all three of those passages poverty seems to be referring to the absence of hard work. If an individual can work for himself and put his or her mind to their task, they

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Written by Patrick Diamitani <sup>â</sup>™ History of Economic Thought <sup>â</sup>™ Dr. Charles M. A. Clark should increase in wealth. Poverty is most directly related to the lack of work and ethic in the passage that reads: " How long will you lie there, you sluggard? When will you get up from your sleep? A little sleep, a little slumber, a little folding of the hands to rest - and poverty will come on you like a thief and scarcity like an armed man. " (Solomon, Proverbs 6:

9-11) Poverty, as we can see, is inevitably linked with the lack of hard work and effort necessary to build wealth. Throughout the centuries poverty continued to run rampant throughout societies. There were many different theories of why it occurred, but the fact remained that it was still there. Despite years of trying to battle the innocuous monster, including a set of "Poor Laws" that found their way into British codification in the early to mid 16th century, there were still individuals who did not have the means to survive. This persistence to exist and destroy embodied by poverty led many to question if the words of Jesus Christ, "The poor you will always have with you," (Mark, Mark 14: 7) were relevant not only to the disciples of Jesus' time, but to readers of those daunting words throughout history. It seemed as if no matter what countries, governments, or people, did, they could not end the plague of poverty. By the eighteenth century many economists and philosophers had attempted to explain poverty and its root causes. One of these individuals was the Reverend Thomas Malthus. Propelled by the assertions of a sect of pro-French revolution utopian writers and philosophers, Malthus decided to counter their arguments in regards to poverty. The Utopians believed that poverty was a result of the rich having so much power that they controlled government institutions and thus led to unequal economic, political and social control. This inequality led to the rich having the means to eat, survive and be prosperous while the huddled masses were left utterly destitute. Their solution was to overthrow the political and economic institutions and develop an anarchist society where the people would redistribute the wealth in a way

that no one was hungry. In a direct retort to this postulate, Malthus argued that this utopian society could not exist for two reasons: 1) man needed food to survive, and 2) man would continue to have sexual urges and thus, continue to multiply. (Malthus, 1985) " Population, when unchecked, increases in a geometrical ratio. Subsistence increases only in an arithmetical ratio. A slight acquaintance with numbers will shew the immensity of the first power in comparison to the second. " By that law of our nature which makes food necessary to the life of man, the effects of these two unequal powers must be kept equal. " This implies a strong and constantly operating check on population from the difficulty of subsistence. This difficulty must fall somewhere and must necessarily be severely felt by a large portion of mankind." (Malthus, 1985) Essentially, according to Malthus, mankind would never be in a position where there was a perpetual freedom from hunger; mankind would simply keep reproducing until there was no more food and then die out. Did this mean that poverty would always exist? Well, let's first retrace our steps to uncover the root causes of poverty in Malthus' analysis. In countering the Utopians, Malthus was attacking the presumption that there could be a world without hunger however the reason the Utopians conceived of a world without hunger was because they were searching for the answer to life without poverty. In their conclusion the Utopians had found that hunger, or having the lack of a basic necessity for survival, was ultimately what defined poverty. Although their definition explicitly characterized poverty as dealing with a lack of physical needs, implicitly they acknowledged that social needs played a role in poverty as well: because

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Thought ^™ Dr. Charles M. A. Clark the social order was controlled by a few, others who were kept out of the social order were thus impoverished. Adam Smith, philosopher and economist, is widely known for his work introducing such concepts as “ the invisible hand, ” and the “ self- interested individual. ” However, Smith also can be found adding dialogue to the discussion on poverty, its composition, and even its origins. For Adam the role of the human psyche is one of the main factors that dictates the purview of poverty. (Gilbert, 1997) Human beings are by nature social creatures. We live to interact with one another and pay close attention, whether we admit it or not, to the lives of others. Upon this close and constant observation we begin to juxtapose the lives other other human beings to our own and examine carefully how we are different and in some cases how we are better. These types of observations make up social classes and draw distinct individuals to interact freely with people of like position and consider those of lower positions (or those whose fortunes in life appear to be less than their own) as not suitable for commerce. Because of this social nature of man, economic value is esteemed highly and in many cases above all things. Therefore, individuals who lack the ability to intake material goods beyond necessities suffer from a damaged reputation and a placement within the lower classes. “ The poor man ... is ashamed of his poverty. He feels that it either places him out of the sight of mankind, or, that if they take any notice of him, they have, however, scarce any fellow-feeling with the misery and distress which he suffers To feel that we are taken no notice of, necessarily damps the most agreeable hope, and disappoints the most ardent desire, of human nature. The poor man goes out and comes in unheeded, and when in



the midst of a crowd is in the same obscurity as if shut up in his own hovel. " For Smith, poverty was not the caused by lack of subsistence, " rather, it shamed [an individual] through a pained awareness of his inferior position in the social scale. " (Gilbert, 1997) 7 What Can Be Added? Written by Patrick Diamitani â<sup>™</sup> History of Economic Thought â<sup>™</sup> Dr. Charles M. A. Clark

