Welfare versus poverty in the views and theories of the laureates of the Alfred Nobel Prize in Economic Sciences

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Abstract: The motive for choosing the topic in the presented article is the deep dichotomy between prosperity and poverty that still exists in the modern world. After World War II, this problem did not decrease, given the clear economic, social and political division into highly-, medium- and under-developed countries. The latter in the UN nomenclature are described as “developing” rather than the previously used name: Third World countries. The main aim of the study is to indicate the scientific achievements in these areas of Nobel Prize winners affecting welfare policy and eradication of poverty within the dynamically developing “welfare economics”. Considerations in this regard—in a reasoned way—are preceded by a discussion of the population theory of T. R. Malthus, as well as a presentation of income disparities in the light of the theory of distribution. Even before World War II, the authors V. Pareto, A. C. Pigou and A. Bergson made achievements in analyzing welfare economics in pioneering theoretical studies. Contemporary research on these topics is also presented, which was carried out by last year’s Nobel Prize winners E. Duflo, A. Banerjee and M. R. Kremer dealing with the economics of the development of the poorest countries. An outline of the welfare state concept adopted after World War II in some Western countries is presented. Welfare policy and eradication of poverty in the poorest countries is described, based largely on the results of research by Nobel Prize winners.

Keywords: Nobel laureates in economics, welfare, poverty, theories of welfare and poverty economics, welfare policy and eradication of poverty, welfare state

1. Introduction

In economics literature, the problem of economic efficiency, but also welfare and poverty, including the issue of social justice, has attracted attention for many years. In particular, attention is paid to welfare in the context of poverty, especially when we consider the consequences of the large

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divergence of these phenomena in society, which entail deep divisions and social conflicts, conflicts of interest, etc.

The aim of the article is to identify and analyze the scientific achievements of Nobel Prize winners in those areas that concerned welfare policy and eradication of poverty, especially in the poorest countries.

This study will present the main aspects of welfare and poverty in the light of the views and theories formulated by the classic and neoclassical writers of economics: Vilfredo Pareto, Arthur Cecil Pigou, Abram Bergson, Léon Walras, writing their work before World War II. The theory of distribution will be discussed in the light of the diversity of income of the population, followed by pioneering theoretical inquiries including Pareto’s welfare economics theory, Bergson’s “newer” economics and Pigou’s welfare economics theory.

Following that, the results of research in this field after the Second World War will be presented, developed by contemporary economists concentrated on “welfare economics” who have received the honourable distinction of the Alfred Nobel prize for achievements in the field of welfare and poverty. The final part of the article will present welfare policy and eradication of poverty in the modern world.

The following research methods were used in the article: critical analysis of literature, reports, expert opinions.

2. Welfare versus poverty

Welfare is defined as the state of high (total) satisfaction of material (living) and spiritual needs of individuals and the whole society. The ethical concept derived from Jeremy Bentham was not accepted in classical economics, but later found acceptance in economics (Alfred Marshall, Léon Walras) in terms of utilitarianism and in contemporary neoclassical economics. The level of national income per capita has become the most general exponent of the degree of welfare. In the Geneva method, in the construction of the indicator of social welfare, the state and changes in welfare, taking place under the influence of many conditions and factors, were taken into account. Nobel laureates also have a share in these searches and solutions, including William D. Nordhaus, who developed the “measure of economic welfare” in 1983. Different, new approaches to this issue related to measuring the average level of satisfaction of needs were associated with the development of the Lorenz curve, transformation ratio, net economic welfare category, as well as the Gini coefficient. Other groups of measures include indicators of the income diversity of society, adopted in the model of national income distribution, and the decile method—according to 10 wealth groups (Milewski and Kwiatkowski, 2005, p. 175).

