

Assessing the concept and causes of poverty



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Poverty is a characteristic of the economic situation of the individual or social group in which they can not satisfy a certain range of the minimum requirements needed for life saving ability, continue the race. Poverty is a relative concept and depends on the overall standard of living in this society.

Causes of Poverty. Poverty is a consequence of diverse and interrelated reasons, which combine into the following groups:

economic (unemployment, low wages, low productivity, lack of competitiveness of the industry), socio-medical (disability, old age, high levels of morbidity); demographic (parent families, a large number of dependents in the family); socio-economic (low level of social guarantees); educational qualifications (a low level of education, lack of training); political (military conflict, forced migration)

regional-geographic (uneven development of regions), according to Causes of poverty (2009).

Concept definition of poverty. In world practice there are three basic concepts of the definition of poverty: absolute, relative, subjective.

The concept of absolute poverty is closely linked with the concept of poverty. Poverty line (poverty threshold, poverty line) – this is the level of disposable income, gross income or consumption below which a person is considered poor. Absolute poverty is often measured as the number of people or households whose level of consumption or income is below the poverty line. If we take the poverty line for the necessary funds to sustain,

we can identify all funds in excess of this feature as discretionary income. Sometimes, can be used several poverty lines – in fact, for the poverty and extreme poverty (poverty, extreme poverty).

World Bank as a threshold of absolute poverty defines an existence on less than 1.25 U. S. dollar per day (the rate is calculated by PPP). At the poverty line as an indicator, there is one major drawback: it ignores the number of households that are directly above it with a small detachment from it. We should also mention that it allows existing for a situation, where poverty and inequality are rising, and the number of people in poverty is reduced, according to Poverty reduction (2010).

The relative concept of poverty. In contrast, the absolute leads to poverty. Measure of relative poverty exposes the relative poverty line and its income. In the case when the real incomes of the population grow, and their distribution is not changed, relative poverty remains the same. Thus, the concept of relative poverty is a component of the concept of inequality. However, this does not mean that a lesser equality always means a lower relative poverty, or vice versa, according to End poverty (2010).

Measure of relative poverty may show, for example, how many people are living below the medial quarter. This approach is particularly useful in identifying poverty in unfamiliar societies or where it is difficult to carry out the valuation of a set of benefits. A comparison of revenues with a share of fashion and the harmonic mean – additional research tools stratification of society.

The founder of the relative concept of poverty is P. Townsend, who considered poverty as a condition where due to lack of economic resources management familiar to most members of society life, becomes impossible. His analysis of poverty he founded on the notion of a set of experienced hardship, multidimensional deprivation, which he understood as “ a state of observable and demonstrable disadvantage of the individual, family or group on the background of the community, society and nation as a whole.”

The concept of multidimensional deprivation was introduced by P. Townsend, so that in addition to material deprivation, which includes indicators such as food, clothing, housing, durable goods, place and state of the living environment, conditions and nature of work, they are used as well as the indicators of social deprivation, including nature of employment, especially for leisure, education, etc.

Currently, under this definition of poverty there are the two directions. The first emphasis on means of livelihood, the ability to buy goods needed for basic needs. In this case, the design of the relative poverty line is used as an indicator of median personal disposable income. In the U. S., the border of relative poverty is 40% of median income, in most European countries - 50%, in Scandinavia - 60%. The second direction, called the civil theory of poverty, where poverty is measured in terms of deprivation in the broadest sense of the word. In this case, considering whether to allow disposable means to participate fully in society, based on certain basic sets accounted deprivation.

The scale of relative poverty does not coincide with the extent of absolute poverty. Absolute poverty can be eradicated, but relative poverty remains always due to the fact that inequality is an essential feature of stratified societies. Relative poverty persists and even increases when the living standards of all social classes increase.

The subjective concept of poverty. Subjective poverty is the concept of poverty, based on the belief that only the individual can determine whether he is poor. To determine the level of subjective poverty, there are many approaches: you can see how many people see themselves as poor or as poor - their friends. You can identify subjective absolute poverty line, based on public opinion, and then compare it with income.

Deprivation approach. The measurement of poverty may also be using deprivation approach. According to it, the poor are individuals whose consumption does not comply with accepted community standards, which do not have access to a specific set of goods and services. That is, when this approach of poverty is defined not only insufficient income or low consumption of goods and essential services, but poor quality food, lack of access to education and health services, inadequate housing conditions, and so on.

Thus, measurement of poverty using subjective and deprivation approach suggests that the population is a significant perception of poverty not just as the existence on the verge of physical survival. Poverty - is a condition where the individual can not provide more or less decent existence in view of prevailing in a society of social norms and accepted standards.

It is in connection with this understanding of poverty, many sources do not use income and consumption. Consumption – this is the result of not requiring the calculation of disposable income. It shows, that turned out to be affordable, and could not become one. In addition, in rural areas there is a high seasonality of income, while consumption fluctuates less. Moreover, in developing countries there is a high proportion of informal sector in the economy, which further complicates the collection of data on income. However, in calculations of the poverty level of consumption, there are drawbacks, such as in northern countries with severe winters consumption may vary slightly or not less than income. Sometimes, the poverty line takes a minimum level of income or accumulated wealth, in which the individual provides certain financial services: loans or mortgages, according to Hunger and World Poverty (2010).

Problems with current definitions of poverty and proposed new definitions. With the emergence of welfare states, today the poor in western countries live incomparably better than the poor in Victorian times. The social composition of the poor has changed over time, for example in the UK in 1970 and 1980 they were senior citizens and single parents, and in 1980 it was mostly families with children. Using a single parameter (income) in determining, often leads to paradoxical situations, such as pensioners that own fully paid real property (for example home, payments for which the family was doing 20 years, or land) fall into the category of the poor. Today, the value of industrial products is very low, and the poor has become possible to purchase products such as TV, computer or mobile phone at the same time, the cost of services and rentals for housing is high.

As the sociologists today are considering a number of alternative definitions of poverty, the most common are: the inability to acquire or have access to a basic basket of services. List of services out of the basket are different, as such country as the United States, includes medical insurance, a bank account in Britain, where medical care is covered by the state.

The magnitude and profile of poverty. According to Poverty reduction (2010), the highest absolute poverty according to the UN in 2004, was based on established national boundaries, and was observed in Madagascar - 71.3%, Sierra Leone - 70.2%, Mozambique - 69.4%. If poverty abroad means to earn \$ 1 a day (this figure uses the UN to developing countries), the highest poverty according to 2005 was mentioned in Nigeria (70.8%), CAR (66.6%) and Zambia (63, 8%). In the United States, in 2009, the number of poor was estimated at 43.6 million people, accounting for 14.3% of the total population. Below the poverty line in 2009, the U. S. Census Bureau counted as income \$ 21, 954 per year for a family of four.

Directions and mechanisms to reduce poverty. Among government measures to reduce poverty allocate are: creating conditions for growth and, accordingly, thus to increase the income of the population, maintaining macroeconomic stability,

an anti-inflationary policy, establishing a minimum wage, the development of social programs and mechanisms for their implementation.