Because the individual subjected to poverty was dismayed with his current situation, he sought to " better his condition. " Adam Smith, having himself a personal disdain for the idolatry of material possessions, portrayed the man of low social order as wasting his efforts by trying to climb the social ladder. In the parable depicting a man and his son, the son decides that he is not satisfied with his current state of affairs and undertakes grueling and arduous tasks in order to be " happy. " " The vain man sees the respect which is paid to rank and fortune, and wishes to usurp this respect- His dress, his equipage, his way of living, accord ingly, all announce both a higher rank and a greater fo rtune than really belong to him; and in order to support this foolish imposition for a few years in the beginning of h is life, he often reduces himself to poverty and distress long before the end of it. " (Smith, Theory of Moral Sentiments, 1976 [1759]) These Augean methods resulted in years of sacrificing joy for a social position that didn't bring a proportional amount of peace and happiness. Because of the nature of poverty as a social complex, Smith's position regarding material wealth as unnecessary for attaining true contentment led to an ambiguous classification of poverty. It seems as if, for Smith, there is only one type of poverty in relation to a lack of material goods: a true inability to work and provide for themselves and their families the basic necessities of life. " Labor markets

make it possible for the poor to earn their living, not merely accept the largesse of their superiors. In Smith's colorful language, the "ordinary day-laborer, whom we falsely account to live in a most simple manner, has more of the conveniences and luxuries of life than an Indian prince at the head of 1000 naked savages" (Smith, 1978 [1762-1766]) Simply being "poor" did not land one in the clutches of poverty, because as long as one could find work, they could earn themselves the bread they needed to eat and the shelter they needed to house their families. In fact, being poor living in the British social structure was actually far more luxurious than lacking necessities on an Indian reservation.

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The year is 2025, the world has collaborated in a way previously unseen by mankind and has attacked the critical problems of hunger, disease and lack of infrastructure to the highest point of success. Poverty, at least extreme and debilitating poverty, no longer exists. According to Jeffery Sachs, economist and developer of the Millennium Development Goals, this scenario is possible. "Of the world's population of 6.3 billion (2005), roughly 5 billion people have reached at least the first rung of economic development. Five sixths of the world's population is at least one step above extreme poverty. Moreover, approximately 4.9 billion people live in countries where average income- measured by GDP per person- increased between 1980 and 2000. An even larger number, roughly 5.7 billion people, live in countries where life expectancy increased. Economic development is real and widespread." (Sachs, 2005) Poverty seemingly has been taking a steady march towards its own demise. However, although there are less

individual with dire constraints on this planet, it doesn't mean that the idea of poverty has died out just yet. According to Sachs' economic data, over 20,000 people died per day in 2005 due to poverty-related causes. In his book, "The End of Poverty," Dr. Sachs says that if a newspaper carried the world's poverty death toll within its pages, one would read that approximately "8,000 children [died] of Malaria, 5,000 mothers and fathers [died] of Tuberculosis, 7,500 [died] of AIDS, and thousands more [died] of diarrhea, respiratory infection, and other killer diseases that prey on bodies weakened by chronic hunger. The poor die in hospital wards that lack drugs, in villages that lack antimalarial bed nets, [and] in houses that lack safe drinking water." (Sachs, 2005) Extreme poverty, although on the decline, is still a real problem. This recent phenomenon, that we can actually see a world without poverty within our generation, causes us to take a look at the realities of poverty and what differentiates individuals experiencing poverty from those who simply don't have an excess of luxurious items and live in 9 What Can Be Added? Written by Patrick Diamitani â^™ History of Economic Thought â^™ Dr. Charles M. A. Clark the bottom strata of society. The development of poverty in modern western culture has largely seen a shift from an individual in dire need for the basic necessities of life to an individual who, like Adam Smith postulated, feels shame because of their lack of opulence, and although they may obtain the basic means for survival, can enjoy no economic consumption outside of that. An individual who is impoverished in the United States of America often times possesses considerably more wealth than an individual who is impoverished in the far east regions of the world. Therefore, what may seem like a dire need for resources for one