The opposite of welfare is the concept of poverty, which consists in the lack of sufficient material resources to meet the life needs of the individual, family and the wider society in general, e.g. in countries with low or very low levels of national income per capita. In addition, poor people and families often have income allowing them to live only on a minimum subsistence level, mainly in the area of necessary food expenditure. This applies above all to the situation

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1 See previous studies by the author of this article on the achievements of Nobel Prize winners in economics: Siekierski and Sarat, 2006; Siekierski, 2010; Siekierski, 2012.
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of minorities, the unskilled, the disabled, migrants in isolated camps, those living in stagnant rural areas, as well as among the unemployed seeking work in cities. Often they are people without qualifications, also women who are generally in a worse situation on the labour market (the problem of discrimination, access to higher-level jobs and with a lower level of wages). The deepening of social stratification intensifies the division of the population into rich and poor who are deprived of privileges and rights, e.g. access to education in a significant number of underdeveloped countries. A particularly severe effect of underdevelopment, especially backwardness in agriculture, is the threat to food security in the conditions of the climate crisis, e.g. in Nigeria, where the UN (FAO) reports hunger and even starvation among children. At the same time, there is the problem of a lack of adequate, necessary medical assistance and a lack of access to treatment in universal healthcare and insurance.

3. Population theory of Thomas Robert Malthus. Demographics and sustenance of the population

The issue of welfare or poverty in the world is connected with the concept of optimal population numbers in the light of views expressed about the overpopulation of the globe. In the “law of population” formulated by the classical economist Thomas R. Malthus (1788–1834), “the population—in the absence of obstacles—are increasing exponentially. Livelihoods increase in only arithmetic progression” (Malthus, 1925, p. 58). In his opinion, this asymmetry must lead to negative social effects. This author believed that the primary source of food shortage, and thus the cause of poverty and unemployment, is the high rate of reproduction of those who do not have adequate income.

The views of Malthus had far-reaching repercussions, including in the English poor laws, and in the views expressed on misery and poverty. In more recent times, his views contributed to a better understanding of demographic and economic patterns—the balance between population and food resources to feed humanity (Blaug, 1994, pp. 95–96). Contemporary proponents of limiting the number of births, especially in the less developed countries in Asia and Africa, refer to this thread of Malthus’s reflections (Samuelson and Nordhaus, 1996, pp. 386–390).

Neo-Malthusians maintain that all efforts to improve the economic situation in backward countries must be subordinated to effective birth control. In discussions about contemporary demographic problems, this approach is often questioned—as Mark Blaug writes in more detail in his book *Economic Theory in Retrospect*.

Opponents of neo-Malthusianism point to the history of developed countries, where population growth has stabilized and in some even decreased, together with economic growth.

4. Income disparities of the population in the light of the theory of distribution

Income and assets in society are unevenly distributed, ultimately deciding about wealth and thus welfare or privation (poverty). For the first time in a scientific way, this problem was taken up with the emergence of the science of political economy by Adam Smith, creating the
foundations of the theory of distribution. It was based on the canvas of the theory of value, later developed in classical economics by David Ricardo, and in the nineteenth century also by Karl Marx. In Book Three of *The wealth of nations* Adam Smith writes about the natural increase in prosperity and the different pathways that lead different nations to prosperity (Smith, 1954, pp. 481–487). He also referred to the theory of factors of production, assuming that each of the three basic factors through work participates in the creation of product value, and in the process of income distribution everyone receives what he has created. This theory was later developed by the French classical economist Jean-Baptiste Say (1763–1832).

Contemporary economics of the theory of distribution is based most widely on the concept of marginal productivity presented in the book *Distribution of wealth* by the American economist John Bates Clark (1847–1938), published in 1899. Several basic reasons for the unequal distribution of income are listed, i.e. assets and possession of the factors of production, entrepreneurship, type of work performed (amount of labour input), talents and education of the employee (Milewski and Kwiatkowski, 1993, p. 173).

It is believed that the effects of inequality in the distribution of income for active people are positive because they motivate a desire for achievement and thus increase economic efficiency. On the other hand, inequalities on the part of those who are not very involved can evoke a sense of harm, injustices often exclude individuals, causing dissatisfaction, creating conflicts that are not conducive to stability of development and integration. This is grossly visible when the inequalities are very large, i.e. between people living in luxury and others in poverty. When this division translates into different countries, there is a great diversity of income in the world. They often result from the sum of historical events and economic conditions (extensive or intensive development). Ultimately, this state of affairs, as well as the varying degrees of affluence of social groups, is reflected in productivity. So income distribution is uneven both within and between countries. This problem is clearly visible when it is considered over longer periods and David Begg presents this problem in this approach. In conclusion, the author states: “poverty tends to persist. Poor nutrition directly reduces productivity, and low incomes do not allow the education of children, nor the purchase of machinery and tools that increase productivity” (Begg et al., 1993, p. 33). Milewski and Działo believe that empirical studies in Poland, Hungary and Germany show that poverty-promoting factors are similar in all countries: a large number of people in the household, low economic activity and education level, young age, living in the countryside and working in agriculture.

