Fighting Poverty in the Twenty-First Century: Conditions, Contributors, Problems, and Solutions

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As a citizen of the United States and an international resident living in Korea, I am interested in the ways in which poverty affects U.S. and Korean citizens. Extreme poverty in various countries around the world affects approximately 1.2 billion people (it's down from 1.3 billion people about five years ago) (Olinto, et al., 2013). Although poverty has long been a problem for underdeveloped countries, poverty also stands to make otherwise strong, developed and democratic countries like the United States and Korea weaker in the long run because poverty strains the economic, social, and psychological well-being of citizens. Since poverty is a problem that affects not only economic well-being but also social and psychological well-being, both policy experts and concerned citizens are beginning to combat poverty as both a social and a psychological problem. In this paper, I will discuss not only the conditions of poverty and how they look to be getting worse, but also the strategies that can be used to fight poverty.

I. Conditions

Over the past 20 years, our understanding and measure of poverty has changed. Not only is poverty looked at in terms of not having enough money, but also in terms of not having access to basic social goods. This new understanding was in part pioneered by an economist named Amartya Sen in 1990 (and led to Sen winning the Nobel prize in 1998) who, in partnership with the United Nations, developed a new measure for the well-being of citizens in a country. What came out of this partnership was called the Human Development Index (HDI). The HDI measures the life expectancy, education, and income of citizens within a given country. According to a United Nations' report, however, the HDI measures only the potential for citizens within a given country to achieve the level of human development in those areas at a given time, but another new measure, the Inequality-Adjusted Human Development Index (IHDI) measures the actual level of human development in a given country at a given time (Human Development Report, 2010). When we compare the HDI and the IHDI (see Tables...
1 & 2 below), we see that potentially the United States stands at number three (3) in terms of very high human development among countries throughout the world, and Korea stands at number 12. Yet when we adjust for differences between the rich and the poor in the United States and Korea, the U.S. is ranked number 16 in human development and Korea is no longer in the top 20 (Human Development Report, 2013). Therefore, even developed countries like the United States and Korea have large differences between the citizens' potential for a full life, adequate education, and adequate income and their actual capacities for these measures.

Table 1 from Human Development Report (2013)
Even looking at a particular measure of the HDI and IHDI (low income) reveals that poverty in terms of low income is a problem for many American and Korean citizens. According to the data in 2003 (Yoon et al., 2003), by age 20, 10.6% of the American population will have lived at least a year of their lives below the poverty line. By age 60, 48.2% will have lived below the poverty line. Also, many American citizens will have lived near the poverty line: by age 20, 19.1% of the American population, and by age 60, 64.2%. This number has risen over the last 11 years. Now, by age 60, 79% of Americans will have lived near the poverty line, the USA Today reporting that “4 out of 5 U.S. adults struggle with joblessness, near-poverty or reliance on welfare” (Yen, 2013). Also, the number living in poverty or near poverty is predicted to rise even higher. According to the same USA Today article, “By 2030, based on the current trend of widening income inequality, close to 85% of all working-age adults in the U.S. will experience bouts of economic insecurity” (Yen, 2013).

My focus so far has been on the United States because as a citizen of the U.S., I am concerned about the conditions of poverty in my country and since I enjoy certain rights as a U.S. citizen, I feel an
obligation to inform about the conditions of poverty and take part in whatever way I can to find means to alleviate them. But I am also an international resident in Korea, and for that reason among others I am interested in the conditions of poverty in Korea. Poverty as an issue of low income has also affected the lives of many Korean citizens as well, although not to the effect that it has United States citizens. According to the *Chosun Ilbo* (2012), “1 in 4 Korean households fell into the...absolute poverty range for at least one year between 2005 and 2009,” the actual number being 24%. That same news article reports that although this is the measure of absolute poverty in Korea, one in three households, or 35.1%, have experienced relative poverty. According to the measure of relative poverty in Korea, this means that for this third of Korean citizens, “their total income was less than half of the median income, which stood at W3.6 million [$3,300] [per month] for a four-person household.” Therefore, the conditions are such that more than half of Americans will experience at least a year of living in poverty, and as many as four-fifths will live in relative poverty, and that number is expected to increase to 85% over the next 25 years. And for Korea, one out of four Korean households has experienced absolute poverty, and one out of three Korean households has had to live on less than 1.8 million won for at least a year.

