



“Summary of article by Nathan Keyfitz: Development and the Elimination of Poverty” in Frontier Issues in Economic Thought, Volume 2: The Consumer Society. Island Press: Washington DC, 1997. pp. 309-311

Social Science Library: Frontier Thinking in Sustainable Development and Human Well-being

“Summary of article by Nathan Keyfitz: Development and the Elimination of Poverty”

This article examines the rise of a middle class or consumerist lifestyle in developing countries, and argues that it can help to explain the persistence of inequality, the urban bias in many development efforts, and the economic neglect of the needs of the rural majority.

A middle-class lifestyle has been taught to the Third World by the United States and Europe. It includes central heating, television, refrigerators, automobiles, supermarkets, paved streets, newspapers, and magazines. The differences in middle-class life from one country to another are much less significant than the similarities.

There are many other forms that our wealth could assume -- leisure for contemplation, a simple life focused on athletics or science, involvement in the performance and enjoyment of chamber music, elaborate formal gardening, or other pursuits. None of these alternatives have entered the mainstream of consumer or middle-class culture.

American culture is spreading worldwide, as people learn from films and other media to want a level of consumption that is for the moment beyond their means. But economics has paid too little attention to this demonstration effect, either for its negative impact on saving and investment or for its positive role as a motor of development.

MEASURING THE POOR AND THE MIDDLE CLASS

How large is the world's middle class -- the population that drives automobiles, has refrigerators, and watches television? A variety of rough estimates, based on automobile ownership, energy consumption, and per capita income, suggest that there may have been 800 million members of the middle class in 1980; one-fourth of them were in the United States, and more than half of them were in the top seven industrial countries. A similar calculation gives only 200 million people in the middle class in 1950.

In those 30 years, therefore, an average of 20 million people joined the middle class annually. But in the same three decades the world's population grew from 2.5 billion to 4.4 billion, an annual increase of more than 60 million. As a result, there must have been more than 40 million new poor people each year, more than twice the number of entrants to the middle class.

INEQUALITY AND DEVELOPMENT

The spread of the middle class is part of an inegalitarian pattern of development. This is true both because only a minority gains entry to the middle class, and because the middle class consumes large quantities of goods and services that are not produced by the kinds of jobs that the middle class is willing to perform. Income inequality between urban and rural dwellers, of course, is not a new phenomenon; it has been discussed in economics at least as far back as Adam Smith.

A more egalitarian pattern of development is possible, oriented to provision of basic needs for all rather than cosmopolitan lifestyles for a few. Many developing countries have sufficient national income to provide adequate food, clothing, medical services, and education to all their inhabitants, if that were their priority. But this egalitarian model, perhaps most often associated with the Mao Ze Dong era of Chinese communism, has rarely been put into practice. Among the important factors resisting an equitable development path are the attitudes of the middle class, and those who are on the threshold of middle-class status.

Middle-class living is a rounded entity, a lump that seems unstable piecemeal. Those who obtain some part of it want the rest quickly; they are not willing to be held back by the slow pace that making all of their fellow citizens middle class at the same time would require. Each element brings a demand for the next. One who obtains a transistor radio wants to move up to a television set. A kind of standard package is in everyone's mind -- including a home, automobile, and the means to do some traveling; within the house must be electric lighting, a refrigerator, and a television set. ... For those who are well started on this path a bicycle or even a motor scooter will not do for transport, nor will the services of a barefoot doctor be acceptable. (661)

INCENTIVES TO RURAL-URBAN MIGRATION

Although the rural poor are a majority in most developing countries, city dwellers and the middle class are more likely to be active and effective in politics. Thus even in democracies, subways and new urban housing often come ahead of irrigation and services for rural communities. This makes life relatively easier for city people, encouraging additional migration. The same is true of the frequent policies that fix basic food prices well below market rates, making it more attractive to be an urban food consumer and less attractive to be a rural food producer. Millions of people crowd into the capital cities in the hopes of ultimately landing in middle-class jobs. They benefit, in the meantime, from the urban amenities that the elites and the middle class have introduced for themselves.

Holding the price of grain down is not the way to increase food supplies. Nor is differential subsidy to urban life necessarily the best route to development. Returns on investment are often much higher in agriculture than in industry, since industry has received so much more attention from investors in the past. Some of these points are now being recognized, but the results of a potential new emphasis on rural areas remain in doubt. If new styles of scientific management and high-technology investment are simply brought to agriculture, the flight of the poor into the cities will continue.

CONCLUSION

It is conceivable that creating a middle-class enclave and then allowing it to gradually spread could still be an efficient way to eliminate poverty. Within the enclave, the demographic transition to lower birth rates would occur, savings and the accumulation of capital would become possible, and resources would be conserved by not trying to provide development for everyone at once. Such a view fits well with the strategy of tariff and other regulatory protection for infant industries in a developing country, a strategy that was important in the rise of both Germany and Japan.

But while the growth of the world's middle class after World War II has threatened to be so rapid as to strain natural resources, from the viewpoint of those waiting to join the middle class the growth has been much too slow. Citizens of poor countries understand development to mean access to the goods needed for a modern style of life. The desire for middle-class status is an engine of development; it is not a readily manipulated policy variable, but rather an explanatory variable around which analysis and policy must be developed.