On the other hand, in the short term, current data of Witold Pawłowski for developing countries show the following disproportions: 10% of the population of India owns as much as 56% of assets, while in China it is 41%. The first of these countries has a population of 1.3 billion, including 250 million people in extreme poverty (Pawłowski, 2020).

5. Welfare economics in the light of pioneering theoretical inquiries before World War II

Welfare economics is a relatively new branch of modern economic science that deals with the problems of distribution and consumption, as well as the functioning of the economy in the world from the point of view of universal welfare. Referring to the period before World
War II, more specifically to the end of the nineteenth century, the French economist Léon Walras (1834–1910), like Alfred Marshall (1842–1924), replaced the name of political economy with economics. Walras is the first representative of the mathematical school in which he exposed the problems of general equilibrium and issues of value. His goal was to build a coherent economic system that would maximize social welfare ensuring justice in conditions of perfect competition.

An Italian economist from the school of mathematics Vilfredo Pareto (1848–1923) is also of particular importance in the pioneering approach to the issue of welfare. Also dealing with value and general equilibrium, he formulated the concept of the “optimum”, which later began to be called the Pareto. This principle was often developed in economics literature in views on efficiency, as well as in courts evaluating the notions of equality and justice.

British economist Arthur C. Pigou (1912) and Abram Bergson referred to the above-mentioned problems and authors in the theory of “new welfare economics” (1938).

5.1. Pareto’s welfare economics theory

Pareto worked closely with Walras at the University of Lausanne. His work is extremely comprehensive. In the theory of value, he decidedly deviates from the theory of utility (Austrian and English school—William Stanley Jevons) towards the theory of choice in individual management, price structure and general equilibrium (Taylor, 1991, pp. 140–141). Among economists taking into account the utility category, welfare has always been treated as the sum of the measurable utilities in individual households of a given community. Pareto argued that improving a person’s welfare at the expense of another cannot be quantified in terms of utility. Formulating the conditions for maximizing welfare, he generalized them in the aforementioned Pareto optimum: the optimum can be considered a situation where it is impossible to increase the welfare of one person without worsening the situation of others. Each unit has its own sense of welfare, which is why it is difficult to talk about adding up utility (Drabińska, 2002b, pp. 234–235).

To sum up, the concept of welfare according to Pareto is based on three assumptions:

– every person is the best judge of his welfare;
– social welfare can be defined in terms of the welfare of individuals;
– the welfare of various individuals cannot be added up and compared.

In relation to the Pareto theory, Tibor Scitovsky extended it by introducing the concept of “double criterion for the growth of social welfare” (Blaug, 1994, p. 594).

5.2. Pigou’s welfare economics theory

Arthur Cecil Pigou (1877–1959), English neoclassical economist, was the successor of Alfred Marshall at the University of Cambridge. He introduced to his theory a general analysis instead of partial, as in Marshall’s, measuring the level of welfare in monetary units. Pigou identified two basic criteria for measuring welfare:

– increase in net social product with unchanged input of factors of production;
– distribution of national income in favour of people living in worse material conditions.
In the first case, the national product was maximized by relocation of production factors, levelling their social marginal productivity (taking into account externalities, which—in his opinion—contribute to the increase of social welfare). In the second case, social welfare in his understanding was the sum of the needs of individual units that have been met.

The maximum welfare function is determined with an equal distribution of income between individual units having identical marginal utility functions of the goods and services purchased (Drabińska, 2002b, pp. 234–235). As Mark Blaug notes, the hallmark of the political recommendations applied according to Pigou is “the transfer of wealth from rich to poor”, if such a transfer does not reduce national income, then it must increase welfare. The main message of A. C. Pigou was the need to take action to increase the income level of the poor (Blaug, 1994, p. 602).

