

Opinion | OP-ED CONTRIBUTOR

The U.S. Can No Longer Hide From Its Deep Poverty Problem

By ANGUS DEATON JAN. 24, 2018

You might think that the kind of extreme poverty that would concern a global organization like the United Nations has long vanished in this country. Yet the special rapporteur on extreme poverty and human rights, Philip Alston, recently made and reported on an investigative tour of the United States.

Surely no one in the United States today is as poor as a poor person in Ethiopia or Nepal? As it happens, making such comparisons has recently become much easier. The World Bank decided in October to include high-income countries in its global estimates of people living in poverty. We can now make direct comparisons between the United States and poor countries.

Properly interpreted, the numbers suggest that the United Nations has a point — and the United States has an urgent problem. They also suggest that we might rethink how we assist the poor through our own giving.

According to the World Bank, 769 million people lived on less than \$1.90 a day in 2013; they are the world's very poorest. Of these, 3.2 million live in the United States, and 3.3 million in other high-income countries (most in Italy, Japan and Spain).

As striking as these numbers are, they miss a very important fact. There are necessities of life in rich, cold, urban and individualistic countries that are less needed in poor countries. The World Bank adjusts its poverty estimates for differences in prices across countries, but it ignores differences in needs.

An Indian villager spends little or nothing on housing, heat or child care, and a poor agricultural laborer in the tropics can get by with little clothing or transportation. Even in the United States, it is no accident that there are more homeless people sleeping on the streets in Los Angeles, with its warmer climate, than in New York.

The Oxford economist Robert Allen recently estimated needs-based absolute poverty lines for rich countries that are designed to match more accurately the \$1.90 line for poor countries, and \$4 a day is around the middle of his estimates. When we compare absolute poverty in the United States with absolute poverty in India, or other poor countries, we should be using \$4 in the United States and \$1.90 in India.

Once we do this, there are 5.3 million Americans who are absolutely poor by global standards. This is a small number compared with the one for India, for example, but it is more than in Sierra Leone (3.2 million) or Nepal (2.5 million), about the same as in Senegal (5.3 million) and only one-third less than in Angola (7.4 million). Pakistan (12.7 million) has twice as many poor people as the United States, and Ethiopia about four times as many.

This evidence supports on-the-ground observation in the United States. Kathryn Edin and Luke Shaefer have documented the daily horrors of life for the several million people in the United States who actually do live on \$2 a day, in both urban and rural America. Matthew Desmond's ethnography of Milwaukee explores the nightmare of finding urban shelter among the American poor.

It is hard to imagine poverty that is worse than this, anywhere in the world. Indeed, it is precisely the cost and difficulty of housing that makes for so much misery for so many Americans, and it is precisely these costs that are missed in the World Bank's global counts.

Of course, people live longer and have healthier lives in rich countries. With only a few (and usually scandalous) exceptions, water is safe to drink, food is safe to eat, sanitation is universal, and some sort of medical care is available to everyone. Yet all these essentials of health are more likely to be lacking for poorer Americans. Even for the whole population, life expectancy in the United States is lower than we would expect given its national income, and there are places — the

Mississippi Delta and much of Appalachia — where life expectancy is lower than in Bangladesh and Vietnam.

Beyond that, many Americans, especially whites with no more than a high school education, have seen worsening health: As my research with my wife, the Princeton economist Anne Case, has demonstrated, for this group life expectancy is falling; mortality rates from drugs, alcohol and suicide are rising; and the long historical decline in mortality from heart disease has come to a halt.

I believe, as do most people, that we have an obligation to assist the truly destitute. For those who believe that aid is effective, this is reflected in their own giving, or by supporting national and international organizations like the United States Agency for International Development, the World Bank or Oxfam.

For years, in determining this spending, the needs of poor Americans (or poor Europeans) have received little priority relative to the needs of Africans or Asians. As an economist concerned with global poverty, I have long accepted this practical and ethical framework. In my own giving, I have prioritized the faraway poor over the poor at home.

Recently, and especially with these insightful new data, I have come to doubt both the reasoning and the empirical support. There are millions of Americans whose suffering, through material poverty and poor health, is as bad or worse than that of the people in Africa or in Asia.

Practical considerations reinforce the argument for recognizing America's poor in the global context. There is a better chance of monitoring the effects of domestic spending than of foreign spending. Money spent by and for fellow citizens, either individually or collectively, is subject to democratic evaluation by both donors and recipients, who can see the effects and who can show their approval or disapproval in the voting booth. Those who donate for projects in Africa often find it difficult to know what good their gifts are doing, let alone to discover whether the intended beneficiaries actually receive or appreciate them.

Official aid from the United States is mostly set by geopolitics — the leading recipients are Afghanistan, Israel and Iraq. Yet the United States is committed to eliminating \$1.90-a-day poverty in the world, a target that is not contingent on poverty at home. Britain insists on spending 0.7 percent of its gross domestic

product on foreign aid, in spite of occasional difficulties in finding suitable projects and in spite of domestic suffering caused by austerity at home.

None of this means that we should close out “others” and look after only our own. International cooperation is vital to keeping our globe safe, commerce flowing and our planet habitable.

But it is time to stop thinking that only non-Americans are truly poor. Trade, migration and modern communications have given us networks of friends and associates in other countries. We owe them much, but the social contract with our fellow citizens at home brings unique rights and responsibilities that must sometimes take precedence, especially when they are as destitute as the world’s poorest people.

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