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Quantitative Poverty: Relationship Between Poverty Level and Population Size, GDP, and Gini Coefficient

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Abstract

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Kelly Singleton Johnson

MBA, Webster University, 2007

BA, Ottawa University, 2006

Dissertation Submitted in Partial Fulfillment

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Abstract

This research examines why poverty has been persistent in all regimes that have tried to use public policy to eradicate it with no success. This research begins to examine the economic, fiscal, and current Federal Reserve monetary policy for an understanding of why poverty persists. The purpose of this experimental, cross-sectional design is to test the relationship between poverty level, population size, gross domestic product and the Gini coefficient. The most important outcome of the research is to understand if poverty is an unintended consequence of economic activity and not individual circumstance. In the dissertation, 5 U.S. states are examined in the year 2014. The data were collected using the U.S. Census Bureau and American Community Surveys. Using multiple regression, this research aimed to establish the minimum amount of expected poverty in the sample's population and gross domestic product (GDP). Using the results and further research, a predictive model could be created to understand how poverty, population, and GDP intersect to create stable economies. The key results yielded the Gini coefficient has no effect in predicting expected poverty levels. As determined by the model, Arizona would have a poverty decrease of 17.1% and Illinois' poverty would decrease by 7.7%. Georgia and Washington would increase by 9.4% and 21.8%, respectively. New York's levels would remain the same. One of the recommendations is continuing research to understand other quantitative factors that reduce or increase poverty numbers. These results help promote social change by possibly informing monetary policymakers more targeted solutions to mitigating poverty levels.

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Dedication

This dissertation is dedicated to my husband, Rafer Johnson, who has always been a force of social change, equality, equity, and fairness in our community. It is also dedicated to my mother, Eva Singleton, who has always tried to feed my natural curiosity and encouraged me to always pursue what I love! It is also dedicated to my third grade teacher, Katie Jenkins, who only asked for my best in anything I do in my future.

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Chapter 1: Introduction to the Study

The idea of justice is embedded in several different principles. The primary idea is that the person is guided by a need not to do evil (Slote, 2010). Social equity is when each member of society is receiving the same benefit (Lamont & Favor, 2009). The relationship between these two ideas is equality. Poverty is part of a larger system of dysfunction within human social, civil, and legal systems and ultimately the human psyche. According to the tenets of utilitarian theory, the human animal is driven by pleasure and pain (Postema, 2006). Bentham (as cited in Schofield, 2013) noted, "human beings were fundamentally individualistic and essentially lazy" (p. 951_. Poverty has been a human issue within every large civilization (Schofield, 2013). The questions are; is poverty designed within the system or it is simply people, according to Schofield (2013), are lazy? If what Bentham argued is true, this one of the essential ingredients into understanding why some of the population are always trapped within this economic construct not being able to escape. The main purpose of this research is to understand why is it that the "lazy" people are always stuck in poverty regardless of their efforts.

Quantitative Poverty

The poverty equation is a theoretical, predictive model that tries to estimate the amount of poverty for a given jurisdiction and population size. Poverty has long been thought to be purely social, but the aim of this study was to address a different aspect of poverty. I used a quantitative approach to examine the issue of the haves and have nots. The more individuals take from one class, the more they add to another class in a closed system. Redistributing wealth through taxation, inflation, and so on can be measured. A mathematical explanation can be the key to understanding why poverty has persisted within various systems designed to increase equity and efficiency. The mathematical analysis may start the conversation of why poverty is necessary and why it has persisted. The possible truth is that society may need poverty to maintain the status quo.

In this chapter, I provide the introduction to the study. I begin with justifications and anecdotal information regarding poverty, and address the social responsibility and projected social engineering outcomes of the study. In the next section, I describe the nature of the study, which includes why and how the study was to be completed. The assumptions are important in crafting the study and ensuring that it remains within given boundaries for a body of research. The next section is the scope and delimitations, in which I describe the parameters of the study. The next sections are the background, problem statement, and purpose of the study? Finally, I provide a summary and overview of the next chapter.

Social Responsibility and Societal Contributions

Social responsibility and engineering are the most important practical contributions of this study. For people to become more socially responsible, they must first become socially aware. If they are not aware that a particular issue exists, then they will not be able to further the cause. The information from this study may help to bring about policies that could reduce the impact and prevalence of poverty. These policies may be practical for every member of the population. The study is most important for those who are living in poverty who would want to live a better and a more self-sustained life. Within the current social and economic system, it seems highly unlikely that a large amount of people would voluntarily remove themselves without their being large consequences for the rest of the population. One of the consequences could be inflation and the erosion of wealth at the upper levels of the economic strata. The biggest problem in a fiat currency system is that inflation could take root as the lower classes are lifted out of poverty (Azis, 2008). It would beg the question of poverty acting as an anchor for prices. The study is very important to those who are locked in generational and situational poverty (Azis, 2008).

This study finding may provide a more effective way to fight poverty. Social change may occur because stakeholders may be able to understand how they can fight poverty more effectively and efficiently. Over the years, aid has been used to combat this problem without getting any real movement or return on the investment (Ames et al, 2001). Fighting poverty with sound monetary policy may be more effective than corporate or personal donations (Ames et al, 2001). Retooling financial policy and the system in the United States and around the world needs to be first and foremost in any decisions in fighting for the needy (Ames et al, 2001).

Nature of the Study

In recent years, the face of poverty has become an anonymous entity in a crowd of loud chatter in which millions of people have begun to largely ignore. Poverty has two important elements that many people underestimate in their quest to provide a solution to an age-old problem. Social responsibility and price stabilization are the most important factors when any population is tackling a large-scale economic problem (Azis, 2008). In retrospect, many are led to believe that poverty is a problem that should be solved with large-scale financial help from individuals and businesses alike. In eradicating poverty, people wonder how different the world may be when this astronomical feat happens. From a social standpoint, many people would agree that they would like to see the end of poverty. From an economic standpoint, the end of poverty would come with an interesting humane choice. The world has never seen a country or area without poverty from the beginnings of human civilization. The balance of the scales has always favored economic inequality when driving growth and sustainability.

Poverty is a systemic problem that has not been solved by any economic system or any culture since the dawn of human civilization (Berman, 2006). Some people have tried to solve this problem with foreign aid, charities, and societal changes, but nothing has eradicated poverty. In the struggle to eradicate poverty, the opposing forces of price stabilization and social responsibility have made this feat unrealistic in economic terms.

Quantitative Research

The most important aspect of the study is determining how to tackle the problem of poverty while benefitting society. A quantitative research approach was needed to measure poverty in mathematical terms. Quantitative research involves finding key variables and weighing them to find a hypothetical outcome (Creswell, 2013). I used a predictive model that would allow me to quantify poverty to influence monetary policy to minimize the effects of poverty.

Data Sources

According to Creswell (2013), “The investigator seeks to systematically develop a theory that explains process, action, or interaction on a topic” (p. 98). To keep the integrity of the process, a researcher must make observations that do not jeopardize the experiment (Creswell, 2013). In directing the investigation, I included the current and historical information offered by the U.S. Census Bureau, which keeps records of population size, poverty lines, and economic growth and inflation. The study was limited to 2014 for the states of Georgia, Washington, Illinois, Arizona, and New York. In this study, the pattern of poverty rates based on GDP growth and population size could be measure to establish the poverty equation. I hoped to find a consistent basal amount of poverty within the time period. Being able to translate this to other economies and societies is the hope to link poverty with economic activity and ultimately monetary policy. With this information, stakeholders may be able to reduce poverty through monetary policy. Incorporating the statistical data collected from the American Community Surveys would help to strengthen the poverty equation. Creswell (2009) stated that a researcher can collect information through documentation, which could be public or private. Collecting information from the U.S. Census Bureau, it was possible to provide a link to monetary policy, economic activity, and poverty levels.

Assumptions

The three assumptions were poverty cannot be eradicated, it is a relative given in the economic status of a country, and it facilitates economic growth and stability. As countries prosper, the poverty line rises; however; when prices fall, the poverty line seem to stay static. The individuals below this line face the most burden when the economy fails to prosper. The individuals in the United States below the line represent just over 15% (National Poverty Center, 2012). As the U.S. economy has expanded and grown, the poverty line has moved up to include more individuals. These assumptions are important to constructing of the poverty equation because they assume that poverty is a natural part of any economy. It is a safe assumption to think that poverty is a natural portion of an economic system due to inherent and systemic inequality.

Why This Topic?

Monetary and fiscal policies dictate almost every aspect of human population. Poverty can be viewed as the basic root of many of the evils of a society. If poverty is to be addressed, then research must be done on the system in which it thrives. Poverty is the root for many ills of society, but could it be that economic theory and policy are the soil in which it thrives? Linking poverty and policy may help to understand how systems are designed to create an unintended (or intended) consequence of prosperity and wealth transference or deprivation. According to Reis (1999), one of the questions to ask is "Is the problem solvable?" The question may not be answerable, but this should not deter the pursuit of knowledge.

Population

In looking at the effective size of the population, people must look at those who are poverty stricken. There are large segments in each country that have poor individuals within its boundaries. In this study, the population was a group of individuals who have economic strains on them that reduce their standard of living and also realms of opportunity. More specifically, the sample included individuals living below the poverty line in the states of Georgia, Arizona, New York, Illinois, and Washington. My review of current and historical literature indicated that possible standard of living changes could occur if monetary policies were implemented to reduce poverty (National Poverty Center, 2012). In the United States, there are over 46 million individuals living below the poverty line (National Poverty Center, 2012). In many of the wealthiest countries, there is a huge gap between the poorest and wealthiest individuals (National Poverty Center, 2012). The sample included individuals who resided in the states of Georgia, Washington, Arizona, Illinois, and New York in 2014.

Contributions to the Body of Knowledge

My contributions to the field included gaining an understanding of the inner workings of poverty. People can learn how to manage an economy more efficiently without the large chasms between the wealthy and poor. People have been taught that poverty is an unfortunate by-product of a growing society, but should people accept this belief? After all many other beliefs have been proven incorrect once new information has been revealed. It was my hope that this study would change what people believe and what they think is possible. The most important thing is to provide a preponderance of the evidence. Thinking differently about an age-old problem is what I hoped to achieve with this study.

Background

Minding the Gap

Looking into the literature of poverty, I noticed a gap that a country cannot adequately predict how much poverty it should expect given a predetermined population, economic size, and Gini coefficient. There are many models that predict how the society is divided and others that provide a calculation that detail how to lift people out of poverty. This study focused on poverty projection based upon predetermined variables. An economy appears to be designed to ensure profit is generated from inequality.

According to conventional wisdom, poverty is a purely social construct. This study addressed a different question of whether poverty is a fixed part of any economy and whether poverty can be mathematically measured despite its varying social aspects. The purpose of this study was to understand one of the root causes of poverty and determine whether poverty may be eradicated. Imai, Gaiha, and Thapa (2010) questioned the reality of the goals of the Millennium Development Goals (MDGs) created in 2000. The MDGs were designed to reduce poverty in each corner of the world by 50% (Imai et al., 2010). The problems within the MDGs have all been the same: trade, income inequality, and the system of taxation between nations (Imai et al., 2010). The MDGs have been reset from 2020, 2030, and 2050. This further promotes the notion that poverty is a fixed mechanism and suggests that nations find poverty useful and part of a system to control the masses.

It is necessary to understand how societies have tried to tackle the problem of inequality. One of the possible outcomes of this study was that stakeholders would have another tool to fight an enduring scourge. A firm understanding of how poverty may be a necessary part of the economic machine will contribute to the debate.

In creating an understanding of poverty, I looked at the definition of poverty from various standpoints. According to Chen and Ravallion (2013),

> The number of people living below $2 per day has fallen over 1981-2008, but only because of the progress since 1999. The number of people living between

> $1.25 and $2 a day has almost doubled from 648 million to 1.18 billion. Most of the 649 million fewer poor by the $1.25 per day standard over 1981-2008 are still poor by the standards of middle-income developing countries, and certainly by the standards of what poverty means by the rich countries. (p. 190)

Whether individuals are in rich or poor countries, the world income and economic divides have persisted under the same conditions throughout time. Poverty is a reflection of what happens in individual societies. The poverty equation would be used to provide a more comprehensive solution to income equalization and poverty mitigation.