**II. Contributors**

Some of the contributors to poverty have been unemployment, an over-saturated job market, a widening income gap, and unproductive work. About 40% (give or take) of eligible workers in the United States and Korea are unemployed (Yoo, et al., 2014; McGeehan, 2014; Appelbaum, 2014). The official unemployment rate in Korea is 3.2%, but the unemployment rate only measures those people who are eligible to work and still actively seeking jobs (Yoo, 2014). There is an evident discrepancy when the unemployment rate is compared to the employment rate, which is 60.6% for eligible working-age Koreans (*ibid.*). Combining the numbers together, we see that the true unemployment rate in Korea is something like 38.4%, with 3.2% of total eligible working-age Koreans unemployed and seeking
jobs and 36.2% unemployed and not seeking jobs, at least as would show up in government data (see Graph 1). Similarly, for the United States, the true unemployment rate for the United States, checking the official unemployment rate and employment rate against each other, is, to be precise 41.4% (see Graph 2) (McGeehan, 2014; Appelbaum, 2014).
Aside from unemployment, another major problem for U.S. and Korean citizens is an over-saturated job market. American and Korean college graduates are having a difficult time finding work related to their areas of study (Jun, 2013; Associated Press, 2014). Korean companies are “unable to absorb the surge in 1.02 million job seekers,” those who just graduated from university (Jun, 2013). Last year, the unemployment rate for new American job seekers ages 20 to 29 who earned a college degree was 10.9%, and 260,000 American college graduates reported working jobs at or below the federal minimum wage of $7.25 an hour (Associated Press, 2014).

An additional contributor to poverty is the widening income gap in developed countries. The difference between the rich and the poor has been steadily growing in the United States and Korea (Suk, 2013). In the United States, the top 10% of American households make more than 15.8 times the lowest 10%, and in Korea, the top 10% of Korean households make 10.5 times the lowest 10%.

According to a report from the Organization of Economic Cooperation and Development (OECD)
(OECD, 2011)—which is a group of wealthy countries who are interested in fighting poverty, and of which the United States and Korea are members—there is a large difference between the United States's rich and poor and the data suggest that the poorest people in societies do not have the economic advantages of improving their conditions. The OECD reports the following: (1) the richest 1% of Americans make an average of $1,300,000 after taxes, (2) the poorest 20% of US citizens make an average of $17,700 after taxes, (3) people who achieve a high income status tend to stay there, (4) low-wage workers are working 20% more hours than they did 10 years ago, and (5) the richest American citizens pay half the amount of income tax they were required to pay about 30 years ago.

One other contributor to poverty worth mentioning is worker productivity in a country (see Graph 3). Even though worker productivity only measures the number of hours worked compared to the Gross Domestic Product (GDP), or overall economic output of the country, it can reveal that many citizens within a country are working long hours with very little net result. Fortunately, the United States has strong worker productivity, but not nearly as strong as other OECD members like Norway or Ireland, and worker productivity among OECD members is lowest in Korea (Bureau of Labor and Statistics, 2012).
In sum, in both the US and Korea, true unemployment is roughly at 40%, millions of graduates cannot find work in their fields, the gap between the rich and the poor is growing, and worker productivity could be improved to make our already developed nations stronger.

**III. Problems**

Poverty stands not only to make countries economically weaker but to affect health and social well-being of citizens. According to the *US News & World Report* (Kurtzleben, 2012), poverty can have serious effects on people's mental and physical health, with depression being the highest. The data show that 31% of poor Americans suffer from depression, 17.1% suffer from asthma, 31.8% percent suffer from obesity, and high blood pressure and heart attacks are slightly higher among the poor as compared to the non-poor.

A social epidemiologist named Richard Wilkinson, whose job it is to measure the health and social well-being of various countries, has compiled data on developed countries and has determined
that in countries with a greater gap between the rich and the poor, health and social problem are worse overall for all the citizens (see Graph 4) (Wilkinson, et al., 2011). Comparing the United States to Norway, Sweden, and Finland, for example, it is clear that life expectancy is lower in the United States compared to the Scandinavian countries; the math and literacy rate is lower; and infant mortality, homicides, and number of people in prison is higher in the United States, as is teenager pregnancy. Wilkinson's research also find that Americans report that they have a lower level of trust of other citizens as compared to the more equal countries, and he finds that in the countries with a wider gap between rich and poor, there is a higher obesity rate, more problems related to mental illness, and more difficulty for a citizen to move out of the economic conditions he or she was born into.

