Global Poverty Argumentative Essay

Posted on October 11, 2022

Introduction to Global Poverty

The rise in global poverty is an area of increased interest for economists and the general public. Various organizations, such as the United Nations and its member states, are committed to eradicating poverty by the year 2030. A study conducted by Amartya Sen in 1981 revealed that deaths caused by famine do not result from the unavailability of food. Rather, it is a lack of entitlement for some people that hinders access to resources (Hoy & Sumner, 2016). This inequality has long been a part of our society. Many studies attribute global poverty to inequality, while others negate a relation between the two. This essay aims to explore the relationship between global poverty and inequality by presenting an argument from the available research. The essay further concludes the impact of providing equal opportunities to reduce global poverty.

Poverty and Inequality in Developing Countries

Global poverty and inequality are major problems for developing countries, which constitute more than four-fifths of the world's population. However, an analysis of the World as a whole depicts a negative relationship between income inequality and poverty. With approximately 700 million of the world's population living in poverty, about eighty percent reside in developing countries. In an attempt to improve their financial status, the majority of the population has been migrating to developed countries in search of better prospects. However, it does little to decrease global levels of poverty. The results of this study establish that income inequality does not impact global poverty, and increasing the minimum wage has a meager impact as well. This is due to the positive correlation between an increase in minimum wage and levels of inflation (Ferreira & Ravallion, 2011). A similar conclusion was drawn by Ravallion through an analysis of data collected over 25 years. An investigation of global poverty and income inequality data from approximately 130 countries revealed a negative correlation between the two. The basic argument that refutes this claim is that unequal income distribution leads to unequal consumption, leading to a scarcity of resources (Ravallion, 2008).

Unequal Distribution of Wealth and Resources

While many argue that there is no concrete impact of inequality on global poverty, there are others who believe that poverty results from the unequal distribution of wealth and resources within a society. The proponents of this idea believe that about three-quarters of world poverty can be eliminated through the redistribution of national resources. This can be achieved through cash transfers through new taxation and by reallocating public funds. A common perception is that developing countries do not possess sufficient capacity for revised taxation and relocation of public spending. However, Hoy and Sumner establish that at lower poverty lines, this is no longer the case. Since most of the poverty is saturated at the lower poverty lines, a potential increase of taxes for the “richer” citizens and reallocating national funds from military spending or subsidies on fossil fuels can aid in eliminating poverty at this level. While at a lower level, poverty is regarded as a matter of national inequality, at higher levels, it is considered to be a matter of global injustice and requires global redistribution to eliminate poverty (Hoy & Sumner, 2016).

Limits of Existing Poverty Research

Although there is a bank of research that establishes a relationship between global poverty and income inequality, it may not be sufficient. This is because uncertainties such as misinterpretation of estimates and an inherent error in the available data may hinder an accurate evaluation of the relationship between the two. These shortcomings not only impact the outcome but also delay the implementation of an intervention to overcome global poverty. Anand and Segal approached this issue methodically and offered proof of data inconsistencies and fallacies. Such fallacious data often leads to uncertainty in determining whether the appropriateness of the course of action (Anand & Segal, 2008).

Entrepreneurship as a Tool Against Poverty

Overcoming poverty has become an important goal of government institutions as well as many global organizations. Entrepreneurship has emerged as an important factor in this regard, with many people considering it to be an important tool in decreasing poverty, especially in developing countries. Self-employment opens up opportunities for personal growth and also improves one’s prospects. Additionally, it can reduce individual poverty and lead to economic growth by creating job opportunities for other people within the society. Excelling beyond the constraints of the traditional industry widens the horizon for exploring personal potential. Entrepreneurship has aided many unemployed individuals to become fruitful members of society. The “Global Entrepreneurship Monitor” data and the “UN-UNDP Human Development Index” from 2010–2019 revealed that an increase in entrepreneurship has impacted the economy positively and helped move the countries in the right direction (Amoros, Rodríguez-Aceves, & Ruiz, 2021).

Conclusion

Global poverty is an issue that has plagued the world for a long time and although many causal factors have been put forth, inequality of income distribution and unequal opportunities is considered a prime factor by many. While the proponents of this idea posit a redistribution of national and global resources along with increased taxation for the rich, others believe that an increase in income would further increase inflation. Although an accurate impact of inequality on poverty may not be gauged due to fallacies and inaccurate data, measures must be taken to pinpoint the reasons and steps must be taken to eradicate this problem. In this regard, entrepreneurship has emerged as an effective solution that not only enables individual growth but also contributes to the national economy by opening up job opportunities as well as a means to decrease poverty.

References

Amoros, J. E., Rodríguez-Aceves, L. M., & Ruiz, L. E. (2021). Revisiting poverty and entrepreneurship in developing countries. *Journal of Developmental Entrepreneurship, 26*(2).

Anand, S., & Segal, P. (2008). What Do We Know about Global Income Inequality? *Journal of Economic Literature, 46*(1), 57-94.

Ferreira, F., & Ravallion, M. (2011). *Poverty and Inequality: The Global Context.* Oxford University Press.

Hoy, C., & Sumner, A. (2016). Global poverty and inequality: Is there new capacity for redistribution in developing countries? *Journal of Globalization and Development, 7*(1), 117-157.

Ravallion, M. (2008). *Global poverty and Inequality: A Review of the Evidence.* World Bank Publications.