

# Research paper on world poverty

[Technology](#), [Development](#)



## **Introduction**

With the internationalization of production economic and social progress are becoming increasingly dependent on resolution of global problems. At the beginning of the XXI century these challenges are of vital importance for the future of civilization. The global problems of the world have a direct relationship to the whole humanity and affect the interests and destinies of all countries, nations and social classes, leading to significant economic and social costs, and in the case of aggravation of the situation may directly threaten the very existence of human civilization. These problems require cooperation in the planetary scale and the joint action of all countries and people. The most crucial global problems are peace and disarmament, environmental, demographic, energy, raw materials, food, use of ocean resources, space exploration, and some others (Rischar 80-84). One of the major problems of the modern world is the problem of poverty. Taking a closer look at these issues, it is easy to see that they are interrelated: the energy and raw material problems correlate with environmental; ecological problems are in direct relation to the growth population, population and poverty - to the food, etc. For this reason, the analysis of these problems represents a challenge. The essay will concentrate on world poverty as a global problem and will cover such aspects of it as conceptualization of poverty, measurement of poverty, reasons of poverty, and the examples of poverty on the global scale.

## **Conceptualization and measurement of poverty**

Poverty is a form of economic deprivation (a sense of dissatisfaction felt by social group in relation to its current state). At the same time, the concept of "poverty" contains the elements of values. Poor people suffer not only from lack of sustenance. Being poor means to be labeled as "defective" or "downstream" member of society. The problem is that disadvantaged people often agree with this assessment. Reduced self-perception can block motivation of the individual, it will paralyze and ultimately form a fatal attitude to life, thus perpetuating poverty. Therefore, the poor have a moral pressure from different segments of society: the arrogant attitude, and sometimes even condemnation. Negative attitudes are generated by at least two factors. On the one hand, poverty is a real burden to society, and on the other hand - there is quite a common point of view that the poor do not do enough to improve their situation.

Poverty is the lack of something. Living in poverty means that people do not have funds to sustain life: buying food, clothes, household goods, housing, etc. However, the definition and measurement of poverty caused fierce debate. This is caused mostly by political interests, the practical problems associated with the distribution of the budget and the taxation. Poverty can be distinguished between "absolute" and "relative". The term "absolute poverty" usually refers to the lack of resources needed for survival. The term "relative poverty" assesses the level of consumption taking into account the community average standards of consumption. In this sense, poverty is interpreted as an aspect of social inequality and social justice, to live in poverty means to be deprived of the opportunities that are open to other

people in this society. Thus, if absolute poverty is a condition of extreme economic failure, the relative poverty is a less advantageous position in a social context (Ehrenpreis 5-6).

Poverty can also be classified into objective and subjective. To determine the objective extent of poverty, scientific data, such as results of medical research on rational norms of consumption of food can be used. Poverty in the subjective sense is defined in terms of people's perceptions and experiences of their own situation. The subjective feeling of poverty contributes to a specific self-concept of personality (self-perception, social status, etc.) and specific social expectations. At the same time, the subjective definition of the phenomenon, as an aspect of a group or class consciousness may engender understanding of unjust, unacceptable allocation of resources in society (Price, Blazier, Pham, and Mathieu 3-8).

### **There are several criteria to measure the standard of living:**

- The cost of living, which is calculated for the entire population;
- The minimum consumer budget;
- High income budget (Grusky and Kanbur 9-12).

Based on the concept of absolute poverty the category of poor people includes the portion of the population that has per capita incomes below the subsistence minimum. The public sector workers (medical, social workers, culture, education), large families, single parents, the disabled, retired and students are often among them. The use of a living wage as a criterion for evaluation of poverty implies that the costs of education, health care, quality housing are signs of prosperity. The use of the minimum consumer budget as a criterion for assessing the poverty level, which includes costs not only

on the physical reproduction of labor power, but also its development, increases the proportion of poor people in at least two times.

Poverty is not only characteristic of the objective conditions of life, but also a subjective state. Therefore, we can talk about relative poverty, which is defined by a significant stratification of society and the subjective experiences associated with this bundle. A widening gap in wages and the degree of accessibility to informal sources of income plays a significant role in the stratification of society. Poverty can also be described through the existing relative deprivation: a person is considered poor if he did not have enough financial resources for a full diet, to pay for housing and services, for the life in the social group to which he belongs (Grusky and Kanbur 35-38). In order to identify ways to address the problem of poverty, it is necessary to examine the causes of this social phenomenon thoroughly.

## **Causes of poverty**

Although it is impossible to outline all possible factors of poverty the most influential ones will be reviewed in this essay.

