2 Persistence of Poverty and Early Attempts to Eradicate it

IMBALANCE BETWEEN POPULATION AND RESOURCES

In pre-industrial societies, many areas of the world where population was in approximate balance with natural resources tended to avoid the problem of mass poverty. High death rates, owing to a near absence of health measures, kept the growth rate of population in check and in an approximate balance with the availability of easily exploitable natural resources such as land, water and mineral stocks. The ‘wisdom of the ages’ did cater for the provision of indigenous health practices and a slight increase in population and labour force, while small improvements in agricultural practices, handicrafts and services led to some increase in output. Thus, a balance could be maintained between population and resources in many societies. This population-resources balance continued for many centuries in several regions and mass poverty did not arise. Even so, the distribution of income in such societies never tended towards equality. A feudal organization of society and hierarchical social structures spelled inequality and economic and social differentiation among groups of people, and this phenomenon was a drag on further growth and development.

However, the absence of technological breakthroughs in the pre-industrial era, together with over-exploitation of natural resources did disturb the population-resources balance in many regions and either kept those regions at a low level of existence or worsened the poverty situation. Owing to over-exploitation of land, the incidence of, for example, soil depletion, erosion, deforestation and the drying up of sources of water and mineral wealth caused major reductions in employment, self-employment and incomes and hence poverty became widespread and proliferated to a substantial degree.

In such deteriorating situations some populations attempted to migrate to new settlements in areas where more resources were available. But those settlements and areas also came to be subjected, in due course, to similar occurrences, similar imbalances and a similar emergence of poverty. Thus, in the pre-industrial revolution era, poverty became a generalized phenomenon and coexisted with prosperity in small or large measure.
THE VICIOUS CIRCLE OF POVERTY

In pre-industrial as in post-industrial times, there seems to have been yet another built-in phenomenon which tended to perpetuate poverty. This has been analysed competently by Ragnar Nurkse (1953) under the caption of ‘vicious circle of poverty’. Societies with low productivity per person naturally tend to have low per capita incomes and hence become the scene of low savings and low investment in relation to incomes. A small rate of saving obviously goes with small investment or capital formation and, as the productivity depends primarily on the volume of capital with which labour works, productivity per person tends to remain low, and this becomes the cause, once again, of low per capita income.

The vicious circle is completed as low per capita incomes in turn generate low savings, low investment and small productivity per person. Many societies for decades and centuries continue to be subjected to this vicious circle of poverty and the day never comes when a breakthrough might occur and higher economic growth might arise. This phenomenon, among other things, explains the persistence and even the proliferation of poverty. There are many other economic, social and political causes of poverty which can be observed in various societies and this is how poverty remains a persistent feature of numerous areas of the world.

COLONIZATION

The impact of colonial denomination, mostly by European powers, on Asia, Africa and Latin America, seems to have caused two opposite effects on poverty in these continents. On the one hand is the story of exploitation – the organization of the colonial economies with the primary purpose of benefiting the colonial powers; the exodus of cheaply purchased or freely taken raw materials such as cotton, jute and mineral wealth or treasures; the production of goods back home at low cost with the use of cheap raw materials, and the sale of these goods in the colonized areas at high prices; the imposition of high taxation in the colonies, together with the suppression of the local urges of the colonial people – which spells a massive expansion of poverty and a suppression of economic growth and local capabilities. On the other hand, there were some contributions made by the colonial powers in colonial areas (mostly for their own benefit) such as the development of railways and ports, the laying of country-wide roads, the construction of hill stations and the establishment of some factories and plantations of tea, coffee and other products – some for military