

Economics of Poverty, Inequality, Conflict and resulting impact on Well Being

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Paper Abstract: Work on the poverty measurement take a momentum after the Sen's (1976) approach followed by Townsend (1979), Nolan and Callan (1994), who considered 'poverty as a state of relative deprivation within a society'. According Miller & Riessman 'poverty is not only a condition of economic insufficiency; it is also social and political exclusion'. Poverty is both complex and multidimensional phenomenon. The countries experiencing poverty, experience economic inequality, but vice-versa is not necessarily true. Economic injustice/inequality refers to the unequal distribution of material resources and inequality in their ownership and control. Inequality is pretended in the different forms of exploitation and deprivation of material resources such as exclusion from employment & wealth ownership and exploitative pay etc. the correlation between poverty and inequality is possible at the social level, given, poverty as a major concern to the society (individuals) only. But the relationship between issues of poverty & inequality is neither clear nor direct, because these both are analytically different concepts. In the present context study will associate both with an interest in economic and social change.

Traditionally, income is considered to be as the sole indicator of the poverty & inequality. Titmuss (1962) defines the income as the 'command over resources over time'. But income alone is an inadequate indicator of the level of living and fails to measure all the concerns that are posed in the present era while dealing with poverty and inequality. This is so because variability in other dimensions of well being is not harmonized i.e. changes in one dimension i.e. income does not captures the changes in all other dimensions as well. Still in the present time there is no consensus between the economists for the use of income as a single variable for measuring poverty & inequality rather some are of the view that average income growth alone has been the major driving force behind both the declines and increases in poverty (Fosu, 2010), whereas some viewed poverty as multidimensional phenomenon. Thus poverty is a concept which varies over a range of dimensions e.g. health, mortality, and security, these dimensions may be inconsistent with conventional measures of income poverty. If we ignore these considerations then it may led to the large distortions in the concepts of poverty and inequality.

The major reason behind the present day globalised world's long term negative impacts on welfare and social inequality is the introduction of Washington Consensus in the late 1980s. Further this inequality has caused many social conflicts in haves and have-nots. Gurr (1970) argued that a large gap between a group's expected and actual economic and living conditions can fuel conflict. The issue of mass poverty is frequently used by one section of the ruling class for the denunciation of the other sections without the poor themselves being mobilized to protest

or mutiny against their own deprivation. On the other hand Harms & Zink observed the 'Hump-shaped' relationship between economic development and social conflict and identified two reasons for this: on the one hand, inequality of wealth endowments creates social tensions, spontaneously greater the cleavage between the haves and have-nots, the greater the attractiveness of redistribution and conflict. The second, more indirect, channel through which economic growth may affect the incentive to challenge the existing social order is due to the link between wealth and economic perspectives. The intensity of social conflict depends both on the distribution and on the level of an economy's wealth.

As the studies on poverty and inequality mainly concentrates on the measurement of these issues while very few studied examined the link between poverty, inequality, social conflict and resulting impacts on the well being of the human beings. Thus it would seem judicious; to give special attention to these issues for achieving the pro-poor growth rates that will further reduce poverty & inequality in the developing world. As India is not an exception, the present study will examine firstly the root causes of poverty and inequality & their consequences, and social implications of the income insecurity i.e. social conflict for the India in general and Punjab state in particular. For this purpose present study will utilize the national poverty lines, head count ratio, poverty gap, and squared poverty gap for estimation of poverty; Gini Coefficient for measuring inequality and ethnographic method & Scaling techniques (Likert Scale) for measuring qualitative data. Whereas for measuring well being of the human beings, the Well Being Index as introduced by the OECD will be used which has 11 dimensions namely Income & Wealth, Housing, Jobs & Earnings, Social connections, education and skills, environmental quality, civic engagement and governance, health status, subjective well being, personal security and work & life. Thus various objective and subjective approaches will be used to interpret the data. The objectives of the present study are : firstly to have a fresh look at how poverty, inequality & social conflict are interlinked; secondly calculating the well being index for Punjab state of India; thirdly to make recommendations on how to reduce poverty and inequality and thereby social conflict. The study will be based on the primary survey of Punjab state of India and also may use secondary sources of data. Further appropriate statistical techniques like simple averages, regression and correlation etc. may be used for analyzing the collected data so that suitable policy implications can be made on the basis of results.