

JOHN KENNETH GALBRAITH

The Position of Poverty

JOHN KENNETH GALBRAITH (1908–2006) was born in Canada but became an American citizen in 1937. He grew up on a farm in Ontario and received his first university degree in agricultural science. This background may have contributed to the success of his many books on subjects such as economics, the State Department, Indian art, and government, which have always explained complex concepts with a clarity easily grasped by laypeople. Sometimes he has been criticized for oversimplifying issues, but on the whole, he has made a brilliant success of writing with wit and humor about perplexing and sometimes troubling issues.

Galbraith was a professor of economics at Harvard University for many years. During the presidential campaigns of Adlai Stevenson in 1952 and 1956, he assisted the Democrats as a speechwriter and economics adviser. He performed the same tasks for John F. Kennedy in 1960. Kennedy appointed Galbraith ambassador to India, a post that he maintained for a little over two years, including the period during which India and China fought a border war. His experiences in India resulted in *Ambassador's Journal: A Personal Account of the Kennedy Years* (1969). Kennedy called Galbraith his finest ambassadorial appointment.

Galbraith's involvement with politics was somewhat unusual for an academic economist at that time. It seems to have stemmed from strongly held personal views on the social issues of his time. One of the most important contributions of his best-known and probably most significant book, *The Affluent Society* (1958; rev. eds. 1969, 1976, 1998), was its analysis of America's economic ambitions. He pointed out that at that time the economy was entirely focused on the measurement and growth of the gross national product. Economists and government officials concentrated on boosting output, a goal that he felt

From *The Affluent Society*.

was misdirected because it would result in products that people really did not need and that would not benefit them. Creating artificial needs for things that had no ultimate value, and building in a “planned obsolescence,” seemed to him to be wasteful and ultimately destructive.

Galbraith suggested that America concentrate on genuine needs and satisfy them immediately. He was deeply concerned about the environment and suggested that clean air was a priority that should take precedence over industry. He supported development of the arts and stressed the importance of improving housing across the nation. His effort was directed at trying to help Americans change certain basic values by giving up the pursuit of useless consumer novelties and substituting a program of genuine social development. The commitment to consumer products as the basis of the economy naturally argued against a redirection of effort toward the solution of social problems.

Galbraith is so exceptionally clear in his essay that little commentary is needed to establish its importance. He is insightful in clarifying two kinds of poverty: case poverty and insular poverty. Case poverty is restricted to an individual and his or her family and often seems to be caused by alcoholism, ignorance, mental deficiency, discrimination, or specific disabilities. It is an individual, not a group, disorder. Insular poverty affects a group in a given area—an “island” within the larger society. He points to poverty in Appalachia and in the slums of major cities, where most of the people in those “islands” are at or below the poverty level. Insular poverty is linked to the environment, and its causes are somehow derived from that environment.

Galbraith’s analysis is perceptive and influential, and although little or no progress has been made in solving the problem of poverty since 1959, he assures us that there are steps that can be taken to help eradicate it. Such steps demand the nation’s will, however, and he warns that the nation may lack the will. He also reasons that because the poor are a minority, few politicians make their plight a campaign issue. Actually, in this belief he is wrong. Kennedy in 1960, Lyndon Johnson in 1964, and Jimmy Carter in 1976 made programs for the poor central among their governmental concerns. Because of the war in Vietnam and other governmental policies, however, the 1960s and early 1970s were a time of staggering inflation, wiping out any of the advances the poor had made.

Galbraith’s Rhetoric

The most important rhetorical achievement of the piece is its style. This is an example of the elevated plain style: a clear, direct,

and basically simple approach to language that only occasionally admits a somewhat learned vocabulary—as in the use of a very few words such as *opulent*, *unremunerative*, and *ineluctable*. Most of the words he uses are ordinary ones.

He breaks the essay into five carefully numbered sections. In this way he highlights its basic structure and informs us that he has clearly separated its elements into related groups so that he can speak directly to aspects of his subject rather than to the entire topic. This rhetorical technique of division contributes to clarity and confers a sense of authority on the writer.