Graph 4 from Wilkinson et al. (2011)

An economic study has also been conducted regarding self-reports of levels of happiness and their relationship with income (Kahneman & Deaton, 2010). The study found that Americans who make $55,000 a year are three-to-four times less happy than those who make $75,000 or above. Yet the
study also found the Americans who make more than $75,000 are no happier than those earn $75,000, and therefore $75,000 looks to be the optimal number to maximize one's level of happiness. All of these findings on physical and social well-being reveal that poor people are more likely to suffer from more serious health problems like heart attacks, asthma, high blood pressure, depression, obesity, and live a much less happy life than people with an adequate income. They also reveal that countries with great differences between the rich and the poor are more likely to suffer from serious health and social problems collectively, making the entire society worse off.

Citizens in countries who have felt the sting of poverty have noticed the conditions of poverty, the contributors to poverty, and the ways in which poverty stand to make our societies worse off. For instance, American citizens overwhelmingly want some sort of social change and would like government to actively reduce poverty. According to a large-scale survey conducted in the United States, 85% of Americans support increasing the minimum wage, 80% of Americans support an increase in tax-credits for low-income workers, and 82% of Americans support expanding government public employment programs (NPR/Kaiser Family Foundation/Kenny School of Government, 2001).

Also, some economists have demonstrated that most Americans, even though they do not know how large the gap is between the rich and poor in the United States, think the gap is too large and should be smaller (see Graph 5) (Norton & Ariely, 2011). The data found that most Americans would prefer the top 20% of American citizens to control about 32% of the wealth in the country and the bottom 20% to control about 12% of the country's wealth. Ordinary American citizens estimated that the top 20% of wealthy Americans control 58% of the wealth and the bottom 20% control about 3%. However, the real statistics for the difference between rich and poor in the United States shows that the top 20% or the wealthiest Americans actually possess 83% of the country's wealth, and the bottom 20% have so little of the country's wealth it is not even 1%.
Most American citizens (60%) feel that “most people who want to get ahead can make it if they're willing to work hard,” but that same percentage of American citizens agrees that the “economic system in [the United States] unfairly favors the wealthy,” according to a poll in *USA Today* (Page & Breitman, 2014). That same poll found that most Americans think government should do something to reduce the gap between the rich and the poor, and most Americans agreed that the United States government *could* do something to reduce that gap. In short, most Americans want United States citizens to have access to adequate wages, tax rebates for poor people, and more government employment programs, and want a smaller gap between rich and poor people. Also, while Americans view hard work as essential to achieving goals, most Americans agree that the U.S. economy does not give equal opportunities to poor people.
IV. Solutions

Social scientists and policy experts have proposed various strategies to fight poverty in the twenty-first century, and many citizens are eager to endorse them. These strategies include increasing the minimum wage, giving low-wage citizens tax credits, hiring skilled workers working fewer hours, creating new jobs in government and business, and adopting progressive taxation. Regarding the issue of raising the federal minimum wage, conditions are poor within the United States. If a U.S. citizen were to really try to live on minimum wage and afford rent, he or she would have to work well over a 40-hour work week to do so (see Graph 6) (Lee, 2014). In my own home state of Kentucky, a person would have to work at least 70 hours a week; in California, 130 hours; in Florida, 98 hours; in Washington, D.C., 137 hours; in New York, 124 hours; and in Maine, where the state minimum wage exceeds the federal minimum wage of $7.25 an hour, a person would need to work 86 hours to afford rent. According to the Economic Policy Institute, a nonpartisan economic research institution, the federal minimum wage within the United States should be increased to $10.10 an hour by the year 2016 (Cooper, 2013). If it were raised, it would benefit 27.8 million workers, it would grow the GDP to $22 billion, and it would produce 85,000 new jobs as a result of the economic growth it would produce.
While raising the federal minimum wage puts the burden on companies to increase the amount of pay that goes to workers, tax credits to the poorest of Americans puts the burden on government to help lift citizens out of poverty. Already there is a program in place called the Earned Income Tax Credit (EITC) in the U.S., which provides money back to lower-income working families. According to the U.S.’s Center on Budget and Policy Priorities, the EITC has already kept 10.1 million people above the poverty line in the United States, 5.3 million of whom are children (Center on Budget and Policy Priorities, 2014). The EITC is relatively small, with a maximum of $6,044 given back each year to working class families, but some proposals have been made to increase the EITC to help raise even more poor people out of poverty (Rank, 2004).
Another proposal that has been considered to fight poverty is hiring more skilled workers working fewer hours. Strategies like this have been proposed for both the United States and Korea by the U.S. Bureau of Labor and Statistics as well as the publication *The Economist* (Bureau of Labor and Statistics, 2012; The Economist, 2011).

