Much has been written about ‘poverty eradication’ in recent years. The extent of poverty is of great concern in South Africa (SA) and globally, given the social implications of so many people living under atrocious conditions.\(^5\) Three Carnegie conferences over several decades have addressed poverty in SA. The most recent attracted a large audience, and most of the presentations were on microeconomic approaches to poverty alleviation.\(^2\) Macroeconomic problems and tentative solutions received minimal attention.

Despite the complexity and magnitude of the macroeconomic task, there is evidence that ‘alleviation of extreme poverty’ can be achieved both locally and globally if the goal of doing so is limited to the current parsimonious World Bank (WB) definitions of poverty and economic groups. The swing towards optimism that extreme poverty can be significantly reduced has been boosted by what are (dubiously) deemed by some to be signs of ‘global convergence’ in wealth and health outcomes.\(^6\) Such optimism was also expressed at the recent Davos meeting, where the goals of ‘action 2015’ to ‘end poverty in all its forms’ was discussed.\(^3\)

It is, however, clear that the WB definition of poverty is outdated and requires revision.\(^6\) A brief review of how poverty and income levels are defined is offered here to provide insight into the shortcomings of such definitions and into what ‘eradicating poverty in all its forms’ would mean if considered within more realistic boundaries.

The WB’s definition of extreme poverty in 1991 was USD1 per day, rising to USD1.08 per day in 1993, USD1.25 per day in 2005 and most recently USD1.9 per day. These levels of extreme poverty are calculated from standards of absolute poverty in the world’s poorest countries and from consumer price indices that take into account purchasing power parity in various countries – a process not without complications.\(^6\)

The lowest income group described by the WB has an annual per capita gross national income (GNI) of USD1 025 or less in 2011.\(^1\) Most in this category are considered to be living in extreme poverty, defined as ‘a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information’. The reduction in the number of people living in this category from 3.1 billion in 1990 to 0.82 billion by 2011 is what has been described as ‘lifting billions out of poverty’!\(^1\)

In SA, social grants to 16 million people have similarly reduced the number of people living in ‘extreme poverty’. However, 45% of South Africans continue to live on about USD2 per day, with over 10 million of these under the food poverty line of USD1 per day. Relative poverty in SA, as reflected in the Gini coefficient, has increased from 0.6 in 1995 to almost 0.7 in 2009\(^1\) – the widest in the world. Such relative poverty is damaging to social wellbeing over and above absolute levels of poverty.\(^1\) It was predicted many years ago that the civil unrest and conflict over political power that was curtailed by SA’s political economy,\(^11,12\) one effect of which is a net flow of resources to the President\(^13\) receiving bloated salaries, while the bottom 80% earn 25%.\(^14\) Similarly, at a global level 20% of people acquire 76% of annual global income while 80% survive on 24%. In SA, 54% of people are food insecure while an estimated 795 million people globally in 2012 - 2014 were chronically undernourished.\(^10\) This is surely an intolerable situation in a world with enough food, and in which human rights are hailed as highly valued!

Poverty should also be viewed in the context of its causal pathways, determined inter alia by the distorted structure of the global political economy.\(^11,12\) one effect of which is a net flow of resources from the global south to the global north. For every USD1 of so-called development aid, USD6 is extracted – much of this is payment towards total debt that can never be repaid.\(^10\) Aid to sub-Saharan Africa (SSA) amounted to USD21.2 billion in 2000. This is counterbalanced by debt repayments insufficient to reduce total debt, with resulting increase in total SSA debt from USD275.6 billion in 2002 to USD413 billion by 2013. The combined stock of developing countries’ external debt rose from USD4.4 trillion in 2010 to USD4.9 trillion at the end of 2011.\(^11\)
Claims that significant improvements have been made in lifting people out of poverty, when increments in income have been unimpressive, reflects ways of thinking about the lives of others that lack moral imagination and are dominated by the ideology of long-unimpressive, reflects ways of thinking about the lives of others that lack moral imagination and are dominated by the ideology of long-accepted, but now discredited, economic dogma.[11,12] Such thinking prevents us from recognising the gravity of the economic and ecological situations we all face and from acknowledging the causal role played by those with high levels of entitlement and wasteful consumer lifestyles in sustaining pervasive poverty, conflict and other complex 21st-century global crises.[11]

Now that the WB is setting up a new commission on poverty,[19] this is an appropriate time to embark on a ‘truth and reconciliation’ process to examine the role the WB has played in creating and sustaining poverty, and in-underestimating the severity of poverty through its parsimonious definitions. Arguably such a process could foster acknowledgment of the poverty of the WB’s conception of poverty and consequently lead to increases in the upper levels of income in each income category. For example, the upper annual GNI limits could become about USD2 500 for extremely poor, USD7 500 for poor, USD20 000 for low-middle income, and USD20 000 - 80 000 for high-middle income (a four-fold range), and there could be two new categories of high income and very high income, USD80 000 - 120 000 and over USD120 000, respectively. This reclassification would increase the challenge of significantly lifting many out of poverty.

In a world with limited renewable resources and a severely threatened natural environment, we should be critical of optimism about success in ‘ending poverty in all its forms’ that afflicts the majority of the world’s people, while continuing to define poverty parsimoniously, and promoting excessively high incomes for a small proportion of people whose consumption patterns adversely impact on human security, climate change and environmental degradation. Seeking and finding innovative ways of making progress towards the goal of more tolerable lives for many more people is not beyond human ingenuity and ability. Changes to the defining levels of poverty and wealth, together with innovation in generating and distributing income, including appropriate taxation, are defensible and implementable goals that could credibly reduce poverty and promote steps towards meaningful ‘convergence’ of wealth and health outcomes.[11,20, 21]

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**This month in the SAMJ...**

**Prof. Jeffrey Wing* is Clinical Head of Medicine at Charlotte Maxeke Johannesburg Academic Hospital. In addition to his many administrative duties, he practises as an endocrinologist in the Division of Endocrinology and Metabolism and participates in clinical trial research in the area of type 2 diabetes mellitus.**

**Dr Daksha Jivan** is an endocrinologist in the Division of Endocrinology at Charlotte Maxeke Johannesburg Academic Hospital and lectures at the University of the Witwatersrand. She participates in clinical trial research in the area of type 2 diabetes mellitus. She is an active member of the Society of Endocrinology, Metabolism and Diabetes of South Africa (SEMDSA) and has previously served on its Executive Committee.