Galbraith relies on statistical information that the reader can examine if necessary. This information is treated in the early stages of the piece as a prologue. Once such information has been given, Galbraith proceeds in the manner of a logician establishing premises and deriving the necessary conclusions. The subject is sober and sobering, involving issues that are complex, uncertain, and difficult, but the style is direct, confident, and essentially simple. This is the secret of the success of the book from which this selection comes. *The Affluent Society* has been translated into well over a dozen languages and has been a best-seller around the globe, and more than fifty years after its first publication it remains an influential book. Its fundamental insights are such that it is likely to be relevant to the economy of the United States for generations to come.

PREREADING QUESTIONS: WHAT TO READ FOR

The following prereading questions may help you anticipate key issues in the discussion of John Kenneth Galbraith's "The Position of Poverty." Keeping them in mind during your first reading of the selection should help focus your attention.

- Why is modern poverty different from that of a century ago?
- What is case poverty?
- What is insular poverty?

The Position of Poverty

"The study of the causes of poverty," Alfred Marshall observed at the turn of the century, "is the study of the causes of the degradation of a large part of mankind." He spoke of contemporary England as well

as of the world beyond. A vast number of people both in town and country, he noted, had insufficient food, clothing, and house-room; they were: "Overworked and undertaught, weary and careworn, without quiet and without leisure." The chance of their succor, he concluded, gave to economic studies "their chief and their highest interest."¹

No contemporary economist would be likely to make such an observation about the United States. Conventional economic discourse makes obeisance to the continued existence of some poverty. "We must remember that we still have a great many poor people." In the nineteen-sixties, poverty promised, for a time, to become a subject of serious political concern. Then the Vietnam war came and the concern evaporated or was displaced. For economists of conventional mood, the reminders that the poor still exist are a useful way of allaying uneasiness about the relevance of conventional economic goals. For some people, wants must be synthesized. Hence, the importance of the goods to them is not *per se* very high. So much may be conceded. But others are far closer to physical need. And hence we must not be cavalier about the urgency of providing them with the most for the least. The sales tax may have merit for the opulent, but it still bears heavily on the poor. The poor get jobs more easily when the economy is expanding. Thus poverty survives in economic discourse partly as a buttress to the conventional economic wisdom.

The privation of which Marshall spoke was, going on to a century ago, the common lot at least of all who worked without special skill. As a general affliction, it was ended by increased output which, however imperfectly it may have been distributed, nevertheless accrued in substantial amount to those who worked for a living. The result was to reduce poverty from the problem of a majority to that of a minority. It ceased to be a general case and became a special case. It is this which has put the problem of poverty into its peculiar modern form.

II

For poverty does survive. In part, it is a physical matter; those afflicted have such limited and insufficient food, such poor clothing, such crowded, cold, and dirty shelter that life is painful as well as comparatively brief. But just as it is far too tempting to say that, in matters of living standards, everything is relative, so it is wrong to rest everything

¹*Principles of Economics*, 8th ed. (London: Macmillan, 1927), pp. 2–4. [Galbraith's note] Alfred Marshall (1842–1924) was an English economist whose *Principles of Economics* (1890) was long a standard text and is still relied on by some economists for its theories of costs, values, and distribution.

on absolutes. People are poverty-stricken when their income, even if adequate for survival, falls radically behind that of the community. Then they cannot have what the larger community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgment of the larger community that they are indecent. They are degraded for, in the literal sense, they live outside the grades or categories which the community regards as acceptable.

Since the first edition of this book appeared, and one hopes however slightly as a consequence, the character and dimension of this degradation have become better understood. There have also been fulsome promises that poverty would be eliminated. The performance on these promises has been less eloquent. 5

The degree of privation depends on the size of the family, the place of residence—it will be less with given income in rural areas than in the cities—and will, of course, be affected by changes in living costs. One can usefully think of deprivation as falling into two broad categories. First, there is what may be called *case* poverty. This one encounters in every community, rural or urban, however prosperous that community or the times. Case poverty is the poor farm family with the junk-filled yard and the dirty children playing in the bare dirt. Or it is the gray-black hovel beside the railroad tracks. Or it is the basement dwelling in the alley. 6