The Institution of Poverty

The fight to end poverty has raged since the evolution of advanced civilization (United Nations Programme, 2013). Poverty and inflation are two phenomena that are often held in contempt by most of society. Much of what is known of poverty has been held in the state of social issues which have large implications on what we view of those who live within this institution. The institution of poverty is influenced by a number of factors including access to health care and safety nets implemented by the governing body, education levels, and demographics (hhs.gov, 2012). Aside from the social impact, very few scientists have looked at poverty from an economic perspective (Smeeding, 2005). As time has passed, poverty has changed from being a social issue to a political issue (Smeeding, 2005). Many of the products of poverty are displayed as images of crime, abuse, and other societal problems. This problem has established by an economic line in the sand called the poverty line for a family of four making around $23,000/year (hhs.gov, 2012). Poverty in the United States has been defined by social and monetary capabilities. For the purpose of this study, I examined the economic scope of poverty.

Many scientists have studied social problems to address the process of social and economic evolution. In understanding and eradicating poverty, a scientific approach is needed. Studying poverty as an economic force that shapes wealth distribution and enhances price stabilization may not facilitate the eradicating the problem. Instead, it may provide evidence for keeping poverty as an institution of the masses. Defining poverty as a set of circumstances and a macroeconomic issue has never resonated with national leaders. Many believe that poverty is purely an individual economic situation (Berman, 2006). From many observations, inequality and poverty ensures wealth is kept within certain classes of the economic strata.

Many have proposed that the war on poverty must continue to ensure that everyone has an equal opportunity to obtain and maintain a healthy lifestyle. The question remains of how to define poverty and what characteristics make up the impoverished population. Much of the literature has indicated how macroeconomics has contributed to the problem but has not provided any solutions (Bresser-Pereira, 2012). Much of the focus has been on developing countries and not the United States and its poverty problem. This study was very important because it could be seen as a new tactic in the war on poverty. To effectively reduce poverty, it must be understood from various perspectives. Solving the problem of poverty will be difficult because it has existed since human civilization began and has become a necessary and accepted phenomenon in human life. The study is important in helping those who are priced out of the market and given a disadvantage in life.

Poverty Within Society: Capitalism to Communism

Many of the failings of countries resulted from economic issues related to the wealth gap. According to Reynolds (2007), social classes form a pyramid structure in which the larger classes are poor and the smaller classes of the elite are on the top of the pyramid. Closing this gap has been a trivial notion among economists and governments alike (Carmignani, 2011). Trying to understand poverty from a monetary standpoint is important in understanding how to reduce or eradicate poverty.

Problem Statement

With the emergence of monetary systems, poverty has remained a constant in each type of society from socialism to capitalism (Azis, 2008). The poverty problem is largely political and economic. According to the United Nations Development Programme (2013), "Globally, the number of extreme poor has dropped by 650 million in the last three decades, a level of progress humankind had never seen. But still there are more than a billion people living in extreme poverty" (p. 2). A common alleged reducer of poverty is economic growth; however, there is evidence that this is possibly a commonly held myth. According to the United Nations Development Programme (2013), "Economic growth will not reduce poverty, improve equality and produce jobs unless it is inclusive" (p. 2).

According to Azis (2008), the most important factor in minimizing poverty is overall economic growth and stability. Azis also stated the contribution to inflation has an effect on poverty lines, which makes minimizing poverty an obscure science. Under normal economic conditions, an increase in money supply will lead to a shift in the supply and demand curves. From this shift, the prices will correspondingly change to settle at the new shift in the curves (Krugman & Wells, 2008). A rise in the money supply will lead to higher prices (Krugman & Wells, 2008). The central question is whether monetary policy can be used to obtain maximum growth while maintaining price stability and minimizing poverty.

According to Datt and Ravallion (2011), as countries grow, the incomes do not grow in equal measure. With the higher rates of growth, the burden is placed on the impoverished class while the chasm grows between the wealthier and poorer segments of society (Datt and Ravallion, 2011). According to Mehar (2008), macroeconomic growth in Pakistan and poverty seem to have grown on the same vector. As inflation has taken hold, this has pushed many families below the poverty line (Mehar, 2008). In a developing country, economic growth is supposed to minimize this problem (Mehar, 2008). According to Mehar, the monetary policy that created this situation was supposed to grow the economy, but instead it crushed the lower classes and pushed many middle classes into the lower classes. Given these findings, is it not clear whether economic growth exacerbates or mitigates poverty. Sumner (2013) explained that many researchers had claimed that growth is good for the poor and the ranks of poverty are reduced with increased growth; however, growth does not seem to increase the incomes of the extreme poor at the same proportion as those in the upper income brackets. Growth is the objective of any economy, but it does not produce the poverty reduction in proportion to a rise in per-capita income (Sumner, 2013).

Bresson (2006) suggested that growth is an anecdotal outcomes of poverty alleviation and it depends on the economics of the locale to which would make this notion be tractable. Clayton (2010) considered unemployment and underemployment by-products of an increasingly growing economy. Clayton also stated that it is socially acceptable to have unemployment as long as it does not go beyond a predetermined level by the governing figures. Kosu (2010) emphasized that although growth that is equally distributed is good for the poor, it can cause them greater harm on the other side of the growth curve. Capitalism is based on the notion of continued and steady growth, and without it many economies will cease to exist. Without continued growth, capitalism implodes and creates an environment that change into socialism and communism (Filardo, 2008). The most important question capitalism fails to answer is that, if it is hailed as a modern marvel, it has not performed the functions in which was designed to do.

Research Question

Can the expected natural level of poverty (median household income) be predicted based on population size, change in GDP, and Gini coefficient in Georgia, Washington, Arizona, Illinois, and New York for the year 2014? My null hypothesis is that the variables stated in the question will show no relationship in regards to EPL (expected poverty level). My alternative hypothesis is that there is a relationship with these variables in regards to EPL.

Purpose of the Study

When it comes to understanding the significance of the poverty equation, there are a few things that should be defined and themes identified. Poverty can be summed up in one word: inequality. According to Williams (2009), the United States is dealing with income inequality that is reminiscent of the period before the Great Depression. About 25% of the workforce earns less than the current minimum wage, which is not high enough to pay for basic necessities (Williams, 2009). A significant portion of Americans are living well below the poverty line while many more are making less than half of the poverty line (Williams, 2009). Many believe that poverty is purely an individual economic situation. Poverty also has macroeconomic implications that could prove problematic in a political situation meaning it could possibly raise price levels and erode wealth at the top of the economic strata. One must ask if those who are in poverty are suddenly lifted out of the institution, the result could be interesting social engineering and economic experiment. Understanding this problem fully and implementing a solution is important for those who live in poverty now.

Income inequality is the larger symptom of the myriad of reasons that poverty has continually affected human societies. Poverty seems to be a stickier subject than many researchers have once thought. As the wealthiest country in the world, the United States has a growing unequal distribution of income that has created more poverty than in Western Europe (Sanandaji, 2012). A study of this nature is important to the billions of people who are living in abject poverty not linked to their own making. Eliminating poverty would be beneficial for all citizens of the world (United Nations Development

Programme (2013). Granted this will be a controversial topic given its social and economic implications, nevertheless, healthy discourse is needed among scholars to move towards a less divided society. Many societies have tried to create this system, which formally is a communistic society, but it did not create the outcomes it wanted to achieve as it grew larger and more complex (United Nations Development Programme (2013).

My variables are GDP and population totals for the states of Arizona, Georgia, Illinois, New York and Washington. I examined the Gini coefficients and current poverty populations and percentages in each state. I chose these states to get a sampling of the entire United States.

Theoretical Frameworks

According to Young (2010), during the 1970s the Bretton-Woods Regime was dismantled and Nixon unchained the United States from the inflows and outflows of gold. This essentially allowed the currency of the world to float against a floating currency exchange rate. The immediate result was a recession that was partnered with inflationary pressures that pushed the standard of living for many throughout the world to unobtainable heights. At the currency fluctuated, it predictably stop flowing to many parts of the globe. Throughout recorded history, currency has created imbalances in flows and dynamics (Young, 2010).

Fukomoto (2011) explained that the United States was the last country that continued on the gold standard. This would lead to financial implications that ultimately led to the demise of this standard in 1971. The United States continued to have problems in keeping the required amount of gold reserves it needed to issue paper notes. According to Fukumoto, the Bretton-Woods agreement placed the U.S. dollar at the apex of the world's economic strata. If countries wanted to purchase goods, they had to do so in the U.S. dollar, which placed some countries at a disadvantage if there were economic embargoes or if they did not have access to the U.S. dollar (Fukomoto, 2011). Once the agreement was put in place, other countries had to move to ensure the foreign exchange markets were stable because their currencies had to be at par with the U.S. dollar (Fukomoto, 2011). This meant the dollar was fixed, while the other currencies floated against the dollar; countries other than the United States had economies based on the U.S. dollar and price levels (Fukomoto, 2011). This is how the United States has positioned itself within the world community to create, destroy, and manipulate inflation and employment in other areas of the world (Fukomoto, 2011). Technically, the Bretton-Woods system has been destroyed; however, many of the policy moves of the Federal Reserve are still watched in various parts of the world. The U.S. currency is still the base of the world economy.

When imbalances are created, a person has to wonder if these imbalances are necessary for the creation of wealth in other areas of the economy. When poverty is reviewed globally, there is always a comparison that is attached when comparing country to country. According to Deaton (2010), world poverty has grown even with the onslaught of economic growth. Although overall poverty has been reduced, poverty persists throughout a large majority of the world's countries. Deaton further stated that economies such as India and China have seen tremendous growth while reducing their income inequality; however, the poverty line rises and often adds more people to its ranks. From an economic standpoint, it would seem growth would minimize poverty within certain societies, but once a country reaches a certain economic point, poverty begins to rise and wealth concentrates in a smaller portion of the population. Clayton (2010) stated that many areas of industrialized countries have pockets of poverty within their borders despite gains in growth of their overall economies. Dooley, Folkerts-Landau, and Garber (2009) discussed the overall instability in the world's financial system that created moral hazard, fraud, and subsequently collapse; however, during the transition between communism, socialism, and capitalism, the markets become efficient. During this process, there were many public policy moves that determined the direction of business and financial innovation (Dooley et al., 2009).

Is Poverty Necessary?

In looking over human history, patterns often repeat themselves. In seeking to differentiate the past from the present, it is often thought that things have changed or improved the lives of humans. They are simply seeing new information applied to the same ideas. In the larger sociopolitical arena, asking if poverty is necessary would be taboo. It would stoke feelings of the insensitivity of humans if the answer to this question were simply yes. From the historical point of view, it would seem that poverty is not only naturally occurring but also necessary for a properly functioning economy (Smeeding, 2005). After all, the less common "haves" would not exist without the more common "have-nots" Critically speaking; imagining a world without poverty would be an interesting notion.

Poverty, in all its demonization, could be the key to economic stability within a currency-driven world. From a historical standpoint, every major civilization has grappled with poverty despite its public policy. Addressing the poverty conundrum requires social and political awareness. It would seem like a very taboo truth, but this would mean deconstructing the theories and puzzles to figure out what we can do to fully eradicate poverty. This would require people to be honest about poverty as a first step.

Answering this question is more complicated than a person would believe. With social and political structuring and the current information available, it would be more common to say poverty is a phenomenon that could be eradicated with growth and fiscal responsibility. As Ball (1965) explained, poverty is best explained as "there was not enough to go around" (p. X). Ball stated that growth would results in a huge reduction in the number of people living below poverty. From 1965 to now, the U.S. economy has grown significantly; however, poverty has remained a significant and permanent fixture on the landscape.

If growth is the answer, the US not rid itself of it, even as it hails itself as the largest, most opportune economy in the world. According to Morgan (2010), "market societies need poverty, moral communities do not" (p. 215). This is not a pretty truth or conclusion socially. Morgan alluded to the welfare state as an institution that is solely to appease the collective masses to maintain a functional order. Morgan stated the market is superior in "celebrating the canonization of the status quo" (p. 212). Morgan also stated that the system of welfare is required for capitalism to remain intact. This is an important concept because of the insinuation that capitalism cannot work in its purest form. The

United States is often misconstrued as a purely capitalistic country. The government has a welfare state, which has supported the tenets of capitalism into present day not without its casualties. If capitalism is not held within continuous check, it could eventually lay waste to an entire society (Morgan, 2010). Within capitalism, there are market forces that shape the opportunities through which humans provides for themselves, and any excess is taken as profit. In taking this excess, there is a fundamental shift of resources within this system. Ball's (1965) statement that "there is not enough to go around" (p. 19) seems to be shortsighted and incorrect.

