



Join the Conversation

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POVERTY

Poverty is not only about income, and yet it is always about income. Money helps meet material needs and provides the capacity for inclusion, respect and freedom. Income is the most important factor affecting health and wellbeing, more influential than health care, genetics or lifestyle.

Countries have a range of measures that define when low income threatens a person's ability to meet basic needs and participate in their society. Why then is solving poverty not more straightforward? One answer is that it often gets entangled or confused with other issues.

Poverty is not complex; life is. The fewer resources you have, however, the harder it is to manage life's responsibilities. Despite the efforts of individuals, markets, governments and civil society to make things work well, sometimes they don't. That's reality. It doesn't mean that poverty is inevitable. We can decide that an income floor should be available to everyone to prevent further problems and to help people bounce back.

Not many of us would want to install a 'never-fail' plumbing system if it didn't still have a water shut-off valve as prevention, just in case, because the risk of damage is too great. Where income is concerned, not much is failsafe. Illness and discrimination strike, jobs disappear, economies go into recession

and public policies underperform or don't meet changing needs. Unfortunately, some poverty-related policies also do harm.

Last resort 'welfare' programs kick in only when incomes have sunk far below the poverty line and lives have been turned upside down. Further, social assistance adds complexity. Every step you take now is like trying to run up the down escalator. Added to grossly inadequate incomes are complex rules that stigmatize, take away time and control, and make life even harder to manage. Individuals and society pay the price.

Because it is a cause and consequence of other problems, poverty costs in many ways, from higher demand on health care and education systems, to the impacts of overstressed parents on families. Crime, social unrest, lost productivity and weakened local economies are also downstream effects of poverty. The more difficult we make life for people facing poverty, the more we pay elsewhere.

Inequality

Poverty concerns people at the bottom of the income ladder; inequality concerns everyone along the ladder and the distance between the rungs. There is mounting evidence that more equal societies do better on many measures of wellbeing from reduced crime to

better health, education and economic outcomes.

Creating more equal societies is less an economic challenge than a political one. According to Sir Michael Marmot, President of the World Medical Association:

“What the figures on income and wealth show is that there are oceans of money sloshing about. It is not easy to maintain the fiction that we do not have enough money to do good things.”

Insecurity

Like poverty and inequality, insecurity has individual and societal impacts. For individuals, having enough money matters, but knowing what you can count on matters too. Women and men with precarious employment never know where they stand.

At a societal level, there are many indicators that we are facing disruption the likes of which we have never seen before, due to factors

like extreme inequality that cannot be politically or economically sustained and extraordinary advances in technology, robotics and artificial intelligence (see more in the Primer module on the New Economy). If there is anything certain, it is that life is becoming more unpredictable and, for the vast majority of the population, more insecure.

The need for a well-designed basic income is greater than ever. It can:

- quickly and directly end poverty’s universally-defining characteristic--lack of income;
- provide a foundation for managing life’s complexity;
- reduce the individual and societal impact of poverty’s causes and consequences;
- improve equality and security.

KEY FACTS

- Among rich countries, Japan, Finland, Norway and Sweden have the lowest income inequality and fewest health and social problems. The United States is the most unequal with the most problems and Canada and France are in the middle. (Wilkinson and Pickett, *The Spirit Level*)
- According to the Economist, global wealth grew from \$117 trillion in 2000 to \$262 trillion in 2014. The richest 20% have 94.5% of all the wealth.

DID YOU KNOW?

Income poverty often goes hand in hand with time poverty. People working several jobs to make ends meet have long work and travel hours that interfere with other life activities and even sleep. New mothers, lone parents and people with work-limiting disabilities have more limited time available for paid work than others. Following social assistance rules, going to food banks, and looking for shelter at night are all time-consuming and not very productive. We can’t change the 24-hour day--it is the income side we must fix.