

No poverty

Poverty has devastating consequences to those who live in it as they are often trapped in a cycle of poverty where those who are born into a poor family have a disproportionate chance of being poor themselves. Children born into a low-income family is more likely to receive lower levels of education and by the end of compulsory education will receive less educational achievements. I believe that the most compelling argument for eradicating poverty is the moral duty of those who are able to help to do so.

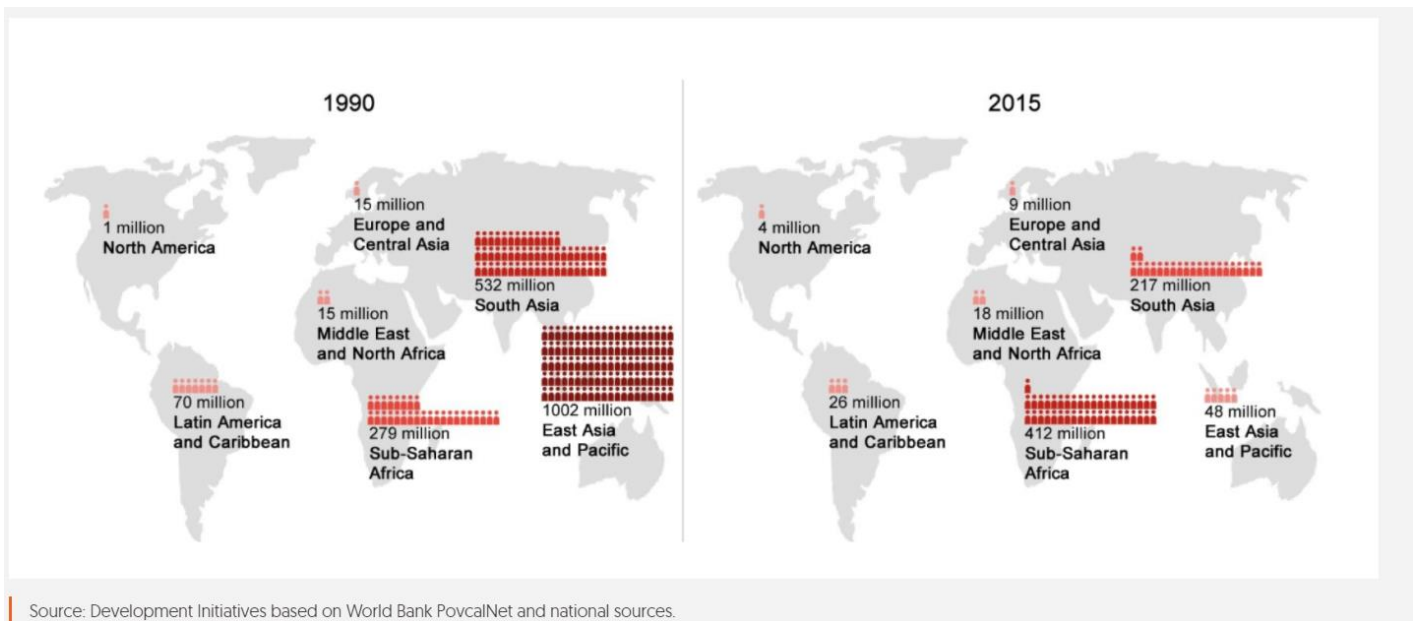


Goal number one out of the seventeen sustainable development goal as set out by the United Nations, is to end poverty in all its forms everywhere. It is made up of seven targets, five of which are substantive targets and two means of implementation. In order to understand how to eradicate poverty we need to understand what poverty is in the first place although this can be partially hard as there is no single definition of poverty as it encompasses a whole array of different factors which all contribute to formulating poverty. Poverty is a multidimensional issue which is triggered by many factors for example, poor health, lack of education, inadequate living standards, disempowerment, poor quality of work, living in environmentally hazardous areas and threat of violence. All these factors intertwine together to cause poverty as they create unsafe conditions and a vulnerable population which are disproportionately susceptible to external shocks which can lead to even greater poverty. A holistic framework can help used to develop solutions and policies that look at these systemic issues instead of just focusing on income differences.