It is Inequality, Stupid!

Countries that are considered middle to high income have more poverty within their borders than countries that are considered low income. This would seem to be in direct opposition to the "growth eradicating poverty" argument. In Chapter 2, the growth argument for poverty alleviation is discussed in detail. Countries with higher incomes have greater instances of poverty than countries with lower income. An observation is that countries with smaller GDPs have less poverty than those with larger GDPs. Bonica, McCarthy, Poole, and Rosenthal (2013) stated how inequality is continually supported. When an area has a large number of impoverished people without basic suffrage rights, equal distribution of income will be extremely limited even if everyone participates (Bonica, McCarthy, Poole, and Rosenthal (2013). The idea of freedom and democracy means that people have a voice that should be heard in accordance to the contract with the body that governs them. The denial of rights undermines the idea of democracy, especially financial democracy. During the Bush administration, deregulation of the financial system has led to an increase in inequality (Bonica et al., 2013). The unfortunate premise of this deregulation was "trickle down economics," which has resoundingly been disproven in the literature as a viable economic position (Bonica et al., 2013).

As the information is reviewed, the constant theme is inequality. Bresser-Pereira (2010) stated, "inequality has existed ever since human societies were able to produce an economic surplus and turn into 'civilized' empires" (p. 25). Inequality has existed within nature as well as human societies; Darwin's "survival of the fittest" governed humanity as well. Inequality is deeply rooted into the natural experience. As stated by Kesavan, Mascarenhas, Wei, and Bernacchi (2014), "The inequalities among us were originally fueled by natural forces of the unequal distribution or endowment of humans in terms of native talent and intelligence, learned skills and committed industriousness, warrior courage and brave perseverance, etc. Some believe we can do nothing about these "original" positions of natural endowments and inheritances (p. 25)"

Quantifying poverty is important if humanity is to try to find a solution to this problem. Many countries have tried various policies that have either worsened or temporarily abated the situation. Unfortunately, there are no instances in which humanity has completely conquered inequality and poverty. Equality is the most important aspect of human society (Kesavan, Mascarenhas, Wei, and Bernacchi (2014). When equality is threatened, it is a threat to humanity as a whole. Humans have placed many obstacles in the way of identifying themselves with other people. Obstacles such as religion, cultural practices, and monetary wealth, have contributed to the constant struggle of humankind being equal in everyone's eyes. A brief lesson in inequality is a matter of thinking. The poderance is how people view themselves and another in relation to understanding their own talents and abilities Power is derived from this particular concept. Those who approach power with a constrained view tend to look at the world in a manner that a small number of people is able to make decisions for society as a whole. These people tend to lean more toward oligarchic societies as opposed to letting the people decide how they would like to be governed.

The U.S. financial system can be seen as this kind of society. The large banks dictate the flow of funds from the Federal Reserve Bank. The value of this kind of thinking can lead to a more streamlined view of how to govern. When there are many people trying to make a decision, this often distorts the focus and vision of the original plan. There would be many different perspectives because of the different views that would have to be considered. People with this kind of view have to be careful not to seem undemocratic and elitist when it comes to the perception of those governed.

Is Poverty Absolute or Relative or Both?

The most important idea in understanding the relative to absolute notion of poverty is to understand how poverty looks in given areas. According to Chen and Ravallion (2010), a person must acknowledge poverty looks different in varying countries. Wealthier countries have higher poverty thresholds than poorer ones; an iPad in the United States may be commonplace in the hands of the impoverished, but it may be an unobtainable item in places such as India or Mali (Chen & Ravallion, 2010). Understanding the terms absolute and relative poverty is a very important aspect of this discussion. According to Sumner (2013),

> One could conceptualize ‘poor’ countries in various ways: by absolute measures (meaning thresholds-based) and/or relative measures (meaning measures relative to other countries) of absolute and relative poverty at a country level (and potential indicative levels for further investigation). In absolute terms (meaning thresholds) one might conceptualize ‘poor’ or ‘non-poor’ countries in terms of absolute poverty; country-level relative poverty; average incomes compared with the international poverty lines ($1.25 and $2 per capita/day); the overall ‘burden’ of poverty (meaning the total poverty gap as a percentage of GDP); or by structural indicators (p 360).

Absolute poverty is a different measure of poverty than relative poverty. Chen and Ravallion (2013) created an international poverty line of approximately $1/day that is representative of the poorest countries. This involved using comparative pricing models to understand how the cost of living compared in varying countries. The pricing component is very important in the evaluation of poverty. Whether it is relative or absolute, the objective is to reduce it from the globe. Most poverty policies are directed toward absolute poverty in that they do not change over time. According to Chen and Ravallion (2013), “Absolute lines are typically anchored to nutritional requirements for good health and normal activities” (p. 10). These poverty lines are easier to address in comparison to relative lines. To create relative lines, poverty is set at a proportion (Chen & Ravallion, 2013). After defining these terms, the determination will be which is easier to tackle with economic growth. Absolute poverty changes more over time in a developing country.

In understanding poverty, a person must look at the successes and failures of humanity in eradicating this scourge. In reviewing the literature, there is a mix of public policy regimes that have attempted to reduce inequality, which is a large predictor of poverty. Communism, socialism, and capitalism are public policy regimes that have created more inequality as societies and economies grew. Economic growth has had a reputation of reducing poverty, but in some instances has exacerbated it. Humanity has seemingly complicated life beyond what nature intended or if nature is creating imbalances to ensure there are enough resources to go around.

Gini coefficient

In the quest to understand poverty, a person must understand the problem. Inequality has been a mainstay in human cultures and existence since the birth of civilization (Salomon, 2011). In conducting an economy and monetary policy, a person would expect anomalies within distribution. The Gini coefficient is used to measure income inequality (Salomon, 2011). This tool has allowed researchers to place inequality on a numerical scale instead of allowing it to continue being an intangible idea. Salomon (2011) explained that world poverty has actually increased overall if a person were to strip away the poverty reduction steps China has taken. The numbers show that inequality has tripled since the 1800s (Salomon, 2011). Another important point is given the global poverty scale of 0 to 100, the world currently stands at about 70 with 100 being total inequality (Salomon, 2011). According to Slabbert and Ukpere (2011), the wealth gap between the world's top 20% and the bottom 20% has doubled within the last generation. With this rampant inequality, a person would think that poverty has become an accepted reality of many people in the world. Monetary policy conducted by a nation's central bank along with the coordination of the government could drastically reduce poverty with China being a recent example.

Understanding how monetary policy creates an unintended consequence is the first step in solving the mystery of poverty. The study was designed to benefit those who live in poverty. These people make up a large part of the population. From an economic perspective, poverty is a part of the evolution of human civilizations. It can also be viewed as an evolutionary functional part of the world by reducing the population in order for the environment to recover and also ensure we have a stronger species to go forth in the future. Poverty is an entity, which has maintained a lowly reputation because of the ramifications it holds for the rest of the world. It can be dangerous because it has the potential to limit economic growth, suffrage participation, trust in the political system, and quality of life (Bechtel, 2014). The theory that people can use monetary policy to eradicate the world of this scourge will be a political hot potato. The intent of this study was to find a solution to a problem that has never seen a solution.

Limitations

The limitations of this study include numerical data gathered from the governing authorities. The numerical data were assumed to be the most accurate in terms of validity and credibility. The poverty equation could possibly be distorted based on U.S. data only and may not be readily applied to other economic systems outside of the United States;

however, the poverty equation is supposedly designed to negate any cultural, societal, and demographical norms within a given region. Until its application is implemented in other systems, a person can only predict the outcomes. The data could also have problems if the information from the U.S. Census Bureau has been changed or politicized in any way. Because data were not collected directly from human subjects, researcher biases should have been minimized. As an observer, I was trained not to include my biases in my writing or analysis of the data.

Summary and Conclusion

As outlined in Chapter 1, the purpose of this study was to provide a clearer understanding of how the problem of poverty is essential to the idea of growth and stability, and how to minimize poverty to make society fairer for all citizens. The current mix of policy and economics has not contributed to the war on poverty as much as the world had hoped it would. Despite the Millennium Development Goals of 2000, the program has not progressed as quickly as designed. In some cases, it has been a burden on some countries and their poverty reduction goals within their own borders (Vos, 2011). In Chapter 2, I provide a critical review of the current literature on poverty prediction. I examine the literature and finds parallels in understanding why poverty has continued to exist and how it has been fought and is currently being fought. I also examines why it has not been eradicated thus far in human history.

Chapter 2: Literature Review

Problem Statement

With the emergence of monetary systems, poverty has remained a constant in each type of society from socialism to capitalism (Azis, 2008). The poverty problem is largely political and economic. According to the United Nations Development Programme (2013), "Globally, the number of extreme poor has dropped by 650 million in the last three decades, a level of progress humankind had never seen. But still there are more than a billion people living in extreme poverty" (p. 2). A common alleged antidote to poverty is economic growth; however, there is evidence that this is a myth. According to the United Nations Development Programme, "Economic growth will not reduce poverty, improve equality and produce jobs unless it is inclusive" (p. 2).

Purpose of the Study

When it comes to understanding the purpose of the poverty equation, there are a few things that should be defined and themes identified. As a researcher, the question is whether or not poverty be communicated to the audience simply before relying on technical terms. Poverty can be summed up in one word: inequality. According to Williams (2009), the United States is dealing with income inequality that is reminiscent of the period before the Great Depression. About 25% of the workforce earns less than the current minimum wage, and cannot pay for the necessities given current prices (Williams, 2009). A significant portion of Americans are living well below the poverty line while many more make less than half of the poverty line (Williams, 2009). Many believe that poverty is purely an individual economic situation. Poverty also has macroeconomic implications that could prove problematic in a political situation. Understanding this problem fully and implementing a solution is important for those who live in poverty.

This study was important in many ways. It provided a realistic view of what can be done with a problem like poverty. To win any battle, a person must know the enemy. This research brought to light the misconceptions of poverty while showing the frameworks in which is thrives. Through this study, people can understand how poverty works from a monetary perspective. The importance of helping the poverty stricken has been a social responsibility since the rise of the currency systems. Many people do not want to see their fellow constituents reduced to a state that could lead to starvation and lack of opportunity, but perhaps others simply do not care. Social responsibility is not easily measured because it is a human trait that could be masked by objectiveness of the researcher. In the quest to help the less fortunate, people must look within themselves to understand what they gain from doing so and how to go about doing so. Many individuals are motivated by internal mechanisms that were established as part of their experience and DNA.

Income inequality is the larger symptom in the poverty disease that has sickened every society in humanity. Poverty seems to be more amorphous than many researchers have once thought. Despite people’s best efforts, poverty has been a scourge that humanity has not yet been able to cure. Even in the various social systems designed to combat poverty, but it never seems to go away. Poverty is the negative by-product of the natural confines every system faces. The question remains if humanity should accept it as an inevitable fate of business, economic theory, and public policy. As the wealthiest country in the world, the United States has an extremely unequal distribution of income that has created more poverty than in Western Europe (Sanandaji, 2012). This study was important to the billions of people who are living in abject poverty not caused by their own making. From a social change standpoint, it would be important to remove this burden of society. This is a controversial topic given its social and economic implications; nevertheless, healthy discourse is needed among scholars to move toward a less economically divided society.

In examining inequality and poverty, a person must look at the ingredients that create these situations. To mitigate poverty, it is important to reduce income inequality by creating a more equal society, while creating a society, which places importance on the welfare and socio-mobility and stability (Jaumotte et al., 2013). There are many factors that are contributing to this phenomenon of poverty such as financial and trade globalization and foreign direct investment (Elmawazini et al., 2013). There have been economic disparities in the past without these factors. An examination of the common denominator(s) in poverty would be very important in this discussion and as a follow to eradicating poverty. Dissecting the economic and quantitative common denominators of poverty would mean deeper scrutiny into the subject to understand the causes of inequality.