- Fall in average real income causes poverty when growing demands cannot be satisfied lowering salaries. A person cannot afford buying thing that could afford some time ago. It causes cuts on ration, clothing, and leisure. Such cuts may influence not only an ability to sustain yourself, but also may cause psychological deviations. However fall in average real income doesn't mean that start getting less money equally. Some categories of people may not feel the impact of growing poverty at all, but some deprived categories may suffer severe losses in their income. That is why fall in average real income shows drawbacks of the state economic and social policy. However even

increase in average real income cannot guarantee the decrease in poverty, as it is a well-known fact that income is rarely distributed equally between all groups of population.

- Income inequality is the next cause of poverty. The economic basis of income inequality is the differentiation of wages. In turn, wage differentiation is generated by the inequality in pay. Such inequality can be measured by Gini index. The real meaning of the Gini index is quantitative detection of the level of concentration of income in the most advantageous group, compared with an average income. The construction of this index is associated with the premise of an ideal version of distribution of income, in which each group receives income in proportion to their numbers. In this case the Gini index will be 0. If the income is distributed unequally Gini index will be 1.

The picture above shows the situation on income distribution all over the world. According to it Scandinavian countries, Greenland, Japan, and Germany are the leading countries in income equality. On the contrary, Russia, Latin America countries, and African countries distribute the income unequally (GINI Index).

- Inefficient employment is another cause of poverty. A significant number of workers receiving wages below the subsistence level, a large share of workers employed part-time, a growing number of vacancies in enterprises with wages less than the minimum subsistence level are the results of such policy. Inefficient employment is currently playing a dual role. On the one hand, it is beneficial to the state, as it allows maintaining a decent level of income for a large part of the population. At the same time, this inhibits the growth of manufacturing employment and wages, and the sudden change in

the economic situation threatens to turn into structural unemployment, the extent of which can be daunting. Inefficient employment leads to the formation of the army of the poor people who are in fact embracing poverty as a long-term condition, as inefficient employment leads to a loss of skills, competitiveness, lower self-esteem.

- Inefficient system of social security. Wages, for centuries being the main source of family income, give way to social transfers (benefits, subsidies). However social benefits may also cause the decrease in average income, as people may prefer not working while receiving state subsidies. The critics of the welfare state usually point that the increasing social help to the poor inhibits the economic growth of the state and may cause negative long-term results (Elliott).

There is also a point of view, justifying the existence of poverty.

Functionalists assert that it is useful to society, the existence of the poor creates a confidence that not prestigious, dirty or dangerous work is to be performed; the poor buy food and clothes that rich people wouldn't want to buy, and finally, most importantly, the fact that there are poor in the country should give impetus for the others to work harder. This point of view has a right to exist, however is not useful when dealing with poverty on the global scale (" Theories of Poverty" 82).

## **Poverty in the modern world**

The fact that today poverty is related primarily to the Third World does not make the problem less relevant to a highly developed world. The inability of the most poor countries to get out of poverty on their own made the problem of poverty common to all mankind, turning it into one of the sore points of

the global agenda. This is evidenced by the UN materials, reports of the World Bank, other international organizations, the summit agendas of Big Eight and Twenty. The most important initiative on a global level has become the UN summit in New York in 2000 formulated the " Millennium Development Goals". It was then when decreasing the number of poor and hungry people by half in 2015 in comparison to 1990 became the primary goal of the global society (Maxwell 1-2).

The problem of poverty is exacerbated by development of demographic processes. Despite the fact that by 2030 in the majority of developing countries the population growth will slow down, it will not lead to a reduction in poverty and misery. In the next 20 years the world population will increase by nearly 1.5 billion people. More than 97% of this growth will occur in developing countries. In particular, the population of sub-Saharan Africa, where poverty has become stagnant, will increase by 320 million people. The deterioration of the habitat due to climate change also exacerbates poverty. Even if in the near future, the international community will be able to agree on measures aimed at reducing greenhouse gas emissions, there is a reasonable doubt in the fact that it will have quick and positive impact on agriculture. Therefore it will be a global challenge to provide with food the growing population. Poverty and hunger are accompanied by a shortage of drinking water. To date, the number of people suffering from hunger and malnutrition has reached 1 billion people, which poses a serious threat to international security. Thus, poverty is a complex issue - the economic, social, cultural, political, and international - with great potential for destabilizing the global scale (World Hunger Education Service).



Poverty is diverse; it varies in time and space. In different countries and in different historical epochs of human needs are assessed differently. In the least developed countries, poverty appears as a lack or scarcity of vital resources that provide biological survival, and basic human rights (absolute poverty). In rich countries we are talking about inequality in income distribution, serious deviations from prevailing in country living standards, stringent restrictions in the choice of life path (relative poverty). The main aggregate indicator underlying the determination of the number of poor in developing countries and the degree of relative poverty and inequality in developed countries, is income. There are two of the most used criteria of income measurement proposed by the World Bank (WB). \$ 1. 25 per person per day is a threshold of absolute poverty or poverty in which, according to the 2005 report, live 1. 4 billion people. \$2. 15 per person per day is a measure of the level of poverty below which live about 2. 7 billion people. In contrast to developing countries, where poverty is measured by a minimum level of income in developed countries a person is poor with an income of less than 50% (for the OECD) or 60% (for the EU) of the median in the country (Inequality Watch).