There are two types of poverty: relative poverty and absolute poverty. Relative poverty is poverty relative to the existing living standards for the average individual in a specific country. The relatively poor are those at the bottom end of the income scale in a country and can be measured as a percentage of households whose total income is at X percent less than the median income. For example, in the UK relative poverty is measured at the number of households on 60 percent less than the median household income and the total number of people living in those households. Absolute poverty exists when individuals do not have the resources to be able to consume sufficient necessities to survive for example those who are homeless. The level of income needed to not be in absolute varieties between countries for example in Thailand it would be viable to live on \$1 a day whereas in the UK, it would be impossible to live on £1 a day.

The number of people living in extreme poverty fell by more than half between 1990 and 2015. Although, the rapid growth of China and India have accounted for a large proportion of this reduction in the total number of people living in poverty. Prior to 1978, China was a poor and 'switched-off' from the global economy, but following the radical 'Open Door' reforms, China has embraced globalisation. Today, China is one of the world's biggest economies with around 400 million people lifted out of poverty following the reforms began in 1978. Conversely, progress in other regions such as sub-Saharan Africa and South Asia has been limited and now accounts for 80 percent of all people living in extreme poverty. Today, 736 million people still live in extreme poverty.

Sustainable development Goals



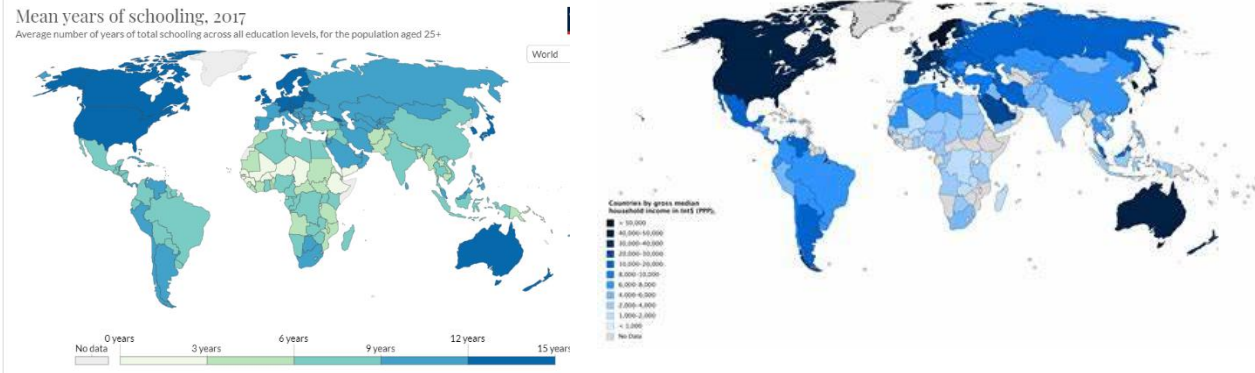
This map shows the proportion of individual living in poverty in each region on the map from 1990 compared to 2015. The global share of people living in extreme poverty in Sub-Saharan Africa has increased from 15 percent in 1990 to 56 percent in 2015. Poverty has risen due to population growth and unequal distribution of economic gains in many Sub-Saharan Africa. In 1990, around 52% of the world's population living in extreme poverty lived in countries in the East Asia and Pacific region; in 2015 they only represented 6%. In 1990, around 1.2 billion people lived in extreme poverty in China and India however, by 2015 this figure had reduced to less than 200 million. Today only around 0.7percent of China's population live in extreme poverty.

One in ten people (10%) of the global population live in extreme poverty where the majority of which being in sub-Saharan Africa and that 4 out of five people livening in extreme poverty live in some sort of rural environment. In 1990 the global poverty rate was 36% so shows a lot of progress in a relatively short period of time. However, it is expected that covid-19 will push approximately half a billion people back into extreme poverty erasing a lot of the progress already made.