Many countries have tried to reduce poverty to a negligible state. Given history, this expectation of growth and monetary systems solving this problem seems unrealistic. Crow et al. (2009) outlined various opinions of inequality and how it comes about, which may not always be purely economic. Instead, it has a connection to cultural and historical factors. Many people liken poverty to lack of opportunities, educational attainment, or access to basic economic expansion opportunities. Poverty is a part of the business cycle that means it is designed with economic theory, finding the prediction method in calculating poverty becomes an extremely important tool in solving the problem. The Federal Reserve has countless prediction tools that they use to predict various components of the economy, but there is no prediction method for the allowable amount of poverty for a given population and GDP. Crow et al. took a holistic approach to poverty in the form of philosophy, education, and material inequalities.

Discussing poverty in mathematical terms would require an in-depth look into the material that is currently available to find any missing information. In understanding the problem of poverty, a person must understand the conditions in which it thrives. In this section, I explore how poverty has been shaped under each regime from communism to capitalism.

Poverty is an issue that touches people in one way or another. In the war on poverty, a retooling of the way poverty is viewed must be done. There are many barriers to helping the poor that are political and economic. Wealthy individuals and corporations profit in many ways from the suffering of impoverished individuals. Many of these wealthy entities only give money to appease the public. If someone is seemingly doing something with the fight on poverty then all is well, supposedly. No, we have to approach the entity of poverty from an entirely different perspective. Discovering ways of using monetary policy will be a controversial topic because of the ramifications on those at the top of the wealth chain. This would mean a redistribution of the money base to close the gap between the poorest and wealthiest individuals of society. This would also mean that countries would move away from capitalism and toward the dreaded socialist state, which has been demonized in the United States. Socialism is not the implication of this study but that of social and economic engineering.

Poverty is a human event that has many other more harmful ramifications such as mortality, starvation, pestilence, etc. In limiting the world's ailment, one must consider exterminating poverty. The larger question is: Is this feasible and realistic? Is poverty a necessary institution in order to ensure progress and success measured by such? In looking through the material, I have seen only studies relating to developing economies, does this mean America has abandoned its poverty stricken? Much of the information found has focused on growth and inflation and its effects in causing or exacerbating poverty not necessarily using these same mechanisms in preventing it.

In the course of this chapter, it is important to establish the flow of the paper and research. In the introduction of the chapter, we start with restating the problem statement and the purpose of the study. The next section is the method that was employed to find out the information included in the study. The next section begins to review the necessary theoretical and conceptual frameworks within the study. The next section wants a complete review of the current literature of my topic. Lastly, the summary and conclusion will wrap up this chapter. Finally, it segues into Chapter 3.

Literature Search Strategy

In pulling together this information, I used several databases in looking for the information related to my topic. Located within the Walden Library, I used the Thoreau, Academic Search Complete and Proquest Central databases. I also pulled information from the local library, Atlanta-Fulton Public Library as well. The key search terms I used were, poverty, economics, growth, poverty and capitalism, poverty and socialism, poverty and communism, and Gini coefficient. By narrowing the publication date to 2009-2014 and ensuring they are peer-reviewed, it allowed a more focused search within the material. I was able to eliminate many articles due to the lack of relevance to my topic. With the poverty topic, I did not have trouble locating a sufficient number of articles and information to interweave into my topic.

Theoretical Framework

The importance of theories is a driving factor in my future research in equalizing the balance of wealth in the world. With the global wealth system, we have created a system of poverty and financial enslavement because the system favors those who are the wealthiest. My research will discover new ways to close the chasm of economic disparity. The gap has continued to grow unchecked and unsupervised. The path-goal theory will ensure that those who are in the system of poverty have a means to escaping the chains of this institution. The social equity and equality theory will ensure I am focused on treating people the same as equitable individuals. These theories are the starting point in my research. These basic ideals of the human condition are very important in creating social change and moving towards social equality. In the construction of my contribution to the current body of knowledge, the aforementioned theories will have to create a new construct of human thinking and evolution.

In order to be good stewards of the public sector, we have to ensure we are uplifting members of society to create a more harmonious and more cohesive existence with our fellow constituents. These two theories combined with the social change mechanism of Walden will help to ensure that I am touching the lives of millions, or perhaps billions of people. As part of the literature review, I incorporated these two theories because I wanted to use these as a foundation in how I go about helping those who cannot readily help themselves. In constructing my research, I constantly thought about what variables and types of variables I would like to measure (Creswell, 2009). Creswell outlines the types of variables I could measure. Economic viability and social mobility were central aspects in my research. These theories could contribute to the body of knowledge by helping our society to progress beyond the three currently accepted notions of economic structure; capitalism, socialism, and communism. With these theories along with others, the creation of a fourth widely accepted form of social economic structure could be produced. In my quest to integrate social responsibility into economic power, these theories were centrally held as the backbone of the research.

Critical Mass Theory

According to Oliver, Marwell, and Teixeira (1985), “For a physicist, the “critical mass” is the amount of radioactive material that must be present for a nuclear fission explosion to occur. Social movement activists and scholars often use the term in a loose metaphorical way to refer to the idea that some threshold of participants or action has to be crossed before a social movement "explodes" into being." One concept to consider is the idea of critical mass, certainly this is a purely scientific construct but, would critical mass theory fit within economic theory in explaining poverty and the cyclical nature of such? One would ask, how does critical mass theory fit into poverty? With many social movements, there has to be a spark that ignites action. Poverty has gained much attention but there is no real movement in eradicating it altogether from a whole world society standpoint. "In large measure, this is because economists generally assume that money is always available at a high enough interest rate and that time, expertise, energy, and even political influence may be bought from others with that money," (Oliver, Marwell, and Teixeira, 1985).

In an example of how critical theory works, it became extremely apparent of the types of forces that are interacting. Oliver, Marwell, and Teixeira, 1985, an example of this theory's application is apparent in the act of self-preservation. The example involves understanding what motivates a neighborhood to act with/against their best interests when a positively viewed school is threatened to be close by the governing authorities (Oliver, Marwell, and Teixeira, 1985). The thought process of the neighborhood is focused on the children of the school but they also have to understand how this will financially harm them in the future if the school was allowed to close (Oliver, Marwell, and Teixeira, 1985). The conundrum comes into play when it comes to how the governing body has historically acted in these issues and whether or not the community bands together to act against the school closing (Oliver, Marwell, and Teixeira, 1985). The community has to decide to either hire an attorney on behalf of the community to preserve the school or to lose home values due to the school closing, either way the community will be impacted financially (Oliver, Marwell, and Teixeira, 1985).

Critical mass theory helped to explain why many countries and people have not explored poverty beyond social programs and have not taken steps to correctly quantify poverty in economic terms. At some point, in can be assumed, many of these people are profiting from the lines of stratification, marginalization and polarization. Unfortunately, many of these same entities only give money to appease the large public. If someone is seemingly doing something with the fight on poverty then all is well, right? No, society must approach the entity of poverty from an entirely different perspective. Discovering ways of using monetary policy will certainly be a controversial topic because of the ramifications on those at the top of the wealth chain. Critical mass theory can somewhat explain the high societal and moral costs to do nothing or doing something.

Monetary Theory

Poverty also has macroeconomic implications that could prove problematic in a political situation. One must ask if those who are in poverty are suddenly lifted out of the institution, what are the economic implications that could ensue? Economic theory is a large and cumbersome subject as a topic alone. When measuring poverty, one must look at the income and wealth gap of a given area. In this section, an examination of the forces of monetary policy allowed researchers to understand how macroeconomics supported the institution. When one thinks of price stability, it brings to mind the money paid for certain items in terms of the consumer. Prices are an important part of economic theory. It is how we base the information in the supply and demand curve to create movement within such. Institutions have been created to manipulate this curve to create economic stability within a certain locale.

John Maynard Keynes has been a reputable force within the field of economics. Stating Smith and Hall (2002), Keynes held a view that government intervention was necessary when a market fails. Looking further into Keynesian values, there is a direct link to how monetary policy is conducted in the US. According to Smith and Hill (2002), as an economist, Keynes found a way for the central bank to manipulate the rates of return by manipulating the supply curves of money. It was a way to control the economy and move the country away from the anchor of the gold standard (Lehrman, 2014). Keynes is an important figure in monetary policy in the United States because his influence helped to create the dominance of the Federal Reserve and the US's removal of the gold standard. The lifeblood of any economic system in recent regimes has been currency. Realistically, money only has value because society has agreed that it does. According to Papadopoulos (2013), Keynes advocated intervening into the money supply of an area to ensure measurable economic outcomes only as related to those outcomes. He also advocated for a money supply that would produce the most efficient market that is it provided the government a way to settle disruptions and provide for a means of reducing the inconsistencies in the markets through the monetary medium (Papadopoulos, 2013). "*Par excellence"* is the term used to illustrate the power in which it had relating to the institution of economics (Papadopoulos, 2013). Based on this assessment, are income stratification, marginalization and polarization, as discussed in detail in the subsequent information, an unintended consequence of making a mode of exchange easier? If this the case, can poverty be eradicated under a fiat currency system? According to Keynes (1964),

The richer the community, the wider will tend to be the gap between its actual and its potential production; and therefore the more obvious and outrageous the defects in the economic system. For a poor community will be prone to consume by far the greater part of its output, so that a very modest measure of investment will be sufficient to provide full employment; whereas a wealthy community will to discover ampler opportunities for investment if the saving propensities of its wealthier members are to be compatible with the employment of its poorer members.

The above passage comes directly from the "*The General Theory of Employment, Interest and Money.*" From the passage from the book, it would seem "trickle down economics" is seemingly nonexistent. If the wealthy have no incentive to spend and create opportunities for the poorer classes, they simply will not. Much of the argument of providing more opportunities for the wealthy to become that way seems to be settled in this passage. The poorer classes do not benefit from the accumulation of the wealth within the wealthiest segments of the population.

Relating to the aforementioned passage, Stiglitz (2003) mentions, "The global economic system has been able to work only because the US has acted as a 'deficit of last resort' meaning that the richest country in the world is the only one able to spend beyond its means." This means the US has been able to have capital inflows from developing countries so that its citizens can continue to consume. This also means that US citizens have continually taken away development opportunities from poorer countries. However, its citizens still grapple with the institution of poverty within its borders. As a country grows, its poorer citizens seem to shrink then grow as the economy reaches critical mass. Studying these cycles could help researchers to mitigate poverty and understand it as a function of economic theory. As the opposing view of the capitalist structure emerges, it disregards the natural rate of interest.

Hein (2006) explained when an economy is in the growth phase funding sources for capital projects are virtually non-exhaustive. Hein (2006) also explains that Marx's concept of credit growth states that he thinks the system is self-sustaining in a growth environment, which is similar to Keynes. They both also agree on the idea of interest rates are actually outside of this system and are subject to politics and capitalists (Hein, 2006). Marx did not think there is a "natural rate of interest" in either form of economics, which is compatible with the Keynes' "horizontalist" view of money and interest rates (Hein, 2006). This brand of economics contradicts what is taught of classical Keynesian economics. Essentially Marx does not believe money has characteristics that are inherent to using it as a mode of exchange. Understanding how money in a system works and what influences the movement thereof is an important asset when studying poverty. The social and economic systems abide by varying rules which need manipulated if poverty is truly going to end. It has called into question what politically and economically viable solutions could be offered to release the grip of this institution. Examining the data, one would have to see that as incomes of the poor rising would create an introduction of new currency to the money supply that would subsequently began to raise prices. Given this scenario, poverty would essentially be a relative idea meaning that even if the incomes of the poor were to rise, the costs of goods would erode the purchasing power of those impoverished thereby reducing this class back to where they started. The institution of poverty carries a negative connotation when mentioned in the larger non-poverty stricken components of society. The economic issue of helping those in poverty can carry large-scale implications, which could hinder the inclination in doing so. As mentioned before, lifting many people out of poverty could potentially have inflationary pressures that would not benefit the rest of society. Given this potential situation, would many clamor to help the poverty stricken only as a part of their social responsibility? If that were truly the case, then poverty would have ended before it could have started.