5.3. Bergson’s “Newer” Welfare Economics

In 1938, the British economist Abram Bergson introduced the principles of “new” welfare economics based on the formulation of general equilibrium by Walras and Pareto’s definition of social welfare. The “new” welfare economics rejected the measurable concept of utility, introducing the concept of ordinal utility and the concept of the social welfare function. According to Bergson, the task of this new economics should be to present the goals and intentions of political moves in this matter and to indicate coherence or lack thereof for individual combinations of goals and means. Later studies on the topic of “public choices” also went in this direction (Kenneth J. Arrow, Duncan Black, James M. Buchanan, Jerome Rothenberg, Gordon Tullock) (Kłobukowska, 2013). And in this case it can be assumed that the economics of welfare is not free from value judgments, e.g. increasing welfare is seen as desirable, and therefore is considered in terms of normative economics.

6. Contemporary welfare economics after World War II in the light of the scientific achievements of the winners of the Alfred Nobel prize in the field of economics

The Alfred Nobel Prize has been awarded since 1901 for outstanding achievements in science (physics, chemistry), medicine and literature, as well as for political activity for world peace.

On the occasion of the 300th anniversary of the Central Bank of Sweden, a fund was created to award cash prizes to outstanding economists for their contribution to the development of the economic sciences. In this way, these sciences have been included in the award since 1969 under the official name: The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel (Kłobukowska, 2013).

Thematically, modern economic thought is largely considered through the prism of the research, discoveries and applications of scientific achievements of economists, including Nobel Prize winners, in practice and socio-economic policy. Thus, they influence the global economy in the age of globalization and integration. It is worth noting that important issues regarding international economic relations and environmental management are still un-
solved, especially the ensuring of sustainable development in the light of the climate and ecological crisis. The coexistence of prosperity and poverty continues to be a great dilemma for our world, especially for developing countries, although the achievements and contribution of welfare economics to world politics is undoubtedly significant. New challenges point to the great difficulties of implementing knowledge in the economic practice of many countries.

This part of the article will present the achievements of Nobel Prize winners in the field of welfare economics, taking into account their interests: welfare, on one side of the coin, and poverty, on the other.

6.1. Nobel Prize winners in economics—the contribution to knowledge about social welfare and its increase

Outstanding economists who were Nobel Prize winners for their contributions to welfare research include: Paul A. Samuelson, John R. Hicks, Kenneth J. Arrow, Gérard Debreu, and also partly James M. Buchanan, Ronald Coase, John Harsanyi and non-Nobel laureates: Harold Hotelling, Nicholas Kaldor, Abba Lerner, George Stigler, Gordon Tullock (Kłobukowska, 2013). In 2018, William D. Nordhaus and Paul Romer received the Nobel Prize for “linking climate change with long-term macroeconomic analysis”. Nordhaus developed the “measure of economic welfare” in 1998.

Paul A. Samuelson (1915–2009)—a leading American Keynesian, received the Nobel Prize for his contribution “to raising the level of analysis in economic science” in 1970. He dealt with welfare economics. In 1950 he constructed a “welfare boundary function” for which all Pareto efficiency criteria were met. In this way he determined the point of maximum social welfare at which the corresponding curves of attainable utility meet the highest indifference curve of Bergson’s social welfare function (Samuelson and Nordhaus, 1996).

John R. Hicks (1904–1989)—a British economist, together with K. J. Arrow (born in 1927), he received the Nobel Prize for his “pioneering contributions to the welfare theory” in 1972. Like P. A. Samuelson, he thought that it was possible to use the optimum in the Pareto sense to evaluate business activities based on value judgments. Therefore, in value theory, Hicks rejected the concept of marginal utility and relied on the Pareto indifference curves, as well as the widespread use of the concept of substitution as the basis for all relationships between economic quantities. In this way, he built an entire economic system, consisting of value theory and general static equilibrium in conditions of perfect competitiveness (Taylor, 1991, pp. 308–324). In 1950, Arrow formulated a paradox proving that for various individually assigned ranks there is no general social rank of needs. By assuming the Arrow paradox, the constructed social welfare curve would be above the individual rank curve. In this regard, Arrow refers to his own studies relating to social choices and general equilibrium (Arrow, 2001, p. 331).