According to official statistics, at the end of the decade, almost 80 million (17%) of EU citizens and more than 43 million (14. 3%) of the U. S. population lived below the poverty line. The lowest figure was in the Czech Republic - 9%. In Austria and Denmark it was 11-12%, in Spain and Greece - 20%, and in Latvia - 26%. Despite the differences between individual states, the living standards of the poor in developed countries are generally much higher than those of their fellow-sufferers in developing countries. Of course,

in almost all rich countries (with the possible exception of Northern Europe) there are a lot of people descended on the social bottom. But as a rule, the poor are not starving, not fighting for survival; often own automobiles, mobile phones (Inequality Watch).

All the characteristics of poverty are closely interrelated and interdependent. For example, low income makes it impossible to obtain a good education, complicates the relations. Poor education, in turn, does not allow to get a high-paying job, to participate fully in society, etc. As a result, poverty becomes a steady individual lifestyle which cannot be simply changed by increasing salaries. The problem of poverty does not exist in a vacuum. Like any complex social problem, it is inscribed in the diverse and contradictory context. Certainly one of the most important factors influencing the dynamics of poverty is a state of the global economy. The financial and economic crisis has not reversed the positive trend of poverty reduction, but has created considerable difficulties for the implementation of this trend. The nature of these difficulties is different in developed and developing countries. A strong global economy is a necessary but insufficient condition for the successful solution of the problem of poverty. In a sharply increased competition in the global market for goods and services an innovative process based on the development and optimal use of human potential becomes critical to the successful socio-economic development. This is evidenced by the experience of socio-economic development of different regions of the world. The share of the population living in poverty declined most rapidly where there was rapid development of in the economy (China, India) (Grusky and Kanbur 30). In contrast, in regions where the

modernization processes are less pronounced, and the raw material orientation of the economy prevails, poverty, and poverty does not lose sharpness (Latin America, Middle East, Africa south of the Sahara).

## **Conclusions**

Poverty became the key problem of humanity which needs to be resolved only through collective action. Although different countries have different levels of development poverty remains one of the main issues in the domestic policy of every country. In the developing countries poverty is measured in terms of absolute poverty i. e. a person is considered to be poor when earns less than a certain minimum. In the developed countries poverty is more a social problem, as there is no threat of hunger. A person may feel poor in the developed country if cannot live the same life as other members of his class live. Therefore poverty is expressed more in social status of the poor and his psychological state. The essay distinguished between the main reasons of poverty which are inefficient employment, inefficient social security policy, fall in average real income, and income inequality. There are many other reasons of poverty which should be taken into consideration when assessing the methods of coping with it. The “ Millennium Development Goals” put poverty on the first place of their agenda. By so far the rate of absolute poverty is decreasing, but mostly due to the economic development of India and China, which are the most populous countries in the world and reached significant economic results in the past decade. The problem of other regions remains actual and requires developed countries to create new methods of cooperation between the Third World countries and

the developed ones, as failing to resolve this problem may have worldwide consequences.

## Works Cited

Ehrenpreis, Dag. Poverty in Focus. Brazil: International Poverty Centre, 2006.

Web. 15 July 2013. .

Elliott, Nick. " THE ? PUBLIC GOOD? RATIONALE FOR THE WELFARE STATE: A CRITIQUE." Economic Notes 15 (1989): n. pag. Web. 16 July 2013. .

" GINI index." World Bank. N. p., n. d. Web. 15 July 2013. .

Grusky, David B., and Ravi Kanbur, ed. Poverty and Inequality. Stanford, California: Stanford University Press, 2006. Print.

Inequality Watch. " Poverty in Europe: the Current Situation." Inequality Watch. N. p., n. d. Web. 16 July 2013. .

Maxwell, Simon. The Meaning and Measurement of Poverty. UK: Overseas Development Institute, 1999. Print. 14 July 2013. .

Poverty and Social Exclusion. " Theories of Poverty." [http://www. poverty. ac. uk](http://www.poverty.ac.uk). N. p., n. d. Web. 16 July 2013. .

Price, Catherine V., Karl Brazier, Khac Pham, Laurence Mathieu , and Wenjia Wang. " Identifying Fuel Poverty Using Objective and Subjective Measures." [competitionpolicy. ac. uk](http://www.competitionpolicy.ac.uk). Center for Competition Policy, n. d. Web. 14 July 2013. .

Rischar, Jean-Francois. " New Global Agenda." Progressive Politics 2. 2 (2009): 80-84. Web. 15 July 2013. .

World Hunger Education Service. " 2013 World Hunger and Poverty Facts and Statistics." Hunger Notes. N. p., n. d. Web. 15 July 2013. .