Why Inequality Is Always Present

"Inequality has existed ever since human societies were able to produce an economic surplus and turn into "civilized" empires," (Bresser-Pereira, 2014). Inequality has been discussed within the context of this paper as it relates to poverty and poverty reduction. It has been a major hindrance to poverty reduction because it usurps resources to specific segments of the community. The larger question is how do we rid ourselves of inequality to create a more equal society? The answer is more complicated than one may think. The justification for the idea of inequality is that it is simply the price of improvement for those who are considered the least well off than everyone else (Bresser-Pereira, 2014). One of the most important definitions of global inequality is that valuable resources, such as wealth, are not spread equally around the globe and many of the globe's population are living well below poverty line (Ferrante, 2010). Interestingly enough, even as inequality has increased amongst countries, it has not moved the incomes of the poorest by a significant amount (Bresser-Pereira, 2014). Ferrante (2010), At the other end of the continuum are those who live in a state of extreme wealth, the most excessive form of wealth in which a very small minority of people (perhaps as few as the richest 400) possess enough money, material possessions, and resources such that a 4 percent levy on that wealth could provide adequate food, safe water, sanitation, and basic health care for the 1.2 billion poorest people on the planet. It would also include the richest 7.7 million people in the world (one-tenth of one percent of the world's population) whose average wealth is one million dollars (excluding the value of and whose combined wealth is estimated to be $28 trillion, a staggering amount when you consider that it represents 54 percent of gross world product (GWP) which is $51.4 trillion.

The aforementioned thought brings to light the information that drives capitalism as a public policy regime. Bresser-Pereira (2014) states that capitalism became superior because socialism failed to produce sustainable results. The premise that was the undoing of socialism was trying to pay homage to the unequal talents of men and women, which in capitalism, this observation was, not a tenet of capitalism (Bresser-Pereira, 2014). It seems to require that one would look deeper and to say inequality seems to be ingrained into the DNA of every living organism that has created a society.

Possible Tenets of Inequality

Economic Stratification

The first possible tenet of inequality is stratification. As per Merriam-Webster (2013), stratification is the state of being divided into social classes. According to

Kiuranov (1982), when evaluating a specific segment of society, we typically look at the level of income and overall economic status of their lives. From this information, we can determine the strata of society of which they represent (Kiuranov, 1982). Essentially the author is trying to relate income with social status and perception. The significance of this finding to inequality and, effectually, poverty points to the overall impact of public policy directives that deal directly with economic incentive and reward. As income stratification is examined further, it becomes more apparent that at differing levels of society, it plays large role in how social policies and cultural perspectives are formed. According to Kiuranov (1982), when determining the overall health of a given economic area, we must look at the diversity of its income levels. This is a resounding look into their public and socioeconomic policies (Kiuranov, 1982). This is also a display of their social layering, which, unfortunate, for many are priced out of the upper levels of society because of their economic status (Kuiranov, 1982). For those who are grappling with the institution of poverty, they have very little social mobility because, in some instances, lack of opportunity, education, or disability within those who make up this class ensure that many never see the splendor of the upper classes.

Within each society, there seems to be a class structure that divides the constituency by income classes. The more recent and popular example is the transition of Russia going from a communist to a market economy. An example of note is the changes within their economic system, from a socialistic to a more capitalistic one, in which modern day Russia experienced during the 1990s. This country, due to economic growth and specialization, began to undergo massive changes in their socioeconomic diversity and poverty began to become endemic. What exactly prompted this change from an egalitarian society into one that became deeply divided? (Wegren, Patriorkovski, and O'Brien, 2006). From the information gathered, it would seem when the regime of communism fell and market economics (capitalism) took hold, the economic lines in the sand were drawn. According to Wegren, Patriorkovski, and O'Brien, 2006), "Increased differentiation became evident not only between New Russians and the rest of the population, but also across occupations within the urban working class – within occupational groups and across regions – giving rise to a new class structure in the working class (Zaslavsky 2001, 209–13; Melin 2002, 1–18). With the aforementioned information, the question of capitalism and its unintended consequences are brought under scrutiny. The resulting economic classes and stratification of citizens are evident under this system. Does this mean that capitalism has always been designed to create failures of financial principles and create socioeconomic classes amongst its constituents?

Economic Marginalization

Another possible tenet of inequality is marginalization. According to Merriam Webster (2013), marginalization is to put or keep (someone) in a powerless or unimportant position within a society or group. The first example of marginalization comes from South Africa. This example discusses the economic basis of marginalization when a social system is making an economic transition between two different policies. According to du Toit (2008), "One of the more significant shifts in discourse on growth, poverty and economic policy in South Africa since the transition to democracy has been the increasing official willingness since 2003 to recognize the limitations of the notion that the benefits of economic growth would automatically 'trickle down' to poor people." As stated before, economic growth is not a guarantee of continued growth of wealth in an economic system. Du Toit (2008) explains how a theory originating in Europe concludes that natural segregation occurs in society when minorities are not able to adapt to the standards of living amongst the majorities customs and practices. The term ”social exclusion” was used to justify how these members of the society was not subjected to the rights and privileges of the whole, some of these factors may have not been any fault of their own. These people are marginalized and excluded from 'normal' customs and traditions (Du Toit, 2008).

Given that academic studies have focused on this topic, why is a conclusion always seemed to be fleeting with the wealth of information discussed throughout the current literature? Is economic poverty a topic that will not be addressed by the larger society? Marginalization seems to only work for those who are already in power. This particular social ideal seems to stem from Charles Darwin's idea of survival of the fittest. Another example of economic marginalization comes from the continent of Australia. This brand of economic marginalization is based purely on religion. "Economic disadvantage is disempowering. The relative economic disadvantage of Australian Muslims increases the probability of their alienation from mainstream Australian society, making comparatively more Muslims vulnerable to such adaptations as innovation, retreatism and radicalism. Socioeconomic marginalization and a sense of relative deprivation are often breeding grounds for religious and non-religious radicalization, which readily galvanizes those who are socially and economically disadvantaged, (Hassan, 2010). In this particular example, poverty and economic marginalization has been linked to adverse behavior, which is considered undesirable when it comes to national interests. A social system that punishes and requires economic payment for uncontrolled circumstances is a part of cultural and economic practices in large swaths of the world.

The third example of marginalization comes from Malaysia. This particular brand of marginalization is based on race. According to Fee (2002), "One of the major foundations of British colonial rule and the colonial state in Malaya was the construction of an ethnic division of labour, which served to reinforce the ethnic consciousness of the colonized population. This was given political expression after independence in the development of the consociational state which is an arrangement that ensured the unequal sharing of power between ethnic communities." This practice is not new or case specific for this region of the world. In Pre-Civil War South, racial marginalization of the slave population was a common practice. The lighter skinned tones garnered more profits among slave traders. "Racialization has the effect of subordinating a group to a materially and politically disadvantaged position, but it also elicits a political and ideological response from this group," (Fee, 2002). Given these various examples of economic and social marginalization, the trend tends to keep the object of this practice enslaved within the population and political system. Unfortunately, society will always seem to have a mechanism that renders many within its grasp subjugated and objectified due to no fault of their own. How can poverty be eradicated given these continued circumstances? Is poverty an institution that will always be a part of the human existence?

Economic Polarization

The last possible tenet of inequality discussed is economic polarization. According to Merriam Webster (2013), polarization is defined as division into two opposites. In recent times, this term has been used synonymously with the Gini Coefficient (Yitzhaki, 2010). It is used as a measure to understanding deprivation (Yitzhaki, 2010). "In several nations, social housing has reflected income polarization and, in some instances, has intensified the disparities between the rich and the poor," (Carter, Schill, and Wachter, 1998). Economic polarization has begun to erode the social mechanisms of equality and equity. Gochocho-Bautista, Bautista, Maligalig, and Sotocinal (2013) the governing authorities have begin to express concern over this aspect of inequality because it undermines the democratic system as well as any prospects of economic growth and it could be damaging to long term poverty reduction activities. As the gap grows, much of society is forced to segregate depending upon the level of income each earns. Gochocho-Bautista, Bautista, Maligalig, and Sotocinal (2013) polarization is a force, which has been largely ignored, but its importance in shaping society, economically is very apparent. The problem with polarization is that it creates an inescapable economic caste system that does nothing for the people stuck in the lower rungs of the system (Gochocho-Bautista, Bautista, Maligalig, and Sotocinal, 2013).

Polarization seems to be the natural progression of continued economic inequality. When looking at growth within a given economic area, it typically follows three very distinctive patterns (Talyor-Gooby, 2013). During the earlier stages, income inequalities seem to stabilize and become virtually uniform; however, as the income of the whole group moves upward, we began to see distinctive patterns in differentiation (Taylor-Gooby, 2013). The next trend that materializes is that the wealthiest individuals incomes start to accelerate in pace in relation to those in the lower strata of the economic pyramid, incomes begin to stagnate (Taylor-Gooby, 2013). This trend seems all too familiar as we look at the American landscape. Taylor-Gooby (2013) on the opposite end of the very top, poverty seems to follow a pattern which leads it to expand, wane, and then increase as growth follow the business cycle. How can we measure this cycle that poverty follows is the focus of this research?

Given these patterns, one has to wonder what has happened in the landscape to exacerbate the gaps between the rich and the poor. What lies in economic theory, public policy, or social systems that would allow this unsettling aspect of society to continue to flourish. Many scholars and politicians have argued that growth is the most important aspect of an economy, however; it would seem with growth, prosperity continues to move away from those who need it most.

The Public Policy Regimes

Public Policy: Communism

According to Smith (2000), “Command economies are often referred to as planned economies because the government engages in elaborate, detailed planning in an effort to produce and distribute goods and services according to the wishes of government leaders.” Communism, or command economies, placed the government in control of goods and services as stated. This meant that people were lacking individual freedoms they would have otherwise enjoyed under this system. As a result, poverty and shortages were a common unintended consequence of communism. According to Smith (2000), what we consider as communistic societies is actually economically called "command economies," they are prevalent in the previous USSR and Cuba. Smith (2000) this economy basically places most aspects of the financial and property rights in the hands of the state as opposed to private citizenship. This basically ensures that its citizens did not enjoy certainly liberties as in other countries without these types of economies (Smith, 2000).

What exactly is communism? According to Filardo (2008), "communism: a theoretical economic system characterized by the collective ownership of property and by the organization of labor for the common advantage of all members. Communism: a system of government in which the state plans and controls the economy and a single, often authoritarian party holds power, claiming to make progress towards a higher social order in which all goods are equally shared by the people." Perhaps, the shining example of communism is the former Soviet Union. "As often noted and contrary to Marx's theories, socialist revolutions failed to occur in the most industrialized capitalist countries. Instead, the first Communist takeover occurred in the relatively backward former Russian Empire, and communist movements came to power with a degree of popular support in some of Asia's poorest countries," (Iliev and Putterman, 2007). As communism is met with an air of disdain in the industrialized world, one has to wonder why exactly it was so embraced by poorer countries? Storper (2001) claimed one explanation is that this form of public policy would create a more egalitarian system of monetary distribution independent of output. It also contrasted the notion of capitalism, which had continuous areas of recession and expansionary periods that often financially damaged those on the bottom (Storper, 2001).

Having an economy based on this particular brand of public policy was supposed to create a smaller poor class or, supposedly, no poor class at all. However, in the review of history, this is simply not the case. From a historical perspective, communistic economies, from the limited published data, performed worse than its capitalistic counterparts, (Storker, 2001). Finding information regarding the 'red curtain' as used colloquially here has proven difficult given the information controls put into place in communistic countries. North (1955) explained the premise of Marxist theory is that "there is no overpopulation, only underproduction and underconsumption." The Marxist theory was the basis of communism in which the state controlled everything within its borders. Communism did not guarantee that the economy would grow in order to suit the needs of the population within its reaches, despite this, communism was able to maintain its grips on the people within the institution (North, 1955). To completely understand communism, or a planned economy, one must understand that with these harnessed economies, which lie within the state, this also inherently implies that it contains complete political power as well (Laibman, 2009). Seemingly, Marxism is the direct antithesis of capitalism (Resnick and Wolff, 2013). Resnick and Wolff (2013) in a critical assessment of Keynesian economics by offering the solution that Marx was trying to move towards an understanding beyond all the problems that accompanied capitalism such as greed. Resnick and Wolff (2013) also suggested that even in Marxist or Keynesian economic structures that pricing and distribution is “fundamentally flawed.” Marxism still has a huge following around the world despite what many may think about it dying decades ago. Following the Great Depression of the 30s and Great Recession of the 00s, many governments used some of the ideals set forth in Marxism to keep the economy from completely collapsing. According to Carling (2012), after the collapse of 2008, many governments tried to mitigate the business cycle through regulatory powers. Much of the literature spoke about China and Russia as the largest communistic forces in the world. Eastern Europe was under this particular regime but since has created an open market system and relying more on trade and economic liberalization. Based on the tenets of communism, it was supposed to reduce or eradicate poverty by giving market control to the people instead of market forces. Given what is known, why did this particular public policy initiative fail to provide a return of non-poverty to its constituency

Poverty in Communism

Academically presented, communism would have been the way to solve economic classism and inequality. For segments of the country that would have been impoverished, it would seem as if these ideals would work to improve their situations. Hein (2006), prices and money are essentially subject to supply and demand forces because it is narrative of the distributive property of labor and capital within a market. As economists would coin the term of money velocity and the availability of dollars set the pricing mechanisms within a system (Hein, 2006). As per the quantity theory of money, prices are independent of the availability of currency in said system and are set by exogenous monetary forces (Hein, 2006). As Foley (1983) has proposed, the level of prices and the value of money can be seen as given by entrepreneurial pricing, which itself depends on the trend of accumulation and on the distribution struggle between capital and labour. The money wage rate will therefore assume a prominent role in the determination of the price level (Matthews 1996). Therefore, the level of prices has nothing to do with the supply of money, as supposed by the quantity theory of money, but is determined by non-monetary forces.