While we are discussing the issue of more skilled workers working fewer hours, a new report has shown that United States' Senators, America's elected representatives, have been taking off work on Fridays, usually arrive late to work on Mondays, and usually work full days on Tuesdays and Wednesdays and leave work in the middle of their Thursdays (Burgess, 2014), perhaps providing more credence to the claim that the United States could use more skilled workers working fewer hours.

In the United States, citizens who would like to work are unable to work because there are not enough jobs. Because of this, most U.S. citizens are in favor of creating new jobs in government and business, according to a *Gallup* poll (Newport, 2011). In 2011, President Obama proposed a bill that included several proposals to help create jobs in the United States, and most Americans, no matter whether they were liberal or conservative, supported them. Most Americans wanted “tax cuts for small businesses, including incentives to hire workers,” “additional funds to hire teachers, police officers, and firefighters,” “tax breaks for companies hiring people who have been unemployed for more than six months,” “additional funds for public works projects, including making repairs to more than 30,000 schools,” and “[e]xtending unemployment insurance benefits.” In spite of Americans' general support for these proposals, the U.S. Senate rejected the bill back in 2011 (Pear, 2011).

As for the strategy of progressive taxation, which means that the higher income a person earns, the more he or she pays in taxes, and the lower income the lower in taxes, most American citizens reported that they supported Obama's bill which would have allowed for these changes to the tax code (Newport, 2011). Most Americans agreed to “[i]ncreasing taxes on some corporations by eliminating certain tax deductions” and “[i]ncreasing income taxes on individuals earning at least $200,000 and
families earning at least $250,000.” Nevertheless, as stated, in spite of Americans' support for these measures, the U.S. Senate rejected the proposal (Pear, 2011). Still, United States citizen would like to see progressive taxation take effect and so do the representatives of the OECD, of which the United States and Korea are members. OECD analysts recommend progressive taxation to reduce the problem of poverty. The OECD analysts conclude, “The growing share of income going to top earners means that this group now has a greater capacity to pay taxes” and that “[g]overnment may re-examine the redistributive role of taxation to ensure that wealthier individuals contribute their fair share to the tax burden” (OECD, 2011). All in all, suggested strategies for dealing with poverty have been increasing the minimum wage, giving tax rebates to poor people, making the work week shorter but with more and better skilled workers, creating new jobs in government and business, and adopting a progressive taxation system, all of which the majority of Americans support.

V. Looking Forward

When looking forward to what people can do to fight poverty in this new century, it might be worthwhile to consider some of the challenges that face ordinary citizens who would like to do something to reduce poverty. One issue that arises is the issue of the deserving and the undeserving poor. Psychologist Steven Pinker writes that most people who oppose helping the poor do so not out of a sense of greed but out of a sense of fairness (Pinker, 2003). That is, some people who are reluctant to support social programs to reduce poverty are not reluctant because they are stingy but because they want the money to go to the right places and the social programs to benefit the right people. When U.S. citizens are asked, however, what they think is to blame for a a person being poor in the United States, more Americans (50%) feel that people become poor in large part because of circumstances beyond their control compared to 35% of Americans who believe it is from lack of effort; likewise, more Americans (51%) feel that the reason a person is rich has more to do with the advantages he or she has received in life compared to other citizens rather than it was his or her hard work alone that got them to
their higher economic position (Page & Breltman, 2014).

The awareness that most citizens have of poverty, its worsening condition, its effects, and strategies to reduce poverty might nevertheless beg a fundamental question: If so many citizens want to fight poverty, and in these specific ways, why hasn't there been any change in public policy? Why haven't ordinary citizens been able to see these public policies enacted?