individual could easily be a kingdom of riches for another. In 2010 the New York City Center for Economic Opportunity (CEO) compiled a report on the poverty levels within the city. This report found that 21% of New Yorkers were in poverty. However, when we compare that number to the percentage of New Yorkers in extreme poverty, we see that the number is drastically reduced to 5.1%. (New York City Center for Economic Opportunity (CEO), 2012) Why might this be? Possibly because, although 21% of New Yorkers do not make enough income to provide proper food, shelter and clothing for themselves and/or their families, their real net worth, averaged at around \$21,000, is a fortune compared to a country like Mali, where 72.8% of the country lives under \$1 a day. In this situation, the depiction of poverty in modern western society has changed to an inability for one to live comfortably within the established social and economic structure. Surely an individual making \$21,000 per year is not in the same economic position as one who is making less than \$365 per year; however the difference lies in their ability to provide for themselves in the locations that they are in. Western poverty studies seem to indicate that, if an individual cannot provide the basic necessities for their family they are not expected to move to a country thousands of miles away where they may not receive the same compensation regardless. Therefore an individual's geographic location

10 What Can Be Added? Written by Patrick Diamitani  
History of Economic Thought  
Dr. Charles M. A. Clark plays a large role in the observation of poverty rates in the modern era. Modern western cities however do have more means to take care of the impoverished, with homeless shelters in place to house individuals as needed as well as food pantries and soup

kitchens. These invaluable resources for the hungry in the rich countries go a long way in building back up the bottom rung of society. St. John Chrysostom once stated that, " God in the beginning made not one man rich and another poor. Nor did He afterwards take and show to one treasures of gold, and deny the other the right of searching for it. Rather, He left the earth free to all alike. " (Clark, 2010) So why is that the poorest 40% of the worlds population accounts for 5% of global income while the richest 20% counts for 75% of world income? Why did nearly 1. 4 billion people live below the international poverty line earning less than \$1. 25 per day in 2005? Why do 1. 1 billion people ave inadequate access to water and 2. 6 billion people lack basic sanitation? (Clark, 2010) These questions and more have been asked and observed by economists, philosophers and politicians throughout history. No matter the reason that poverty exists, there is one fundamental concept that warms my heart: people care. Although it is always possible for more people to care and give their love and support to help eradicate extreme poverty in the world, it is a manifestation of the piece of God within us that allows us to be compassionate to the poor and lowly, to our brothers and sisters and to those who are suffering that are God's creation. The fact that the Bible has directed us to care for the poor and we have, to an extent, followed that direction, is a phenomena in my sight. God tells us to love our neighbors as we love ourselves and so if we reject the possibility for ourselves that extreme poverty should enter our lives, in the same way we should reject the possibility for others. We should be adamant in our giving of our love and effort to help those in need and should remember that although poverty has been around for 11 What Can Be Added? Written by

Patrick Diamentani ^ History of Economic Thought ^ Dr. Charles M. A. Clark millenni, it is slowly declining because of the compassion of God that has been placed in our hearts. it is the love behind this economics development that has been changing the world. Sources: 1. Clark, C. M. (2010). Rich and Poor: Rebalancing the Economy. New York : The Catholic Truth Society. 2. Gilbert, G. (1997). Adam Smith on the Nature and Causes. Review of Social Economy , The Association for Social Economics. 3. Malthus, T. (1985). An Essay on the Principle of Population. London: Penguin Books. 4. Mark. Mark 14: 7. In The Gospel According to Mark. 5. Matthew. Matthew 25: 34-36. In The Gospel According to Matthew. 6. Matthew. Matthew 5: 3. In The Gospel According to Matthew. 7. New York City Center for Economic Opportunity (CEO). (2012). The CEO Poverty Measure,. New York: NYC Center for Economic Opportunity. 8. Sachs, J. (2005). The End of Poverty. England: The Penguin Group. 9. Samuel. 1 Samuel 2: 7. In The Book of Samuel. 10. Smith, A. ((1978) [1762-1766]). Lectures on Jurisprudence. Oxford: Oxford University Press. 11. Smith, A. ((1976) [1759]). The Theory of Moral Sentiments. Oxford: Oxford University Press. 12. Solomon. Proverbs 10: 4. In The Book of Proverbs. 13. Solomon. Proverbs 14: 23. In The Book of Proverbs. 14. Solomon. Proverbs 21: 5. In The Book of Proverbs. 15. Solomon. Proverbs 6: 9-11. In The Book of Proverbs. 12