The causes of poverty

Poverty tends to be associated with various factors which interlink with each other to cause poverty. One factor which is associated with poverty is unemployment as without a job an individual is unable to earn a sufficient income needed to buy essential goods which are required to survive. A lack of human capital means that individuals can only participate in low skilled work so will have work in the market of low wages.

Sustainable development Goals



As seen on the choropleth maps above, there is a positive correlation between the mean years of schooling (left map) and the level of income of household (right map). Countries which have higher compulsory school leaving age such as in the UK where it is currently at 18 year old, has a higher mean income per household as students develop greater human capital than those who leave school at a younger age.

Target 1.1: by 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day

Globally, extreme poverty is measured using the international poverty line which was first introduced by the world bank in 1990 where it was originally \$1 per day. The international poverty line is a standardized measure as it equalizes across all countries using purchasing power parity and set the line of extreme poverty across the globe. The international poverty line is a monetary threshold under which an individual is considered to be living in poverty. It can be calculated by taking the poverty threshold from each country which is the given value of necessity goods needed to survive for one individual and is then converted into US dollars. However, today due to inflation and price changes the number has increased from \$1 to \$1.90 a day. So, in today's terms, anyone who is earning less than \$1.90 is considered to be living in extreme poverty. One drawback of using the international poverty line is that it only considers monetary threshold and not taking quality of life into account such as access to sanitation, water, and electricity. The international poverty line is set by the World Bank in periodic intervals as the cost of living for basic goods such as food, shelter and clothing change over time which can explain why the international poverty line was \$1.25 in 2008 and is now currently \$1.90 as of 2015 when it was last updated. Another drawback of using the international poverty line is that it cannot fully capture the true depth of poverty; some people may be living just below the poverty line, whereas others may be far below it. In order to overcome this dilemma, the data should be disaggregated into separate categories such as sex, age and geography so that a more accurate view of the true disparities can be seen.

Target 1.2: by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Target 1.2 focuses on the country-level contexts due to the fact that the value of money varies around the world, thus the national poverty line is put in the context of an individual country and is relevant to the current living context. Poverty in the UK is defined 'as such if they live in a household with an equivalised disposable income that falls below 60% of the national median in the current year.' Every country perceives data differently which makes it hard to compare between countries as well as a lack of transparency around these measures as it is a politically sensitive issue. The UK

Sustainable development Goals

poverty line sits at £8,112 per year for one person where in Switzerland the poverty line sits at 27,348 Swiss franc per year for one person.

Target 1.3: implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable

Social protection refers to guaranteed income support in case of being unable to work such as old age and sickness, disability. Currently, only 20% of world population have adequate social protection and only 22% of the world employed workers have unemployment insurance which leaves people in vulnerable situations and lacking social safety net to fall back on in hardships.

As well as health care provision, improve productivity, invest in children's well-being, protect aging populations. Labour market interventions through policies and programmes should be put in place to promote employment, efficient operation of labour market and protection of workers for example maternity leave, job security. Social insurance is needed to mitigate the risks associated with unemployment, ill health, disability, old age.

Social assistance is resources provided to vulnerable individuals/ households with no other means of support e.g. single parents

Social protection floors:

- Access to essential health care
- Basic services for children such as nutrition, education and care
- Basic income security for people of active age who are unable to earn income eg sickness
- Basic income security for elderly people= no longer working age

Target 1.4: by 2030, ensure that all men and women, In particular the poor and the vulnerable, have equal rights to economic resources, as well as basic services, ownership and control over land and other forms of property inheritance natural resources, appropriate new technology and financial services, including microfinance.

Basic services included sanitation, water, dwelling condition, overcrowding and level of education.