Reports show that the helplessness ordinary citizens feel with respect to reducing poverty is not unwarranted. For instance, a study was reported in The Washington Times this year that found that ordinary American citizens have virtually no direct influence over public policy (Chumley, 2014). This study examined a large body of public policy issues over the span of about 20 years (1981 to 2002) and compared the issues to what the Americans wanted, what the richest American citizens wanted, and what organized interest groups wanted and discovered the following (Gilens & Page, forthcoming): (1) the richest American individuals (the top 2%) and “organized interest groups (including corporations, largely owned and controlled by wealthy elites) play a substantial part in affecting public policy, but the general public has little or no independent influence” (p. 16); (2) “[w]hen the preferences of economic elites…and interest groups are controlled for, the preferences of the average American appear to have only a minuscule, near-zero, statistically non-significant impact upon public policy” (p. 21); meaning (3) “[w]hen fairly large majorities of Americans favor policy change, they generally do not get it” (p. 23); but (4) ordinary citizens can win the policies they want only if “average citizens and affluent citizens…want the same things from government” (p. 14).

How, then, can ordinary citizens get the policy changes they want to fight poverty? One possibility might involve making an appeal to the wealthiest Americans to support public policy that will alleviate poverty, since when the wealthiest individuals in the United States support a public policy change that ordinary citizens support, the change in policy almost always takes place. Some of America's wealthiest individuals are already actively doing what they can to support measures that
would improve the quality of life. For instance, in the United States, Microsoft founder Bill Gates and his wife Melinda Gates as well as businessman Warren Buffett have what is informally called the “Billionaires' Club,” and they have created what is called “The Giving Pledge” at their website (www.givingpledge.org). “The Giving Pledge” calls on the world's wealthiest individuals to give away half of their income during their lifetime or in their will to support philanthropic causes. Right now over 100 individuals all across the world have agreed to the pledge, including, for example, the founder and CEO of Facebook Mark Zuckerberg. To summarize, most Americans want to help the deserving poor and think the economic conditions in America right now are unfair, but ordinary Americans can do little to change the conditions directly because they have almost no control over public policy changes, let alone policy changes to fight poverty. Therefore, it appears as though Americans who would like to do something to fight poverty in the twenty-first century will need to appeal to America's many willing and wealthy donors to support public policy and new legislation that would reduce poverty.

We have explored the conditions of poverty and its contributors, health and social problems related to poverty, what ordinary citizens would like to do about poverty and the strategies they are interested in endorsing, and we have examined how citizens in some developed countries, as with the United States, may need to appeal to the wealthiest citizens in the country to support the kinds of public policy to fight poverty that average citizens already endorse. In light of these dire circumstances, ordinary citizens might feel that actively and vocally supporting policy change to reduce poverty or making direct appeals to the wealthiest citizens is too burdensome. Korean-American psychologist Angela Lee Duckworth who has done research on success in accomplishing goals, across a variety of measures, has discovered that the difference between those who accomplish their goals as compared to those who do not is that the people who exercise self-control and perseverance make the kinds of changes they want to see in the world (Duckworth, 2005; Duckworth, 2013). Because of Duckworth's research, she has received the MacArthur Foundation grant, what is sometimes the called “Genius
Duckworth has found that the best predictor for what makes a good soldier, a good student, a good businessperson, and a good citizen is not a high I.Q., not physical health, not great social skills, but what she calls “grit.” According to Duckworth (2013), “Grit is passion and perseverance for very long-term goals. Grit is having stamina. Grit is sticking with your future, day in, day out, not just for the week, not just for the month, but for years, and working really hard to make that future a reality. Grit is living life like it's a marathon, not a sprint.” Perhaps what we, as ordinary citizens, need, if we are interested in bringing about the kind of change that will improve the quality of life for ourselves and our families, friends, coworkers, and fellow citizens is not to wait until governments decide to do something, but to realize that we, as citizens of democratic countries, are obligated to make our societies as strong as possible, and make our voices heard to the wealthiest of citizens, to let them know that, as fellow citizens, we would like them to work in partnership with us, and the poorest among us, for the benefit and well-being of our countries. Creating even incremental changes to reduce the problem of poverty and improve the economic, psychological, and social well-being of our societies will not come quickly, easily, or cheaply, and will require hard work, but this is precisely what it would mean to approach life as a marathon and not as a sprint.
References


