

Causes of Poverty Gap

What is Poverty ?

One of the problems with discussing poverty is clarifying what it means and how it can be defined.

So coming to this point, Poverty is relative.

Basically relative poverty is where some people's way of life and income is so much worse than the general standard of living in the country or region in which they live that they struggle to live a normal life and to participate in ordinary economic, social and cultural activities. What this means will vary from country to country, depending on the standard of living enjoyed by the majority

Myths about Poverty

- Some people imagine that the poor are poor; because it must be the result of some personal failings or problems. They do not work hard for their desires and something that helps them to overcome poverty , But this is not the case.

Reasons for Poverty.

- Poverty is fundamentally linked to the issue of how resources are distributed and redistributed in a country.

Countries with high levels of inequality are also likely to have high levels of poverty and those with lower levels of inequality are likely to have lower levels of poverty.

- **The S80/S20 ratio** is the ratio of the total income received by the 20% of the country's population with the highest income to that received by the 20% of the country's population with the lowest income. The higher the ratio the greater the inequality.
- **The overall persistent high level of poverty in the EU suggests that poverty is primarily the consequence of the way society is organized** and resources are allocated, whether these are financial or other resources such as access to housing, health and social services, education and other economic, social and cultural services.

- Systemic racism and discrimination: Racism and discrimination can prevent certain groups from accessing the same opportunities and resources as others, perpetuating poverty.
- Government policies: Inadequate social safety nets and inadequate support for the most vulnerable populations can contribute to poverty and increase the poverty gap.
- Globalization and economic changes: Changes in the global economy can lead to job losses and declining wages, contributing to poverty and widening the poverty gap.
- Cost of living in the industrial world – With the rise of industrialism, cost of living increases and a lot of people get deprived of the basic necessity of life, for example– people in Africa (Sudan, Somalia, etc..). Homeless people in the USA, hunger in south asia.
- Lack of resources – poor people don't have enough resources to have their basic right of education, most people are busy finding the daily bread for their living, with the rising pace and competition. Due to lack of opportunity these people are never able to raise their life from a certain level.
- Increased number of crimes - It can be said that crime and poverty are in a relationship in the light of the efforts focused on poverty and crime. Crimes for economic harm are often committed by people with low socioeconomic levels. The majority of children who are pushed to crime are children away from family supervision, which is growing in economic difficulties.
- Political Instability - Whenever people think their basic needs are not met, there is a feeling of descent between the governing structure and people, this can led to a big protest, revolution and change of government in a country. It has led to civil war
- Feeling of Alienaton - when there is a huge income gap in a society, there is a feeling of alienation among those section of society.
- Naxalite and Militancy problem in India - Poverty is one of the main reason why it become so easy for some elements in society to misguide youth and problems of Naxalites and Militancy in India is such a example where isolated section of society where development has still not made it's path, and people join Naxalites because of lack of opportunity, education and awareness.
- Family and Community Breakdown - To overcome the trap of poverty, we see massive migration from rural India to urban, daily wages workers need to live in harsh condition (slums, etc..) which makes it so much impossible for them to live with

their family, they get separated from their community for a lot of time, and they also lost their native different identity of their region or community.

- **Health** - In the 2022 Global Hunger Index, India ranks **107th** out of the **121 countries** with sufficient data to calculate 2022 GHI scores. With a score of **29.1**, India has a level of hunger that is **serious**. Millions of our young Indians are not getting required Nutrients in diet. Moreover, a fatal disease like cancer can drain all life time saving even of a middle class family.
- Do rich pay taxes?
- We will now look how rich always find some loopholes or even make it through various ways as rich class has so much effect on the government policies and financial decisions.
- A very infamed example of Elon Musk in 2018, when he didn't pay a penny in income tax
- One of these loop holes is to use corporate for your own benefits, as Elon Musk didn't paid salary to himself and took loan from his own company, so that he didn't need to pay tax.
- There are literally very famous financial books written on it to how use corporate for your own benefits, to save your taxes. As the book 'Rich Dad Poor Dad' said - "The rich always find their way, no matter what"..

So let's have a basic overview of how we can define poverty. Poverty is defined as the basic necessities such as food, shelter, clothing, and healthcare due to a lack of resources and opportunities.

Reasons of poverty-

Selective Distribution of Resources— As human have a long history, Due to many reasons some section of a society got hold of very important resources. Some people inherit very useful resources like the fertile lands, important places like people in upper Shimla.

Systematic Racism and discrimination - There are many ways racism and caste based discrimination reflect hugely in the income gap in society. There was a survey done by MIT Professor, there were some applications made by prof of people having same ability, skill and qualifications. So everything is same, just not their race. Conclusion of the research was Corporate in USA do favour the White people in recruitments. I am sorry I don't remember the name of Professor, my economic professor once told us about this Research.

Industrialism and Government policies – With rising Industrialism, we see government take decision which are proven fatal for many traditional work of art and craftsperson. A very recent example we can see very close to us, in Prajapati colony, people are doing pottery work from generations, still get very less money for their work, suddenly Government announce to ban use of fire and shift to the Electricity to make pottery, which increases the cost. The destruction of forest has very very huge impact on the tribal communities, their livelihoods are being satched to serve Industries.

Cost of living in industrial world – As we studies in our class the difference between Exchange value and use value. With rise of Industries, basic necessary commodities becomes unaffordable for people,

Globalisation and Economic Changes – As the bourgeoisies means of production went on rise and Globalisation happens, countries had no choice other than to accept the bourgeoisies means of production of their survival. This led to death of traditional work, craftwork, art and culture.

Conclusion –

So by wealth statistics we see that everything might be going wrong. But is it really true as we can see many people from not so inherited background coming up and doing well in business, corporate, this is because Merit has increased and this can be regarded as one of the success of the modern world as how people who come up with efforts, talent rise to the highest level.