

Poverty-inequality and economic crisis. Past, present and future. A critical analysis

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Abstract

This article from diverse points of view (economic, politic and religious) make a critic analysis of the past, present, and future of poverty and inequality. This manuscript mainly focuses on the respond of three question few discussed by the academic community: Why are the poor, poor? What will happen to the poor in 2050?. Will there be any solution?. Furthermore, the paper is useful for any person with a low level of specialization, since it has been carried out with a language very simple and with a little orientation in Latin America.

Keywords: Poverty-inequality, economic crisis, Latin America.

JEL code: [I38].

Pobreza, inequidad y crisis económica. Pasado, presente y futuro. Un análisis crítico

El presente artículo hace un análisis desde diversos puntos de vista del pasado, presente y futuro de la pobreza y la inequidad y centra su atención en responder fundamentalmente tres interrogantes poco discutidos por los académicos: ¿por qué los pobres son pobres? ¿Qué pasará con los pobres en el 2050? ¿Habrà alguna solución a la pobreza? Este artículo resulta útil para

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personas poco especializadas en el tema, ya que con un lenguaje sencillo aborda el problema de la pobreza, con un ligero enfoque en Latinoamérica.

Palabras clave: pobreza, inequidad, crisis económica, América Latina.

Código JEL: I38.

Pobreza, desigualdade e crise econômica. Passado, presente e futuro. Uma análise crítica

Resumo

Este artigo analisa a partir de vários pontos de vista do passado, presente e futuro de pobreza e desigualdade e se concentra em resposta a três questões essencialmente pouco discutidos pelos estudiosos: por que os pobres são pobres? O que acontecerá com os pobres em 2050? Existe alguma solução para a pobreza? Este artigo é útil para algumas pessoas especializadas no assunto, uma vez que uma linguagem simples aborda o problema da pobreza, com um leve foco na América Latina.

Palavras-chave: pobreza, desigualdade, crise econômica, América Latina.

Classificação JEL: I38.

Introduction

The context of today's reality crisis is quite complex; such as economic crisis, natural disasters (earthquakes, tsunamis, flooding due to heavy rains, etc.), and political problems in Africa. Summarizing: more unemployment, less wealth and the worst is the loss of human lives.

When observing such scene, many questions arise regarding the development of the current prevailing socio-economical model and the main actors of such processes (state, citizens, professional associations, universities, etc.). Without any doubt, there is an uneasiness with the socio-economic results (unemployment, insecurity, political instability). The young of nowadays feel that they have fewer opportunities than the ones of former generations and see a quite complicated future. Some nations (states) are perceived as

retrieved by the incompetence and corruption of their politicians and an increase in inequalities regarding wealth, employment and possibilities of participation in the cultural and social life.

Why are the poor, poor?

Beginning with the definition of poverty in economic terms it could be mentioned that the poor are those people who lack the necessary to live with dignity. Also, they lack basic necessities to survive (United Nations, 2015; Smelser and Baltes 2001). What will happen to those poor now? This article will mention these and other issues.

In 1960, the worldwide population was 3,000 million (mm) of inhabitants from which 1,000 lived in developing countries and the rest (2,000 mm) in underdeveloped countries (Mohajan, 2015). While the first ones feast

with health, education, wealth besides having small families (2 or 3 children per family); their expectations were to buy a car that was the novelty at that time. In fact, the European could buy luxurious cars such as; Mercedes, Volvo, Audi, etc. While on the other side of the world, there was the second group (underdeveloped ones) whose expectations were to ensure basic daily food, for sure they had to save money to buy a pair of shoes. As it can be seen in this small example, the inequality gap between the poor and the rest was enormous, even back then.

Now, the population has increased to about 4,000 million. For sure, the economic growth in the West (developing countries) has improved thanks to the contribution of many multinational companies, causing people from less developing countries to migrate to places with more opportunities (emerging economies). It may be true that circumstances between the West and the rest of the world have changed, beginning in the 60's until now. This change did come about to all countries, only some.

While the current expectations in the West are others; such as to be able to enjoy pleasant vacations, to combine working and family life, to have more free time and so forth. At least now, the developing countries have become the so-called emerging ones. In fact, lately, the nations of the West are aware that the world has changed when some companies of the emerging countries (LanChile, AT&T, CEMEX, etc.) have acquired western companies (Blanco Estévez, 2014).

That is the *nice face of economic growth*, but the painful part of this is that currently 2,000 billion people in the world still struggle to have enough money for food and shoes; likewise, they are as poor as they were 50 years ago. Even if it is true that some cou-

ntries have improved due to birth control, with a maximum three children per family. However, this measure nowadays in the West has been named a large family. As it can be noticed when the poor try to reach the rich ones, the middle points move away in order to have only extremes.

What will happen to the poor in 2050?

What will happen with the 2 billion of poor people in the world? If adequate measures are not taken such as birth control, the poor will continue increasing in a higher number by a simple math formula: *Poor country + Poor family = POVERTY*. Family planning would be an unusual measure that would reduce the number of the poor in the world; at least, they would not increase. However, the population in under developing countries continues growing. Furthermore, the economic structure remains the same (school, hospitals, are the same as 50 years ago, etc.)

Will there be any solution?

If there is a magic formula for the problem, neither you reader nor we would be reading this article. It has always been mentioned that education is a solution to overcome poverty. The truth is that there are severe and independent studies carried out in countries and for the under developing countries that show that not necessarily that people who have studied stop being poor, meaning that education by itself is not enough, it also depends on other factors that have not been studied, such as the opportunities to be able to find a job (Aguado Quintero et al. 2007).

On the other side, while the pressures applied by the West do not stop, the poor countries will not have autonomy in order to design policies that help poor people to overcome poverty.

The serious problem is that people want the poor to be productive but an individual who is sick, that is undernourished will hardly earn a living as one should. That is why it has been questioned what Blessed Daniel Comboni has said that we should save Africa through Africa.

It would also be interesting to help the poor through the support in the production of their goods and services. However, the economies focus their attention on large companies that trade products/services at very high prices for people with enough purchase capacity. However, any economy focuses its attention on producing goods for the poor manufactured by the poor. The poor do not have access to credit and sometimes when they obtain a credit comes from a moneylender loan that later made the poor become the endless slaves for the payment of interest on the contracted debt.

We firmly believe in the saying that nobody is guilty to be born poor, but it is wholly or partially true that is one's fault to continue being one. The book "La Vaca" (Spanish version only) by Camilo Cruz (2007) explains how the conformity of a very poor family. When they clung to survive to the dairy production of a cow, kept them in poverty and just when the cow was taken away, they started doing other working activities that benefit them thousand times more, increasing more their income than the one provided by the cow. Many people (not all) are still poor because they have not taken the appropriate decision to overcome it.

It is also true that all the poor are poor because they are not aware what they are,

this brings to lack the necessary ambition to overcome themselves. In this sense, the conformity can also be defined as a type of poverty.

The current situation worldwide seems not to promise an encouraging future for the poor. Unfortunately, the help of some countries oriented to fight against poverty in some cases has decreased considerably, and others were just eliminated. Therefore, the investments in the poorest countries have wonderfully remained in a piece of paper in several languages. While the poor continue and will continue waiting.

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