



The Cost of Poverty


A different way of
conceiving of poverty

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Economic costs of maintaining poverty

- ◆ Determining the cost of poverty shows the consequences of maintaining a portion of the population in a state of poverty.
- ◆ By making this determination, we focus less on the individual, community, or societal advantages of reducing or eliminating poverty.
- ◆ Instead, we fixate on the economic costs of maintaining people in poverty.





**The poor are
conceived as
our most
expensive
residents**

- ◇ Disinvestment locates the problem of poverty in the consumption of the poor and sees that consumption as a negative that must be curtailed.
- ◇ In this way, it locates the problem of poverty with the people who suffer it.
- ◇ **The determination of the cost of poverty does exactly the opposite.**
- ◇ *It locates the cost of poverty in the costs that economies, nations and provinces must meet by maintaining people in poverty.*

Two arguments support the dominant mainstream narrative

#1

The first is that money spent by government on poverty alleviation is money that is lost to the economy.

It is thought to go nowhere while increasing debts and deficits. It goes from the plus side to the minus side.

#2


The second assumes that a national or provincial economy is the same as a household economy.

Both arguments are false.

Why are mainstream arguments false?

- ◆ Dollars are agnostic to how they are spent. However consumed, dollars spent add to GDP. Money paid to alleviate poverty adds to GDP.
- ◆ And economies, unlike families, need to continually grow over many lifetimes. Households simply do not. A household can tighten its belt, reduce its deficits and display a positive balance sheet while having a positive economic effect on the household.





**You can't
shrink
yourself
bigger!**

- ◆ This is a **different starting point** from the usual 'balance sheet' approach that restricts the economic costs associated with poverty reduction to the costs of programs that reduce or eliminate poverty.
- ◆ As most program costs are borne by governments, people living in poverty are seen as those who are incurring these costs.
- ◆ Accordingly, the poor are often seen as our most expensive residents, and those who are better off are seen as having less call on government resources.

And poverty costs us all

- ◆ When significant populations are deprived of legal redress, access to health, income, housing, transit, and work, there are economic costs that are commensurate with the extent of that deprivation.
- ◆ It is one purpose of the economic determination of the cost of poverty to measure those costs.
- ◆ But the larger purpose is to illustrate the logic that economies can only equitably grow themselves larger by allowing the maximum participation of our population — including those now living in poverty.



The cost of poverty:

A quick note on two mistakes anti-poverty activists make

#1

The cost of poverty numbers reflect the costs to the whole economy, not just governments.

Money spent to eliminate poverty only partially reflects savings to governments.

#2

The 'evidence' that poverty alleviation is not empirical scientific evidence.

We can't point to an example of a Canada without poverty.

The evidence is economic evidence related to the costs and contributions of lower income people who are not poor.

Thank you

QUESTIONS?