Gérard Debreu (1921–2004)—an American economist of French descent, mathematician by education, received the Nobel Prize for “introducing new methods into economic theory and formulating his theory of general equilibrium” in 1983. Initially, he developed the general equilibrium model with K. J. Arrow already in 1954, presenting significant proof of equilibrium. In turn, in a collaboration with Frank Hahn written in 1971, in the proof of
equilibrium he assumed that there were no imperfectly known future markets. In the spatial analysis of production and consumption—in the context of consumer behaviour—he studied the economy in conditions of uncertainty. In these considerations, he included content related to welfare economics. It is believed that G. Debreu has made a particularly large contribution to the theory of consumer choice (Dabińska, 2002a, p. 571).

6.2. Nobel Prize winners in economics—the contribution to knowledge about poverty and its eradication

Outstanding economists who were Nobel Prize winners for researching the problems of poverty in the modern world include: Amartya K. Sen, Angus K. Deaton and Abhijit V. Banerjee, Esther Duflo, Michael R. Kremer. Other very well-known researchers in this field include John B. Rawls (1921–2002), an outstanding American philosopher who developed the “theory of justice” in 1971 justifying the idea of the welfare state.

Amartya Kumar Sen (born 1933)—an Indian economist, student of English economist Joan V. Robinson, working at the universities of Calcutta, Oxford and Cambridge, as well as at economics colleges in London. He was awarded the Nobel Prize for “contribution to research in the field of welfare economics”, dealing entirely with privation and poverty, the causes of social inequality and hunger in the world. He pointed out that the reason for hunger is not insufficient food production, but low real incomes of a significant part of the population, or even a lack of income. Sen believed that an increase in real income of the poorest social strata is the most effective method of ensuring food security in families. He developed the “maximum” function, i.e. the maximum welfare of the least profitable unit. In his works Sen proved that by using the optimum in the Pareto sense we will not avoid value judgments. It is noteworthy that A. Sen is also the author of the “social progress index” (Drabińska, 2004, p. 519).

Angus K. Deaton (born 1945)—a British-American economist, born in Edinburgh, academic lecturer at Princeton University, specialist in microeconomics. Nobel laureate for “analysis of poverty, consumption and welfare” in 2015 as a result of many years of research on these issues. In his academic work, he tried to answer the questions of: how to measure welfare and poverty, and how consumer choice mechanisms work, so that economic policies that promote welfare and poverty reduction can be designed. In these considerations, he took into account the relationship between consumption and prices, comparing savings with incomes and their impact on poverty and economic development. In addition, he was interested in the economics of health. Together with John Y. Campbell, he formulated the Deaton paradox in consumer behaviour, stating that consumer behaviour does not change much even in the face of an income shock. In the 1980s, he and John Muellbauer developed an innovative model of consumer demand. Deaton was also interested in the issue of social inequalities and measuring the state of health of the society. He introduced statistical analysis of household choices to “development economics”. On 14 October 2015 he received the Nobel Prize for research on poverty and welfare.

Abhijit V. Banerjee (born 1961)—an Indian economist, employee of the Massachusetts Institute of Technology (MIT) and the University of Cambridge. He received the Nobel Prize in Economics with two co-authors for his work on “alleviating global poverty”. Together with
J. E. Duflo, he conducted in-depth research on medical and educational issues in India. In the city of Hyderabad they tested the effectiveness of microcredit programmes in promoting economic development. A. V. Banerjee, J. E. Duflo, M. R. Kremer and J. Robinson (American economist) used field experiments in a series of studies from 2000 devoted to agriculture in sub-Saharan Africa. They were related to the implementation of modern technologies, intensifying agricultural production by mineral fertilization in the conditions of field experiments. They pointed to the impact of these innovative solutions in increasing the incomes of small farms. The implemented programmes covered over 400 million people. Their research in the field of health and medicine is widely used by the World Health Organization (WHO) (Wikipedia, 2019a).

Esther Duflo (born 1972)—a French-American economist, working at the Massachusetts Institute of Technology (MIT). Her main research areas are: poverty, development economics, economics of education, healthcare, access to financial markets and other microeconomic issues important for developing countries. The author’s focus is on well-thought-out, radical ways of fighting poverty. Hence the Nobel Prize for “an experimental approach to alleviating global poverty” with A. V. Banerjee and M. R. Kremer in 2019 (Wikipedia, 2019b).