In order to get out of poverty, individuals need to have legal holding over property for example indigenous people have legal titles and access to land and resources prevent them being undermined in order to develop and change a landscape e.g. expand a city

Micro finance schemes can be used to promote economic growth and development in developing countries. For example, Kiva is a non-profit organisation which has person-to-person micro lending scheme worldwide, their mission can be summed using this saying "Don't give me a fish, teach me how to catch it." Kivas first loan was given to a women in Uganda named Elizabeth, who used the \$500 loan to expand her fish mongering business off the coast of Lake Victoria. Since Kiva began in march 2005, they have funded over \$1.6 billion in loans which spans 77 countries and 1.9 million lenders. Micro finance schemes are important in developing countries as they tend to lack a stable financial scheme and the capacity to save due to having a higher potential to spend. Moreover, micro finance schemes will increase the marginal potential to save so will reduce the savings gap. Microfinance can be used in small scale infrastructure projects such as building sanitation systems

Sustainable development Goals

which will improve the overall health of the community so will leading to a higher Human Development Index (HDI).

Target 1.5: by 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

Developing countries tend to be primary product dependent meaning they have a narrow range of products that they produce and export. Nine out of the ten Sub-Saharan African countries are commodity-dependant for example around 70% of Zambia exports are linked to the copper industry such as raw and refined copper. If there is a fluctuation in the world price of copper so that the price of copper rises, this will lead to an appreciation of the currency and will damage non-primary sector domestic industries by making them less competitive. The manufacturing industry may then suffer from premature de-industrialisation. Primary product dependency creates unsafe conditions are countries are overly reliant on one commodity which could be depleted, or the price could fluctuate. The poorest regions are facing the largest proportion of these shocks compared to other countries, disproportionate amount of threat and cost as a result.

How can poverty be overcome

Poverty reduction strategies need to be sustainable and not just simply a short-term solution to a deep rooted problems. Policies need to be put in place which create an environment to facilitate sustainable economic growth. In order for this to occur, government must encourage and attract foreign direct investment by having advantageous law and regulations in place. In the long term for growth to be sustained it must take place in the private sector. Enchanting human capital development by provision education total with increase a countries productive capacity and will shift out its aggregate supply in the long term. Promoting rural integration so that those living in rural areas have access to social and physical infrastructure such as transport, water, electricity and medical facilities. Government should mitigate the poverty amongst the most disadvantaged groups in society such as the elderly and the mental or physically ill by proving resource to these groups. Poor governance leads to limited economic growth and it is manifested through corruption, political instability, ineffective rule of laws and institutions.

One way in which poverty can eradicated is by encouraging countries to become more developed. The degree of development in a country depends upon standards of living, wealth, and overall freedom in. One way in which development and growth can be promoted in a developing country is through aid. The Harrod-Domar growth model states that investment, saving, and technological change are the key variables required for economic growth. The model states that the rate of GDP growth is determined by the savings ratio in the economy and the capital output ration which is the amount that has to be spent on capital to produce £1 worth of national output. So, by increasing the saving ratio in the economy, the level of investment should increase according to this model because the level of saving approximately equals investment in the economy. For example, in a developing country the saving ratio will be low as individuals will have a very low propensity to save and a very high propensity to consume as individuals cannot afford to save their money as they use it to simply stay alive. This means that savings would likely be below the level of investment which is needed for high rates of economic growth. This leads to a lower productive possibly frontier in the economy, so the output is decreased. However, Foreign aid can be used to boost investment and

Sustainable development Goals

break the cycle of low savings, low investment, and low economic growth. Foreign aid helps to fill the savings gap which is the difference between actual savings and the level of savings needed to achieve higher growth rates. In developing countries there would also likely be a trade gap due to export revenue being too low compared to imports to finance investment which is needed for fast economic growth, which is insufficient to cover the cost of imports eg of essential raw materials. The foreign exchange gap can be covered using foreign aid. Foreign aid helps to overcome the savings gap which allows sufficient investment which is needed for economic growth which will occur in the future. If there is a higher level of economic growth it means that individuals have higher incomes due to an increase in the national income so individuals can afford all the essentials and other goods which will increase the quality of life and so the country will become more developed. There will be a higher tax revenue as the national income has increased so government more money spent on services which help to improve the standard of living. On top of this, the government can provide benefits to the poorest in society so will reduce/remove absolute poverty.