In the Marxist view, inflation is seemingly nonexistent because prices are unaffected by these forces. Given this scenario, it could be concluded that money supply within communism should not have affected the pricing. If this were the case, this would mean that supply and demand laws of economics do not apply in communism. Interestingly enough, communism seems to relinquish control of economics from classical economic theory and place it in the hands of individuals. In this passage from Peet (1975), "An attractive alternative model, developed in its most sophisticated form by the anarchists, involves decentralized, worker ownership of the means of production and a linked system of community control over environment." Examining this further, one could see how poverty would be diminished in an academic sense. Unfortunately, communism did not work in the real world as it was intended. Granted, the information has been clear that poverty still thrived in this system, how can poverty be a part of a society, which was perfectly designed to work against it? Jalles (2011) states, "Despite the existence of some general trends in the literature concerning the interconnection between growth, poverty, and inequality, there is still no consensus for the most appropriate strategy for poverty reduction." What part of the equation continues to go unaccounted for? The larger question for most scholars is poverty linked to something more sinister in which humanity cannot control? Theoretical elements in communism will possibly shed light on how poverty still persists in a seemingly sound philosophy. As time has progressed, communistic countries have moved away from this social system to become more capitalistic societies.

The Chinese Example

China is example of economic and governing principles changing with the shifting views of economic growth and state control. It has started to put into place guiding principles, which have opened its borders to an influx of growth and opportunities from abroad. Liang (2009) cites the immense growth in the 1990s that allowed over 146 million Chinese to move out of absolute poverty, which the World Bank considers a person living on less than $1/day. Interestingly Liang (2009) goes on to say that around the world over 70 million people plunged below this same line. China's poverty reduction strategies have become to be well known in the public economics arena. Taking a deeper look into China's poverty, the trends from the 1980-2005 shows a sharp reduction in the number of people that have placed on the poverty roles (Taylor and Xiaoyun, 2012). China's poor have been slashed from over 700 million to just over 106 million people (Taylor and Xiaoyun, 2012). Interestingly, China was able to reduce their poverty numbers by re-routing investment from agriculture to industrial areas to spur growth (Taylor and Xiaoyun, 2012). According to Wu and Cheng (2010), The government played a huge role in poverty reduction in China, which allocated untold amounts of resources to fight this scourge. The state has taken the responsibility in removing this threat to Chinese society.

Although China is still under a communist government, it has not been able to completely eradicate poverty. “The strong will and the commitment from the central government for poverty reduction in China is, first and foremost, based on the belief that one of the most important missions of the Communist Party and the Chinese Government is to reduce and eliminate poverty and to create a harmonious society with the common prosperity in China (Wu and Cheng, 2010). This is a pretty powerful statement from the Communist Party and Chinese government in relation to poverty. If the goal of communism was to deconstruct and eradicate poverty, why has it not been successful in the past? Furthermore, China’s Communist Party has set within its sights an end to poverty by 2020 (Wu and Cheng, 2010).

The Chinese Communist Party has begun to take a state controlled approach to poverty reduction as opposed to a market driven approach; so far, the statistics of Chinese poverty reduction has been a glowing success. As part of this initiative, the government created a special envoy for the sole purpose of poverty reduction and economic development in disadvantaged areas of China (Wu and Cheng, 2010). This task farce consisted of very high-level cabinet positions in China including the head of the People’s Bank of China (Wu and Cheng, 2010). In creating this entity, China was able to channel its efforts in poverty reduction and also much needed fund through the one organization that could focus on fighting poverty. In reducing poverty, the money raised through these poverty alleviation efforts was channeled through the Ministry of Finance (Wu and

Cheng, 2010). The funds were sent to the most disadvantaged areas of the country. In tandem with this effort, China began to take steps to open the door to allowing for private enterprise. According to Kesavan, Mascarenhas, Ning, and Bernacchi, 2014, Deng Xiaoping decided to open the door to China in the form of foreign direct investment and by allowing entrepreneurship and parceling land equally to farmers. Xiaoping was trying to create an economy that had elements of the old (communist) and new (capitalist) system (Kesavan, Mascarenhas, Ning, and Bernacchi, 2014). Was China successful in creating this type of economy that has no flaws and all advantages? While the intention noble, the execution proved to be more problematic than the original vision. One of the most important events in human history was China moving from a communistic economy to a market-driven economy (Jalil and Feridun, 2011). China was able to significantly reduce its poverty numbers through its poverty reduction task force, allowing more foreign direct investment, and Chinese entrepreneurship, however; there was a growing problem that came along with this economic prowess: income inequality.

China essentially created a capitalism-like economic system that removed any forced income distributions from the system and replaced them with incentive-based distributions (Luo, 2010). As China's inequality has risen sharply, it is beginning to take steps that will redistribute wealth through various tax and income mechanisms (Liang, 2009). Citing (Jalil and Feridun, 2011), income inequality has sharply increased the Gini Coefficient in China. In an effort to maintain economic stability, the Chinese government has implemented redistribution policies that have largely discounted how privatization and capitalistic policies create problematic anomalies thereby reducing efficiency (Liang, 2009). As the evidence is pondered, many economists are trying to understand the direct relationship of growth and inequality. Many have attributed to the varying differences of skill and inherent ability. Granted these anomalies have existed for centuries, one of the consistent factors in poverty seems to be inequality. As China has grown into the second largest economy in the world, one would have to question if the centrally controlled government can always mitigate poverty and possibly inequality?

Essentially what China has created is an economic-public policy model that mixes capitalism and communism to have the advantages of both: growth, poverty alleviation and economic distribution. The Chinese central government does not take a hands-off approach to creating demand within its economy (Chu, 2011). The central government is active within its economic policy ensuring the banks create easy lending opportunities and continue to work on its infrastructure, in turn, creating growth opportunities for public and private entities (Chu, 2011). Creating these kinds of opportunities help China to weather the last global financial crisis. Granted its has taken a “let’s grow the pie, as opposed to taking our slice,” China has succeeded in removing the girdle of poverty. It has made a significant amount of progress that has lifted millions out of poverty. One of the stark contrasts to the US economic-public policy model is that China has continued to increase its minimum wage and safety nets as well while increasing growth (Chu, 2011). One question has not necessarily been answered in all the social policy engineering; does growth have the capacity to continue into perpetuity? As long as there is growth this particular model will work. What happens when this growth reaches its boundaries? The global financial crisis displayed how fragile growth is and how it can be a friend and foe to every unit within an economy. The unspoken truth in capitalism is that the growth to lift everyone to the higher reaches of class society can never be reached (Vrousalis, 2010).

Public Policy: Socialism

Socialism has been a word that has been uttered with complete disdain since the rise of President Obama. As one of the large public policy social systems, it is important to review how socialism has dealt with the issue of poverty. Gaining from varying perspectives of socialism in important. Guo (2009) explains that socialism has 4 distinct guiding principles: private property is prohibited, free market competition is anything but, redistribution of surplus capital and assets, and dispersing the ruling class and becoming an inclusive economy and public policy regime. According to Li (2013), "In the classical Marxist conception, socialism is the economic system based on social and collective ownership of the means of production, workers' democratic control over economic resources and economic decisions, and a society-wide planning which coordinates economic decisions at all levels based on democratically determined criteria of economic rationality." In a departure from communism, workers are included in the ownership of property and are included in the decision-planning process. The public-private partnership is supposed to eliminate and severely reduce poverty within this particular system.

"Cuban social policy regarding poverty attempts to eradicate it by addressing its causes, promoting equity as a means to integrate all sectors of society, fostering human development and well-being, and guaranteeing the entire population basic social protections," (del Carmen Zabala Arguelles, 2010). The country was seemingly doing well in minimizing poverty until the economic problems in the '90s that proved to be detrimental to everyone's standard of living, (del Carmen Zabala Arguelles, 2010). After reviewing the information on Cuba, one could draw the conclusion that it could only go so far to mitigate reforms before becoming unsustainable. According to Li (2013), in economic theory, state control of economic planning cannot be in the hands of a small amount of people (Li, 2013). The problem with trying to control an economy is the amount of information that would have to be discerned to make informed decisions (Li, 2013). As economy grows, then it would be even more complex to handle the amount of information it would take to manage an economic area (Li, 2013). The performance and growth of said economy will be limited to the efficiency of the governing body managing each process (Li, 2013). This limitation led to the destruction of these types of societies (Li, 2013). Socialistic societies sound really well on paper, but in practice, it was limited by application. The socialist system would seem to work well with small economies. It would seem it did not quite account for the numerous sources of information needed to set prices and make markets efficient. Socialist countries essentially begin to produce more of what they were trying to mitigate, poverty. However, socialism is, for all intents and purposes, a marriage of communism and capitalism (Sitglitz, 2003). For some onlookers, it would seem that the "marriage" did not produce a more viable offspring than its parents.

Poverty in Socialism

It is always important to define terms before it can be looked upon in a critical matter. Market socialism is a social system that supposedly marries capitalism and communism. In the China example, this concept has been put into place and has been able to lift millions out of poverty. According to Devine (2012), socialism wanted to do something remarkable with stratification, marginalization, and polarization within society, it aimed to eliminate it. The objective was to remove the ruling class and allow for a more inclusive system of governance (Devine, 2012). As a more collective form of government, it would eliminate any notions of ”the market” controlling any means of production or economic activity (Devine, 2012). The assumption was that the people would stand to rule on equality and ensures a more egalitarian society (Devine, 2012). Habibov (2013) states another objective of socialism was to place ceilings on earnings, while redistributing this income to ensure income equality. Habibov (2013) also ensure that the basic necessities were provided to all populations well below the price of producing these goods. This idea sounds very similar to communism with the exception that it is not completely controlled by the government. The public-private partnership is supposedly strongest in socialism. It provides more safety and freedom to its constituents than communism. In essence, it would seem that socialism could be a self-sustained system that could work into perpetuity from the academic definition. As poverty is examined in the historical sense, examples of this system failing are within the patchwork of history.

The Cuban Example

According to del Carmen Zabala Arguelles (2010), Cuban social policy regarding poverty attempts to eradicate it by addressing its causes, promoting equity as a means to integrate all sectors of society, fostering human development and well-being, and guaranteeing the entire population basic social protections." Citing Rodriguez (2013), Cuba entered what is referred to locally as the "Special Period." This period was a cacophony of problems caused by those outside of its borders such as Russia and the US (Rodriguez, 2013). During this period, Cuba found that the most important task is to minimize the effect of the crisis with the least amount of resources possible (Rodriguez, 2013). As part of the socialistic structure of Cuba, in the beginning of the transitory period, it was not able to minimize the occurrence of poverty in its society. As Cuba became more independent as a nation, it had to undergo several phases of transition. Socialism became a conundrum for an early post-revolution Cuba (Rodriguez, 2013). Within historical context, socialism has seemingly produced the same results in relation to poverty as the large social systems, capitalism and communism. John Maynard Keynes, which will be discussed later in this chapter, had a particularly scathing review of socialism. Barnett (2009) commented that Keynes thought socialism, particularly Russian socialism, had many problems including rigidity and hostile to free thought and practice. This is important because Cuba based much of the practices of their socialistic system from the Russian model (Rodriguez, 2013). Granted each system has its growing pains, the situation in Cuba seemed to be exacerbated by its huge debts from the Revolution, lack of innovation and diversity in its economy, and the inability to have access to the world financial markets in this time period and an over-reliance on the US as a trade partner (Rodriguez, 2013).