Michael Robert Kremer (born 1964)—an American economist, professor at Harvard and Cambridge universities, together with A. V. Banerjee and E. Duflo was awarded the Nobel Prize in 2019 for “an experimental approach to alleviating global poverty”. These winners, working together, prepared an innovative field experiment project that they implemented in several low- and middle-income countries over two decades. In addition to applying the method of randomized control tests (RCT), they also implemented methods to generalize the results of individual experiments to larger populations, various geographical regions and organizations implementing projects, local or national governments (Buttler, 2020, pp. 40–42).

Their research, or more precisely its results, allowed the adoption of recommendations for public policy and made a significant contribution to “development economics”. As noted earlier, they have applied their experimental approach in a comprehensive manner in many areas of social life, including education, health care and medicine, also in implementing new, innovative technologies in agriculture. The above research was conducted most widely in western Kenya (Duignan, 2019).

Finally, it should be emphasized that economics is becoming an experimental science. Researchers are subjecting local communities to sophisticated tests, and the research results obtained and conclusions can be surprising and promising. Randomized control tests (RCTs) can complement the traditional statistical methods used in economics. Research using RCT methods was given the status of “gold standard”.

7. Welfare policy and eradication of poverty

Welfare policy in many Western countries took on a real organizational and institutional shape after World War II. It resulted primarily from the awareness of the conflicts that had occurred in the world—mainly in Europe—in the twentieth century, especially in the face of proclaimed ideologies (fascism) and the collapse of principles of democratic systems in the German Reich and Italy in the interwar period.
Earlier, in the nineteenth century, actions were taken that indicated the intervention of states in creating a welfare state (Goldstone and Disraeli in Britain, Bismarck in Germany). However, it was only the consequences of the great economic crisis (1929–1933), especially for the broad social masses of many countries, that forced governments to take measures to prevent poverty and to improve the living standards of the population. In the United States, the policy of the “new deal” of President Franklin Delano Roosevelt prepared the ground for the creation of a welfare state after World War II as part of a widely adopted policy of state interventionism. The situation was similar in the United Kingdom, France and other Western countries as a result of widespread acceptance of the theoretical assumptions of Keynesianism formulated by John Maynard Keynes in the General Theory of Employment, Interest and Money published in London (1936).

In parallel with the dynamic development of the economic sciences, in particular the branches of “welfare economics” and “development economics” using their achievements in economic policy, the concept of the welfare state was presented and implemented in some Western countries.

The assumption of this economic policy was the implementation of growth enabling a lasting improvement of the standard of living of the whole society and the protective functions of the state. The idea of popular capitalism based on a managerial revolution and the democratization of capital for equalizing income in society was proclaimed (most widely in Great Britain). Abba P. Lerner and John Kenneth Galbraith from the United States were particularly active proponents of this policy.

The importance of welfare policy has increased with use of the results of research in welfare economics by Nobel Prize winners since the 1970s. Currently, the levelling of income differences in society with the use of income and tax policies is widely used. Wage policy plays an important role here with the aim of systematically increasing wages, including a minimum wage. An important place in the caring role of the state is played by civil and social benefits and social assistance programmes, including those for the disabled. Therefore, support for the income of the agricultural population in the European Union is provided by direct payments from EU funds. In our country, politicians proclaim the idea of the so-called Polish social welfare, in which the “500+” family benefits are an important part.

In policies for eradicating poverty, social security in a system of cash and benefits in kind is implemented in many countries. Social security understood in this way means guaranteeing a minimum level of existence, protecting against pathologies and social exclusion. Therefore, it is about security in the social and food dimension, as well as protection against the risk of losing work and health, protection of motherhood, assistance for children and in old age, primarily thanks to the help provided in the form of benefits, insurance and legal protection on a national and international scale.

An important way to eradicate poverty in Poland and European Union countries is the uptake of professional activity by pensioners who simultaneously receive benefits from the social security system. At the end of December 2018, the number of people aged 60 and over who were paying health insurance into the social security system other than as a pensioner was almost 708 thousand.
Among them, the largest group were people working under an employment contract—38.5 percent of all professionally-active pensioners. On the other hand, those running a non-agricultural business constituted 30.4%, and those working on mandate contracts—25.5%.