Case poverty is commonly and properly related to some characteristic of the individuals so afflicted. Nearly everyone else has mastered his or her environment; this proves that it is not intractable. But some quality peculiar to the individual or family involved—mental deficiency, bad health, inability to adapt to the discipline of industrial life, uncontrollable procreation, alcohol, discrimination involving a very limited minority, some educational handicap unrelated to community shortcoming, or perhaps a combination of several of these handicaps—has kept these individuals from participating in the general well-being. 7

Second, there is what may be called *insular* poverty—that which manifests itself as an “island” of poverty. In the island, everyone or nearly everyone is poor. Here, evidently, it is not easy to explain matters by individual inadequacy. We may mark individuals down as intrinsically deficient in social performance; it is not proper or even wise so to characterize an entire community. The people of the island have been frustrated by some factor common to their environment. 8

Case poverty exists. It has also been useful to those who have needed a formula for keeping the suffering of others from causing suffering to themselves. Since this poverty is the result of the deficiencies, including the moral shortcomings, of the persons concerned, it is possible to shift the responsibility to them. They are worthless and, 9

as a simple manifestation of social justice, they suffer for it. Or, at a somewhat higher level of social perception and compassion, it means that the problem of poverty is sufficiently solved by private and public charity. This rescues those afflicted from the worst consequences of their inadequacy or misfortune; no larger social change or reorganization is suggested. Except as it may be insufficient in its generosity, the society is not at fault.

Insular poverty yields to no such formulas. In earlier times, when 10
 agriculture and extractive industries were the dominant sources of livelihood, something could be accomplished by shifting the responsibility for low income to a poor natural endowment and thus, in effect, to God. The soil was thin and stony, other natural resources absent and hence the people were poor. And, since it is the undoubted preference of many to remain in the vicinity of the place of their birth, a homing instinct that operates for people as well as pigeons, the people remained in the poverty which heaven had decreed for them. It is an explanation that is nearly devoid of empirical application. Connecticut is very barren and stony and incomes are very high. Similarly Wyoming. West Virginia is well watered with rich mines and forests and the people are very poor. The South is much favored in soil and climate and similarly poor and the very richest parts of the South, such as the Mississippi-Yazoo Delta, have long had a well-earned reputation for the greatest deprivation. Yet so strong is the tendency to associate poverty with natural causes that even individuals of some modest intelligence will still be heard, in explanation of insular poverty, to say, "It's basically a poor country." "It's a pretty barren region."

Most modern poverty is insular in character and the islands are 11
 the rural and urban slums. From the former, mainly in the South, the southern Appalachians and Puerto Rico, there has been until recent times a steady flow of migrants, some white but more black, to the latter. Grim as life is in the urban ghetto, it still offers more hope, income, and interest than in the rural slum.

The most important characteristic of insular poverty is forces, 12
 common to all members of the community, that restrain or prevent participation in economic life at going rates of return. These restraints are several. Race, which acts to locate people by their color rather than by the proximity to employment, is obviously one. So are poor educational facilities. (And this effect is further exaggerated when the poorly educated, endemically a drug on the labor market, are brought together in dense clusters by the common inadequacy of the schools available to blacks and the poor.) So is the disintegration of family life in the slum which leaves households in the hands of women. Family life itself is in some measure a manifestation of affluence. And so, without doubt, is the shared sense of helplessness and rejection and

the resulting demoralization which is the product of the common misfortune.

The most certain thing about this poverty is that it is not remedied 13
by a general advance in income. Case poverty is not remedied because the specific individual inadequacy precludes employment and participation in the general advance. Insular poverty is not directly alleviated because the advance does not remove the specific frustrations of environment to which the people of these areas are subject. This is not to say that it is without effect. If there are jobs outside the ghetto or away from the rural slum, those who are qualified, and not otherwise constrained, can take them and escape. If there are no such jobs, none can escape. But it remains that advance cannot improve the position of those who, by virtue of self or environment, cannot participate.