In Cuba during the time of prosperity, there were social dimensions that are not currently present within today's society. The most important ideal of Cuban society was of social protection. According to del Carmen Zabala Arguelles (2010), "It is precisely this social protection – free and accessible health care, education and social security, guarantees of employment, wages and basic foodstuffs, and indirect residential subsidies – that keeps social exclusion to a minimum." It would seem this part played within the larger society ensured the Cuban people were supposedly unscathed by poverty. Unfortunately, even within this society, the inevitable occurred and this period was short-lived. As mentioned before, Cuba met with a period of economic reform and crisis. Instability has become a consistent part of society. In the question of sustainability, is it sustainable to keep most people out of poverty within a given area?

Public Policy: Capitalism

In keeping with consistency, it necessary to start with a definition of capitalism. According to Bresser-Pereira (2012), "Capitalism is not a mere abstraction - a market economy - but rather a historically situated economic system, always evolving, always reflecting technological change and the political struggles through which ideologies and institutions are expressed and modified." Capitalism takes control from the state and places it in the hands of institutions and private entities. By most accounts, America has prided itself upon this particular economic system due to its market liberties with capital and diminished governmental controls. According to Mehmet (1998), "Economics textbooks extol the concept of perfect competition based on perfect foresight, full information, and a level playing field. In reality, perfect competition is an academic abstraction. The real market system, dominated by monopolies and cartels, worked to enrich the West by impoverishing the rest of mankind. The flip side of this impoverishment is income and wealth concentration in the West, almost always benefiting the rich." With the reality and gravity of the aforementioned statement, is capitalism really a viable solution to the ills of poverty? According to Muller (2013), "As the economist Brink Lindsey notes in his recent book Human Capitalism, between 1973 and 2001, average annual growth in real income was only 0.3 percent for people in the bottom fifth of the U.S. income distribution, compared with 0.8 percent for people in the middle fifth and 1.8 percent for those in the top fifth. Somewhat similar patterns also prevail in many other advanced economies." Given these statistics, capitalism seems to benefit those who do not need the income while taking away from those who do. Long-term sustainability means more equity and efficiency with the market capabilities.

The American Example

In a brief overview of the establishment guiding concepts in the American landscape is required to understand the importance of equality to American liberties and truths. Governments are tasked with the burden of ensuring those rights are not encroached upon by any group or other individual. As part of the Declaration of Independence, it states, "that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness" (Archives.gov, 2012). The first two, equality of all persons and individual liberty, are part of the fundamental tenets of democracy. Without these important concepts, democracy would fail to protect those in which it would have in the original design. As stated by Mill (1909), he compares the weaker members of society as prey to a winged animal. Both of these concepts are designed to prevent abuse and promote accountability.

In the United States, the poverty line consists of a family of four making around $23,000/year (hhs.gov, 2012). Poverty in United States has continually been defined by monetary capabilities and standard of living. The institution of poverty is influenced by a number of factors including but not limited to; access to healthcare and safety nets implemented by the governing body, education levels, demographics, etc., (hhs.gov, 2012). During the evolution of the United States, it has undergone drastic changes in the realm of poverty from its beginnings to being currently the largest economy in the world. From the first day it was created, United States has always grappled with poverty in one form or another. Granted the instance of poverty has changed in United States, it is still a large part of American society. According to Smeeding (2005), “We find that the United States has the highest overall level of inequality of any rich OECD nation in the mid-1990s. We also find that the increases in the dispersion of total household income in the United States have been as large as, or larger than, those experienced elsewhere between 1979 and 2002, despite the fact that our nation began the period with the highest level of inequality.” Foster and Wolfson (2009) has been able to illustrate in their measuring polarization that the “increased spreads” has essentially pushed money from the hands of the poor into the rich, which has been occurring in the US at a faster pace in the years since the Great Recession.

Even as the United States touts itself as being the wealthiest nation on Earth, it continues to grapple with having poverty within its borders. Why would a country with a GDP of over $15T and a population with just over 300 million still have poverty to deal with? Even divided equally that would give every citizen $50K income. These numbers are purely conservative in their nature. One of the most embarrassing moments in recent history in the US was the Hurricane Katrina response. Granted there were some factors that could not be accounted for in the response, but it displayed how inequality has created a sub-society within the richest country in the world (Ferrante, 2010). Inequality has become a central theme in poverty-inducing social arrangements. Understanding inequality will allow the researcher to understand the foundation of the institution of poverty. By examining the various notions of inequality, one can certainly surmise a way to end poverty within the confines of current economic policy and policy and social engineering.

The problem with poverty is a multi-faceted one with many avenues in which to travel. The larger avenues are economic and political. The balance of profits and morality is a tight rope in which many leaders consider when approaching this problem. Poverty in America has seemingly become non-existent in the political and economic arena until recently. Many Americans are living below the poverty line after enduring one of the worst economic crises in recent history. Much of American wealth was obliterated in this recession that has been named the Great Recession. From a public policy standpoint, much of what was uncovered which led to the recession could have been avoided with more effective financial oversight and monetary policy. Mitigating the instance of poverty in America is a complex task for leaders in this country. It has also called into question what politically and economically viable solutions could be offered to release the grip of this institution. Examining the data, one would have to see that as incomes of the poor rising would create an introduction of new currency to the money supply, which would subsequently, began to raise prices. Given this scenario, poverty would essentially be a relative idea meaning that even if the incomes of the poor were to rise, the costs of goods would erode the purchasing power of those impoverished thereby reducing this class back to where they started

The Birth of the Federal Reserve

In the United States, the Federal Reserve Board is tasked with a dual mandate. Created in 1913, the Federal Reserve (The Fed) has been tasked with controlling the monetary policy of the United States. The Act that established the Federal Reserve was signed into law in 1913. The Federal Reserve was a collection of 12 regional banks because the Democrats at that time did not like the idea of one huge bank. As a requirement, all national banks were members of the system. The Federal Reserve set reserve requirements for each of its member banks. Membership fees were assessed as 6% of the bank's assets. Member banks could borrow against their reserves at the Fed. Each Reserve Bank in the region had to back up the money with gold or gold certificates (Williams, 2010).

Once established, the Federal Reserve was more an extension of the Department of the Treasury in its earlier years. It did not have much independence from the federal government. It was the Aldrich-Vreeland Act that lifted many restrictions in the banking industry. Many of these requirements included reducing the tax on emergency cash to 3% for the first quarter after issuance and eventually reaching a level of 6%. It also allowed banks to put out a maximum of approximately 125% of their assets. These actions helped to stop a panic in 1914. It was a key ingredient that would prevent chaos during World War I (Wells, 2004). The Federal Reserve was still very new in the banking landscape. It still had many untapped powers that it could wield in the American financial scene. During World War I, a flow of gold from Europe to the U.S. was responsible for a large and immediate increase in the price level. The Fed could not offset this because they did not have the proper tools they have today. They could not sell government bonds in the open market. Of course, money increased and prices went up (Williams, 2010). The aforementioned situation has happened many times over in the economy.

Another key tool it was empowered with was the ability to buy and sell government bonds to earn income to take care of its daily operations (Williams, 2010). It was also given the power to issue its own notes or currency. They are the current bills used in everyday transactions. During the time before this tool, the Fed practiced the "real bills doctrine" which basically states that if a company was to borrow for operational reasons that the loan would essentially pay for itself with proceeds from the sales and profits of the goods. Benjamin Strong did not believe in this ideal. He wanted the Fed to use it power to control credit through participating in buy and selling of securities

(Williams, 2010). This the beginning of the Fed using the power granted by Congress to control the American financial system.

The next event that has refined the Fed is the Great Depression. It allowed the Fed to find its weaknesses when it came to control the country's wealth. The Banking Act of 1933 and 1935 basically gave powers to the Fed to set up the Federal Open Market Committee (Williams, 2010). One of those changes included stopping commercial banks from performing financial services for businesses. Another change was the birth of the Federal Deposit Insurance Corporation (FDIC). This protects deposits of approximately $100,000 or less. When it started the accounts could only hold approximately $5,000 or less. It was a very important tool that the Fed had to stem bank panics and runs (Williams, 2010). President Roosevelt also gave the Fed power to restrict loans by banks and other institutions for buying stocks or bonds (Williams, 2010).

During World War II, the Fed exercised another power. It helped to finance the entrance of the United States into World War II. It created money by selling and buying securities on the open market. It also used another power given to it by the government. It used its power to control credit. It imposed a down payment and a set number of payments for durables (Lehrman, 2014). During the 1950s, the Fed finally declared independence from the Treasury. After the Korean War, the Fed did not have to support manipulations in the prices of government bonds to stimulate growth. Chairman William McChesney Martin led the fight in the independence of the Fed (Williams, 2010). One of the most important decisions made by Chairman Martin was to conduct open market operations in Treasury bills only and no more government bonds, which were long term.

He was trying to achieve manipulating the money supply without changing interest rates (Lehrman, 2014).

Along the years, the Fed learned from trial and error. Another significant event that led to control over all monetary policy was when Paul Volcker was named Chairman and the Fed assumes power over the financial institutions in the U. S. including those who were not member of the Federal Reserve System. This means that all institutions had to borrow in the discount window. The Discount Rate is a tool in which the Fed uses to charge banks when they have to borrow from the Fed to supply customer demand and to ensure that they are in compliance to the Fed's reserve requirement. The Fed's initial purpose was to be a bank's "lender of last resort." As of today, the Federal Funds rate is lower than the discount rate, which basically means that banks can borrow from each other for much lower than it would if it borrowed from the Fed. This also reduces how much they are willing to dish out on deposits and reducing the bank's costs of money. This creates a huge outflow of funds from the Fed, which creates a rise in interest rates. This is how banks pull money out of the air by extending loans not contained in the reserves (Walker, 2012). This ignores the supply/demand function when determining interest rates. Free market is compromised and the Fed loses control over the financial institutions. This has led to creating bubbles in the economy such as the stock and bond and real estate bubbles (Walker, 2012). Volcker was very concerned about inflation and interest rates (Williams, 2010).

Another significant event in the history of the Federal Reserve was the appointment of Alan Greenspan as the Fed Chairman. He imposed significant changes to the Fed system. He basically displayed the issues in the banking system. He convinced the government to throw out part of the McFadden Act of 1927 that did not allow banks to operate across state lines. This allowed banks to diversify its portfolio of loans and locations. Greenspan also wanted banks to perform financial services outside of commercial banking. While Greenspan dominated the board so did economists (Walker, 2012).

Today, the Federal Reserve System contains 12 banks and a Board of Governors. The banks are located in cities throughout the United States such as Chicago, Atlanta, New York, etc. The Board of Governors is located in Washington, D. C. (Binder and Spindel, 2013). The President, of course, appoints each member of the Board of Governors for 14-year terms and the Senate has to approve. The Chairman, however, has 4 year terms only which the President has the power to continue the length of the term with his/her discretion (Binder and Spindel, 2013). All of the banks have Presidents picked by the Board in Washington, D. C. They also have a Board of Directors who is picked by the banks in its jurisdiction and the Board of Governors (Binder and Spindel, 2013). The Fed has tools within its grasp to control monetary and economic policy. The Discount Rate is the rate the Fed charges banks when it lends money to them. The open market operation is another tool of the Fed in which they buy or sell government bonds to increase or decrease the money supply at the Fed (Binder and Spindel, 2013). To change the Discount Window, it requires a majority vote at the Board of Governors (Jones, 1995).

Another tool, but it is rarely ever exercised, is raising or lowering reserve requirements of member banks (Binder and Spindel, 2013). These are the tools that Fed uses to control money. Interest rates usually follow the rate at which the money contracts and expands in the economy while using these tools. In a system of rate manipulation and bond buyback programs, the Federal Reserve has controlled the nation's money supply with virtually no incidents of hyperinflation in the currency. The question of the dual mandate has sparked recent debate in the control and power of the Federal Reserve. Seccareccia (2013) argued that the central bank has created an opposing view on growth when it comes to imposing these views on the overall economy. During the aftermath of the financial crisis in the late 2000s, the governing authorities imposed growth measures that seem to contradict one another in the larger scheme of macroeconomics, the ruling fiscal policy was about reducing spending while the Fed tried to harbor growth with ultra to non-existent interest rates (Seccareccia, 2013). Granted this would seem to be in line with their policy of harboring growth while reducing inflation, but how do these policies help to maintain a stable environment for poverty reduction? The theme at the Fed seems to be growth, growth, growth, but it this truly realistic in the long term?