It is also emphasized that all forms of employment are equally profitable for pensioners. The number of pensioners will increase. The reason for their professional activity is often the need to increase their household budget due to their obtaining low social security benefits (Szewiola, 2020, p. B10).

The second factor is retirement age, which, apart from a temporary increase, has not changed in Poland for a hundred years. Sixty-year-olds in the 2020s will enjoy better health than their grandparents, therefore, the need arising from low benefits is in line with the possibilities arising from the state of health.

8. Conclusion

The problems of welfare and poverty were taken up in research in modern times with the emergence and development of the science of political economy—classical and neoclassical. (T. R. Malthus is one of the forerunners in this field—with the indication of the demographic aspects of these issues.) They also include theories of distribution regarding income disparities that affect the living conditions and living standards of the population (A. Smith, D. Ricardo). In contemporary economics, American economist, author of the modern theory of distribution—J. B. Clark has special merits. On the subject of welfare and poverty itself, pioneering research before World War II was carried out by the following authors of the theory of welfare economics—V. Pareto, A. C. Pigou and A. Bergson.

After World War II, research and achievements to a greater extent were carried out in the field of welfare economics by winners of the A. Nobel prize—P. A. Samuelson, J. R. Hicks, K. J. Arrow, G. Debreu, and in the field of the economics of poverty—K. Sen, A. Deaton, A. K. Banerjee, E. Duflo, M. R. Kremer.

The final part of the article presents issues related to the implemented welfare policy and eradication of poverty, as well as the concept of the welfare state. An important factor in changing the philosophy of international aid institutions was understanding and increasing the popularity of randomized controlled trials (RCTs). At the end of the last century, it became clear that the current support model, consisting of forcing developing countries to implement deep economic reforms, was not working. Aid actions by the Western world were accused, not without grounds, of ignorance of the local context.

The new pattern of aid that has been in force since the turn of the century has significantly reformed the mode of action. The road to solving the problem of poverty can lead through the implementation of thousands of modest interventions such as irrigation, feeding, deworming, micro-loans and access to drinking water. The RCT methodology fits perfectly to measure the effects of these interventions. The development of research also drives the need to obtain high-quality data on living conditions in developing countries. Previously, there was no information at all, or it had limited credibility, despite criticism of the experimental approach (Buttler, 2020, p. 42).
References


**Abstrakt:** Motywem wyboru tematu w prezentowanym artykule jest wciąż występująca we współczesnym świecie głęboka dychotomia między dobrobytem a ubóstwem. Po drugiej wojnie światowej problem ten nie zmniejszył się, mając na uwadze występujący wyraźny podział ekonomiczny, społeczny i polityczny na kraje wysoko, średnio i słabo rozwinięte. Te ostatnie w nomenklaturze ONZ określane są jako „rozwijające” wobec poprzednio używanej nazwy: kraje Trzeciego Świata. Głównym celem opracowania jest wskazanie na dorobek naukowy w tych dziedzinach noblistów mających wpływ na politykę dobrobytu i zwalczania ubóstwa w ramach dynamicznie rozwijającej się „ekonomii dobrobytu”. Rozważania w tym zakresie – w sposób zasadny – poprzedzono omówieniem teorii ludnościowej T.R. Malthusa, a także przedstawieniem zróżnicowań dochodów w świetle teorii podziału. Osiągnięcia ekonomii dobrobytu w prekursorskich opracowaniach teoretycznych jeszcze przed drugą wojną światową odnoszą się do autorów V. Pareto, A.C. Pigou i A. Bergsona. Przedstawiono również współczesne badania na te tematy przeprowadzone przez ubiegłorocznych noblistów E. Duflo, A. Banerjee i M.R. Kremera, zajmujących się ekonomią rozwoju krajów najuboższych. W zarysie wskazano na przyjętą po drugiej wojnie światowej w części krajów zachodnich koncepcję państwa dobrobytu. Przedstawiono politykę dobrobytu i zwalczania ubóstwa w najuboższych krajach, opartą w dużej mierze na rezultatach badań laureatów Nagrody Nobla.

**Słowa kluczowe:** laureaci Nagrody Nobla w dziedzinie ekonomii, dobrobyt, ubóstwo, teorie ekonomii dobrobytu i ubóstwa, polityka dobrobytu i zwalczania ubóstwa, państwo dobrobytu