III

With the transition of the very poor from a majority to a comparative 14
minority position, there has been a change in their political position. Any tendency of a politician to identify himself with those of the lowest estate usually brought the reproaches of the well-to-do. Political pandering and demagoguery were naturally suspected. But, for the man so reproached, there was the compensating advantage of alignment with a large majority. Now any politician who speaks for the very poor is speaking for a small and generally inarticulate minority. As a result, the modern liberal politician regularly aligns himself not with the poverty-ridden members of the community but with the far more numerous people who enjoy the far more affluent income of (say) the modern trade union member or the intellectual. Ambrose Bierce, in *The Devil's Dictionary*, called poverty "a file provided for the teeth of the rats of reform."² It is so no longer. Reform now concerns itself with the needs of people who are relatively well-to-do—whether the comparison be with their own past or with those who are really at the bottom of the income ladder.

In consequence, a notable feature of efforts to help the very poor is 15
their absence of any very great political appeal.³ Politicians have found it possible to be indifferent where they could not be derisory. And very few have been under a strong compulsion to support these efforts.

The concern for inequality and deprivation had vitality only 16
so long as the many suffered while a few had much. It did not survive

²**Ambrose Bierce (1842–1914)** A southern American writer noted for satirical writings such as the one quoted.

³This was true of the Office of Economic Opportunity—the so-called poverty program—and was ultimately the reason for its effective demise. [Galbraith's note]

as a decisive political issue in a time when the many had much even though others had much more. It is our misfortune that when inequality declined as an issue, the slate was not left clean. A residual and in some ways rather more hopeless problem remained.

IV

An affluent society that is also both compassionate and rational would, no doubt, secure to all who needed it the minimum income essential for decency and comfort. The corrupting effect on the human spirit of unearned revenue has unquestionably been exaggerated as, indeed, have the character-building values of hunger and privation. To secure to each family a minimum income, as a normal function of the society, would help ensure that the misfortunes of parents, deserved or otherwise, were not visited on their children. It would help ensure that poverty was not self-perpetuating. Most of the reaction, which no doubt would be adverse, is based on obsolete attitudes. When poverty was a majority phenomenon, such action could not be afforded. A poor society, as this essay has previously shown, had to enforce the rule that the person who did not work could not eat. And possibly it was justified in the added cruelty of applying the rule to those who could not work or whose efficiency was far below par. An affluent society has no similar excuse for such rigor. It can use the forthright remedy of providing income for those without. Nothing requires such a society to be compassionate. But it no longer has a high philosophical justification for callousness. 17

The notion that income is a remedy for indigency has a certain forthright appeal.⁴ It would also ease the problems of economic management by reducing the reliance on production as a source of income. The provision of such a basic source of income must henceforth be the first and the strategic step in the attack on poverty. 18

But it is only one step. In the past, we have suffered from the supposition that the only remedy for poverty lies in remedies that allow people to look after themselves—to participate in the economy. Nothing has better served the conscience of people who wished to avoid inconvenient or expensive action than an appeal, on this issue, to Calvinist precept—“The only sound way to solve the problem of poverty is to help people help themselves.” But this does not mean that steps to allow participation and to keep poverty from being self-perpetuating are unimportant. On the contrary. It requires that the investment in children from families presently afflicted be as little below normal 19

⁴As earlier noted, in the first edition the provision of a guaranteed income was discussed but dismissed as “beyond reasonable hope.” [Galbraith’s note]

as possible. If the children of poor families have first-rate schools and school attendance is properly enforced; if the children, though badly fed at home, are well nourished at school; if the community has sound health services, and the physical well-being of the children is vigilantly watched; if there is opportunity for advanced education for those who qualify regardless of means; and if, especially in the case of urban communities, housing is ample and housing standards are enforced, the streets are clean, the laws are kept, and recreation is adequate—then there is a chance that the children of the very poor will come to maturity without inhibiting disadvantage. In the case of insular poverty, this remedy requires that the services of the community be assisted from outside. Poverty is self-perpetuating partly because the poorest communities are poorest in the services which would eliminate it. To eliminate poverty efficiently, we must, indeed, invest more than proportionately in the children of the poor community. It is there that high-quality schools, strong health services, special provision for nutrition and recreation are most needed to compensate for the very low investment which families are able to make in their own offspring.

