

Why Does Poverty Exist?

There is no simple answer for why poverty exists, but over the years several theories have been developed to answer this question. Many of the programs that we see today are based on the five dominate theories of poverty. Most experts

1. Poverty Caused by Individual Deficiencies

- This theory holds that the individual is responsible for their poverty situation through poor choices or not working hard enough. Some variations also take into account low intelligence and genetic issues which are not easily fixed. This is the longest standing theory of poverty and the most familiar one.
- The Earned Income Tax Credit gives money to the working poor to motivate them to have jobs as a program working against this theory of poverty. Other examples include community development strategies that avoid punishing the poor and helping them improve their educations and find better jobs.

2. Poverty Caused by Cultural Belief Systems that Support Sub-Cultures of Poverty

- This theory suggests that poverty is created by the passing on over generations of a set of beliefs, values, and skills that are socially created, but individually held. This is linked to the sub-cultures of ghettos, poor neighborhoods or regions.
- Many educational programs such as Head Start and city revitalization programs work against this in order to reshape the sub-culture. Families may be moved to new areas in order to allow a new family culture to develop.

3. Poverty Caused by Economic, Political, and Social Distortions or Discrimination

- This theory proposes that the economic, political, and social system which causes people to have limited opportunities and resources with which to achieve income and wellbeing is the source of poverty.
- Grassroots efforts to deal with barriers, creating alternative open institutions and changing policies such as minimum wage fall under this theory.

4. Poverty Caused by Geographical Disparities

- This theory calls attention to the fact that people, institutions, and cultures in certain areas lack the resources needed to create the means to obtain well-being and income while lacking the power to alter this scarcity.
- Programs focusing on communities becoming self-sustaining, developing their own economies, building affordable housing or downtown revitalization fall under their theory

5. Poverty Caused by Cumulative and Cyclical Interdependencies

- This theory proposes that individual situations and community resources are mutually dependent. When individuals lack the resources to be part of the economy it makes it harder for the economy in question to survive resulting in fewer jobs, lower wages and fewer tax payers to support the community.
- Programs focusing on helping those in poverty situations become self-sustaining with income and assets, education and skills, safe housing, access to healthcare, personal connections and personal resourcefulness are operating under this theory in order to create more citizens who can be active in the local economy.