

Which Is Natural: Poverty or Wealth?

By Fred Foldvary, Ph.D.

The natural condition of humanity is wealth and prosperity, not poverty. As [stated by Nelson Mandela](#), “Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings.”

Others have said the opposite, that poverty is natural. Writing in Forbes, [Tim Worstall noted](#) that the average income from ancient times until the 1500s was only \$450 per year. Steven Pinker, in *Enlightenment Now*, states (p. 25) that poverty “is the default state of humankind.” This, he says, is because of entropy: things dissipate and fall into disorder unless work is done to reverse this. The natural state is to fall apart, and starve.

To analyze whether it is poverty or else prosperity that is natural, we need to clarify the meaning of “natural”. The distinction is between nature and human action. “Nature” is anything apart from human action. The deliberate acts of persons constitute human action. Therefore all of culture and acts influenced by culture and personal preferences are non-natural.

What, then, is “poverty”? A person is economically poor if he does not have sufficient income or wealth to provide oneself and one’s dependents with sufficient food, shelter, and medications to preserve their lives and good health. A society has substantial poverty when the people are unable to obtain goods above a poverty or subsistence level. The ultimate origins of income are labor and land, and therefore, the prevalence of poverty implies that for many, wages plus received rent are not sufficient to avoid economic deprivation.

No human being lives apart from culture and produced goods. Thus no person can have a purely natural existence. By the above definition, incomes are non-natural, as they are dependent on human action as well as on natural resources. By the above definition, the proposition that poverty is natural is neither true nor false, but rather, meaningless.

What did Mandela mean when he said that poverty is not natural? He meant that poverty is caused by human action. People could rise above poverty if not for coercive acts by others preventing them from rising. These acts by others generate poverty by using force, and the agent that can apply general force is, government. The implication is that poverty is not generally caused by a lack of

natural resources, but rather from the use of coercion to prevent production.

This proposition was also stated by Henry George in his 1883 book *Social Problems*. George wrote "There is in nature no reason for poverty." He meant that poverty is not generally caused by a lack of natural resources. Therefore, what causes poverty is human institutions. The implication is that if harmful institutions are reformed to beneficial ones, poverty would be abolished. Poverty would be "extricated," George said, pulled out by the roots, if taxes were taken off of labor and enterprise, and placed instead on the rent of land. That way every worker gets his full wage and an equal share of nature's benefits as manifested in land rent.

The issue of poverty can be analyzed by examining primal or "primitive" societies. Suppose there is a village of people living in a tropical rain forest undisturbed by intruders. There is plenty of water, and plenty of wildlife such as fish and fruit trees. The people also cultivate some crops, and build houses from the wood and other materials in the environment. Therefore they have sufficient food and shelter, and suppose also that they are able to harvest herbs and other medical aids from the forest. These people are not poor. They obtain

income from their labor and also from the benefits from nature.

If poverty is caused by nature, that implies that there are not enough natural resources in the world to keep everyone above subsistence. But in fact poverty is not caused by such deficiency, nor was this the case in the past.

As a society gains better technology, it is able to increase its per-capita output and income. Thus, if a primal society is not poor, why would a more developed economy have poverty?

Another meaning of “natural” as used in economics is the outcomes of a pure free market economy. Knut Wicksell introduced the term “natural rate of interest,” the rate that would exist in a pure market economy. Thus to propose that poverty is “natural” implies that the free market fails to prevent mass poverty.

Perhaps those who claim that poverty is natural think so because babies are born poor. But babies are born into families that provide the offspring with food, shelter, and medications, so that cannot be the case.

What about the point made by Worstall, that average incomes were only \$450 until recent centuries? There are two answers. First, that \$1.23

per day implies either that they live on land of little value and rent, or else that this figure does not account for the rental value of the land in which they live and work. Secondly, these were not free societies. Typically there were serfs or slaves working for a landlord or master, and much of their output went to the landlord or master. Therefore this history is not relevant to the question of whether poverty is natural.

What about the entropy issue raised by Pinker? Sure, if somebody just lies in bed and refuses to rise and go to work, he becomes poor and then starves. But this is not the fault of nature, since this is the result of human inaction. Moreover, entropy applies in a closed system, and the earth, by importing solar radiation, is an open system.

Thus, on several levels, poverty is not natural. Either the statement is meaningless, or it applies to a non-existent lack of natural resources. Poverty is caused by the human action of imposing costs and restrictions on production and consumption, and, just as with the serfs, the inequality from much of the income of the economy being captured by the landed elites.