The effect of education and related investment in individuals is to help them overcome the restraints that are imposed by their environment. These need also to be attacked even more directly—by giving the mobility that is associated with plentiful, good, and readily available housing, by provision of comfortable, efficient, and economical mass transport, by making the environment pleasant and safe, and by eliminating the special health handicaps that afflict the poor.

Nor is case poverty entirely resistant to such remedies. Much can be done to treat those characteristics which cause people to reject or be rejected by the modern industrial society. Educational deficiencies can be overcome. Mental deficiencies can be treated. Physical handicaps can be remedied. The limiting factor is not a lack of knowledge of what can be done. Overwhelmingly, it is a shortage of money.

V

It will be clear that, to a remarkable extent, the remedy for poverty leads to the same requirements as those for social balance. The restraints that confine people to the ghetto are those that result from insufficient investment in the public sector. And the means to escape from these constraints and to break their hold on subsequent generations just mentioned—better nutrition and health, better education, more and better housing, better mass transport, an environment more conducive to effective social participation—all, with rare exceptions, call for massively greater investment in the public sector. In recent years, the problems of the urban ghetto have been greatly discussed but with little

resultant effect. To a certain extent, the search for deeper social explanations of its troubles has been motivated by the hope that these (together with more police) might lead to solutions that would somehow elide the problem of cost. It is an idle hope. The modern urban household is an extremely expensive thing. We have not yet taken the measure of the resources that must be allocated to its public tasks if it is to be agreeable or even tolerable. And first among the symptoms of an insufficient allocation is the teeming discontent of the modern ghetto.

A further feature of these remedies is to be observed. Their consequence is to allow of participation in the economic life of the larger community—to make people and the children of people who are now idle productive. This means that they will add to the total output of goods and services. We see once again that even by its own terms the present preoccupation with the private sector of the economy as compared with the whole spectrum of human needs is inefficient. The parallel with investment in the supply of trained and educated manpower discussed above will be apparent. 23

But increased output of goods is not the main point. Even to the most intellectually reluctant reader, it will now be evident that enhanced productive efficiency is not the motif of this volume. The very fact that increased output offers itself as a by-product of the effort to eliminate poverty is one of the reasons. No one would be called upon to write at such length on a problem so easily solved as that of increasing production. The main point lies elsewhere. Poverty—grim, degrading, and ineluctable—is not remarkable in India. For relatively few, the fate is otherwise. But in the United States, the survival of poverty is remarkable. We ignore it because we share with all societies at all times the capacity for not seeing what we do not wish to see. Anciently this has enabled the nobleman to enjoy his dinner while remaining oblivious to the beggars around his door. In our own day, it enables us to travel in comfort through the South Bronx and into the lush precincts of midtown Manhattan. But while our failure to notice can be explained, it cannot be excused. “Poverty,” Pitt⁵ exclaimed, “is no disgrace but it is damned annoying.” In the contemporary United States, it is not annoying but it is a disgrace. 24

⁵**William Pitt, the Younger (1759–1806)** British prime minister from 1783 to 1801 and, briefly, again in 1804 and 1805.

QUESTIONS FOR CRITICAL READING

1. What is the fundamental difference between the attitude Alfred Marshall held toward the poor (para. 1) and the attitude contemporary economists hold?

2. Galbraith avoids a specific definition of poverty because he says it changes from society to society. How would you define poverty as it exists in our society? What are its major indicators?
3. According to Galbraith, what is the relationship of politics to poverty?
4. What, according to this essay, seem to be the causes of poverty?
5. Clarify the distinctions Galbraith makes between case poverty and insular poverty. Are they reasonable distinctions?
6. Does Galbraith oversimplify the issues of poverty in America?
7. Galbraith first published this piece in 1958. How much have attitudes toward poverty changed since then? What kinds of progress seem to have been made toward eradicating poverty?

SUGGESTIONS FOR CRITICAL WRITING

1. In paragraph 4, Galbraith says, "People are poverty-stricken when their income, even if adequate for survival, falls radically behind that of the community. Then they cannot have what the larger community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgment of the larger community that they are indecent. They are degraded for, in the literal sense, they live outside the grades or categories which the community regards as acceptable." Examine what he says here, and explain what he means. Is this an accurate description of poverty? How would you amend it? If you accept his description of poverty, what public policy would you recommend to deal with it? What would be the consequences of accepting Galbraith's description?
2. Galbraith points out some anomalies of poverty and place. For example, he notes that West Virginia is rich in resources but that its people have been notable for their poverty. Connecticut, on the other hand, is poor in resources, with stony, untillable land, yet its people have been notable for their wealth. Some economists have also pointed out that when the Americas were settled, South America had gold, was home to lush tropics that yielded food and fruit for the asking, and held the promise of immense wealth. North America had a harsh climate, stubborn soil conditions, and dense forests that needed clearing. Yet North America has less poverty now than does South America. Write a brief essay in which you consider whether what is said above is too simplified to be useful. If it is not, what do you think is the reason for the economic distinctions that Galbraith and others point out?
3. What personal experiences have you had with poverty? Are you familiar with examples of case poverty? If so, describe them in such a way as to help others understand them. What causes produced the poverty? What is the social situation of the people in your examples? How might they increase their wealth?

4. Examine the newspapers for the last several days, and look through back issues of magazines such as *Time*, *Newsweek*, the *New Republic*, the *New Leader*, or *U.S. News & World Report*. How many stories does each devote to the question of poverty? Present a survey of the views you find, and compare them with Galbraith's. How much agreement or disagreement is there? Would the level of the nation's concern with poverty please Galbraith?
5. Write a brief essay about current political attitudes toward poverty. If possible, gather some recent statements made by politicians. Analyze them to see how closely they tally with Galbraith's concerns and views. Do any specific politicians act as spokespeople for the poor?
6. Galbraith says that poverty has undergone a dramatic change in our society: once most people were poor and only a few were affluent, and now most people are affluent and only a few are poor. Is Galbraith correct in this assessment? Interview your parents and grandparents and their friends to establish or disprove the validity of Galbraith's claim, and then explain what you feel are the problems the poor face as a result of their minority status. If possible, during your interviews ask what feelings your parents and their friends have about the poor. What feelings do you have? Are they shared by your friends?
7. **CONNECTIONS** What might Karl Marx (p. 453) say in reaction to Galbraith's definition of poverty and his terms for case poverty and insular poverty? Should Galbraith have examined the role of the bourgeoisie in creating, maintaining, or ignoring poverty? Galbraith wrote the original version of this piece during the 1950s, while world communism was at its height. How might he have accommodated the issues that Marx felt were most important for the working person?
8. **CONNECTIONS** The Friedmans have a great deal to say about wealth but very little to say about poverty (bedfordsmartins.com/worldofideas/epages). How would they react to the basic principles that John Kenneth Galbraith seems to support in his essay? Is Galbraith any less committed to principles of liberty and equality of opportunity than the Friedmans? Both Galbraith and the Friedmans are renowned economists. Why does it seem that Galbraith primarily discusses poverty and the Friedmans primarily discuss wealth? What basic economic or political commitments seem to direct the authors' attention in their respective arguments?
9. **CONNECTIONS** Galbraith certainly read Andrew Carnegie's *The Gospel of Wealth* (p. 481). What do you think his criticisms of Carnegie might be? Would he have agreed with Carnegie's praise of the laws of competition and accumulation? What alternatives or modifications might Galbraith have suggested to Carnegie? Would Galbraith have approved Carnegie's views on the proper distribution of wealth? How would Galbraith have responded to Carnegie's assurances that his program of philanthropy would heal the rift between the rich and the poor classes? Argue Galbraith's case either in praise of Carnegie's ideas

and theories or in condemnation of them. Use specific points from Carnegie and critique them using Galbraith's principles.

10. **SEEING CONNECTIONS** Tanner's *The Thankful Poor* (p. 438) is not a painting Galbraith was likely to have seen in his lifetime, but if he had, would he think of the people depicted as examples of case poverty or of insular poverty? What evidence within the painting points to one or the other of these causes? Would Galbraith have had more or less sympathy than Carnegie for the condition of the older man and the young boy? How would Galbraith have reacted to the thankfulness expressed in the title of the painting? What would he have thought the chances were of the young boy growing up and out of poverty? Is it possible that Galbraith would not have thought of these people as examples of poverty? If not, what would his view be?