To maintain an environment of stable employment and pricing, the Fed was given this task to carry out as per Congress. Many in recent times have begun to question this dual mandate as giving the Fed too much power economically and ultimately politically. In essence, the mandate seems very contradictory and counterproductive when it comes to their original job of keeping the currency and money supply stable. When employment is introduced into price stabilization, it tends to complicate matters because to promote full employment, monetary policy would have to go against price stabilization (Warsh, 2013). The Fed is the most important contributor to monetary policy in the United States. To understand inflation, money supply and poverty, one must understand how the Fed works. As the central bank, they have all authority to direct our currency in a way that could lead to voluntary or involuntary expansion or contraction of the economy. Having said this, can money be seen as the culprit of society and its problem with poverty?

As with any central bank, macroeconomic instability can lead to a crushing price on the poor. They are typically the first to suffer during an economic downturn. As per the Ames, Brown, Devarajan, and Izquierdo (2001), inflation causes a burden on the poor that is generally not felt within the upper classes during times of high inflation because the poor typically uses local currency to buy goods and services. In the United States, many of these citizens do not have accounts that earn returns on their cash so they see the value of the cash erode as inflation takes hold. In an economy where poverty is a very large institution, inflation has damaging effects on the economy as a whole. Comparing more developed countries to those who are developing, there is a completely different dynamic in how money acts in the two countries. Inflation is expected in a developing country, which is actually a very good sign for the country’s development into a more industrialized nation, however; the opposite is usually true for a developed industrialized nation (Sowell, 2011).

Theme of Imbalance and Inequality

In evaluating the institution of poverty, one must look at the monetary angles in which poverty has been survived. Many of the social factors such as lack of education, social services, generational poverty, etc would seem to be limited in their scope of keeping the institution functioning on a grand scale. There are also some elements of those who may not necessarily realize they are in poverty until comparative views are placed within said society. An example would be the indigenous peoples of varying continents who have no concept of valuing money or material wealth; however, the larger society will insist that they are impoverished and the only cure would be to reform their thinking. When looking at the social aspect of poverty, it tends to complicate the view that poverty could be a permanent fixture because it was designed to be so by the currency and fiscal systems humanity has devised. Capitalism is an ideal seemingly based on inequality. Having said that, it would be prudent to lay the foundation of how government (fiscal) and monetary policy work to create economic movement.

Bretton Woods Regime: World Currency Imbalance Insured

On a world economic scale, how are countries creating a system of inequality in the global financial markets and currency exchange rate policies? As discussed briefly, the Bretton Woods Regime created a system, which turned the US dollar into the world economic currency (Bird and Willett, 2008). Until the 1970s from just after WWI, the world relied on a functioning US dollar to trade goods, hold in exchange for US bonds, etc (Bird and Willett, 2008). The purpose of the Bretton Woods (BW) system was designed to create an easier way for countries to trade and also create a financial system that could endure global shocks (Wolff, 2013). The lasting legacy of the agreement (which the US and the UK largely dominated even in the presence of 42 other countries) was the International Monetary Fund (IMF) and the International Bank of Reconstruction and Development (IBRD) (Wolff, 2013). The dynamics of this “meeting” was to establish the continued domination of the US and the UK over the world financial system (Wolff, 2013). Interestingly enough, the US placed a self-imposed price ceiling on the US dollar when it fixed the currency to the $35/ounce for gold during the era of the BW that led to the eventual destruction of the Gold Standard in the early 70s (Dellas and Tavlas, 2011). At the same time, if countries thought the US was becoming to trying to become too easy with their monetary policy, then it would reel the US in by requesting those foreign exchange reserves in exchange for gold from the Treasury (Dellas and Tavlas, 2011). In the era of the BW, gold reserves in the US declined to under 30% because of the inability to keep up with demand of gold abroad (Dellas and Tavlas, 2011). The similarities of the current global financial system are overly apparent today.

Currently, the US has created the same system that ended over 40 years ago. Many Asian countries are holding sizable amounts of US assets as they continue to purchase confidence in the dollar (Bird and Willett, 2008). They have intertwined themselves with the US when there is essentially nothing to exchange for those dollars except our promise. If they were to recall or sell their US holdings, they would sow the seeds of their own destruction because of the tie to the value of the US dollar (Bird and Willett, 2008). Unfortunately, the outcome does not seem to be favorable to either country one the system collapses again as it did before. The theme of this entanglement is imbalance and inequality. The BW system has ensured mutual destruction for all parties involved. The informal BW has created a system that will not end well in the future as the Global Financial Crisis of 2008-09 has alluded. How does poverty tie into this system?

Poverty seems to be an unintended by-product of growth, currency stability and confidence. Does the BW system illustrate that we need the institution to continue a currency-dominated world? If this were the case, poverty would seemingly be predictable based on the inequality indices that currently exist independent of inherent social problems that may exist within the system.

Government and Monetary Intervention: Domestic Redistribution or Imbalance

Government intervention, often referred to as fiscal policy, places an indirect but highly visible effect on the economy (Ivanova, 2013). Usually the government operates on a deficit, which in the current global financial system is negligible because of dependency of the world economy on the US economy (Bird and Willett, 2008). The government raises money by selling bonds internationally and domestically while levying its constituents (Ivanova, 2013). Portions of taxes collected are used as transfer payments to the poor, which helps the government to redistribute money in the economy that supports growth (Ivanova, 2013). Government spending influences every individual along with the economy. A government provides an influence on poverty policy due to its size and it influences in shifting the money supply from the higher rungs of society to the lower rungs.

The governing authorities are able to provide an influence over a country's monetary policy in two major ways: expansionary and contractionary (Ivanova, 2013). During times of expansionary policy, the ruling entity is trying to expand the money supply in the economy, taxes are cut and government spending goes up. During times of contractionary policy, the opposite occurs (Williams, 2010). The Fed contributes to expansionary policy by decreasing the prevailing interest rates to encourage growth and lending to the monetary base (Williams, 2010). Here in the US, the Fed imposes the discount rates upon financial institutions while tweaking the Federal Funds Rate to an acceptable level by buying and selling securities on the open market (Williams and Dennis, 2008). An example of this was illustrated in the recession of the early 2000s, the Federal Reserve needed to stimulate the economy so it lowered the interest rates to significant lows. It contributed to the housing market boom in 2003 and 2004 (Williams and Dennis, 2008). Many economists will agree that these policies cause ‘bubbles’ in the U.S. economy because when interest rates are low spending and borrowing goes up (Williams, 2013). This policy redistributes money in the economy typically from the less concentrated areas on the economy to the more concentrated areas.

Interestingly, some studies have concluded that in the US business cycle, the wealthier segments of the population actually saw their income increase during contractionary segments and decrease during expansionary segments (Fawaz, Rahnamamoghadam, and Valcarel, 2012). When comparing the business cycle in the US, income inequality seems to move in direct opposition to what seems to make logical sense. Fawaz, Rahnamamoghadam, and Valcarel (2012) alluded to the Kuznets’ upside down U-shaped curve that illustrates how income inequality behaves as growth continues into perpetuity. The U-shaped curve seems to point out the inevitability of income inequality being a fixed part of the economy.

A Nigerian Example: Government Intervention and Monetary Redistribution

This particular country has had some challenges in the most recent years with growth, stability, and poverty. As with many African nations, the incidences of corruption, failed economic policies, and large populations of those in poverty has prompted many humanitarian efforts from other countries as well as pillaging African resources. Nigeria is an extremely important country in the larger continent of Africa because it is one of the most densely populated and one of Africa's largest economies (Oyekale, Adeoti, and Oyekale, 2011). When compared to the rest of the world, Nigeria has had very large populations of poor people in excess of 40% and even has high as 60% in some years (Oyekale, Adeoti, and Oyekale, 2011). Babalola, Oni, Atanda, and Oyejola-Oshodi (2010) does not make the case of having an acceptable definition of poverty.

As we take a closer look at Nigeria, it is a country with a significant gross domestic product (GDP) of over $70 billions each year with extremely large oil and natural gas reserves (Babalola, Oni, Atanda, and Oyejola-Oshodi, 2010). Of its approximately 130+ millions people over half live in abject poverty (Babalola, Oni, Atanda, and Oyejola-Oshodi, 2010). During the 1960s, Nigeria had growth rates that fluctuated between 3% and 4%, during the 1970s, that rate jumped between 6%-7% due to the contributions of oil and gas to the economy (Oyekale, Adeoti, and Oyekale, 2011). The tide turned starting in 1980 due to a tumultuous period, which led to anemic growth, decreased employment, inflationary pressure and ballooning poverty (Oyekale, Adeoti, and Oyekale, 2011). Government intervention was implemented to reposition the

Nigerian economy to a more diverse and inclusive arrangement of economic dependency (Oyekale, Adeoti, and Oyekale, 2011).

Comparatively, Nigeria has the same system of governance that is reflected here in the US, which could certainly explain many of the economic inconsistencies across the regions (Ichoku, Agu, and Ojo-Atagunba, 2014). The governance situation in Nigeria shows how each level of government dictates poverty policy and growth strategies (Ichoku, Agu, and Ojo-Atagunba, 2014). The result has been uneven poverty alleviation in Nigeria even given the consistent, but anemic growth (Ichoku, Agu, and Ojo-Atagunba, 2014). As echoed here in the US, Nigeria created policies that relied on the assumption that growth in the higher strata of the economy would filter down to the lower strata, unfortunately, this has not come to fruition, for many years, this was the basis of economic development (Ichoku, Agu, and Ojo-Atagunba, 2014).

An In-Depth Currency Discussion

In the examination of poverty, we must understand how it is produced and sustained, or at least, figure out how the underlying poverty theory is supported within larger economic theory. As mentioned in the prevailing theories, structural poverty has been designed to keep large swaths of people in the continued positions in which they were born. Ichoku, Agu, and Ojo-Atagunba (2014) communicate one of the prevailing poverty theories are considered structural. In the currency discussion, a structural attribute may be the reasoning behind the continually sustaining of the institution of poverty. Ichoku, Agu, and Ojo-Atagunba (2014) surmised that the makeup of economic societies have contributed to poverty through no individualistic responsibility. Ichoku, Agu, and Ojo-Atagunba (2014) rationalized that in the best interests of those at the top of the social strata, it was necessary promote poverty to ensure their continued dominance in the governance and economic prowess of the given area. Given this discussion, it is important to begin to understand how currency is a form of structural poverty.

The discussion begins in understanding how currency works and how it is subject to supply and demand curves as well. As discussed before, the Federal Reserve (the Fed) is tasked with the job of controlling the currency. It is an immense job given the size of the American economy. The Fed controls the currency through a manipulation of interest rates that has a direct effect on the money supply. Governments have the ability to redistribute through taxation and government entitlement programs called ‘safety nets.’ The underlying assumption in the proposed currency-structural poverty theory is that the uneven distribution of money acts to stabilize pricing and to ensure that stabilizing anchor stays in place.

Williams (2008) interest rates, inflation, and exchange rates are all interrelated. The Federal Reserve has power over the exchange rates indirectly because their actions influence how the dollar depreciates or appreciates. Interest rates and inflation are related to exchange rates because countries want the optimum return for their investment (Williams, 2008). Higher interest rates attract foreign investment, which in turns increases, the currency exchange rates. When inflation runs rampart in a country especially when it higher when compared to others it offsets the impact of higher interest rates (Williams, 2008). Government spending affects the exchange rates greatly. As mentioned before, the government raises money by selling bonds in the open market and taxation. Deaton (2010) states when the government sells bonds to foreign countries, it essentially promises payment at a future date. Deaton (2010) explains that when the government pays this debt, it is usually with money that has been printed by the Fed that has not been properly backed with an asset. The government sends this money overseas to pay for the debt they have accumulated. The dollars added to our economy deflates the USD (Williams, 2008). This is not a good sign to other countries and as a result, they will begin to lose confidence in the dollar. This could mean countries would pull their economic interest from the US economy while collapsing the dollar that could prove detrimental to the existing society (Deaton, 2010).

An important factor in this research is growth of an fiat monetary system. How inflation is deemed to be a good thing, if controlled. Do we understand how supply and demand forces affect our everyday lives? Printing excessive amounts of currency to finance debt has a damaging effect on the economy in terms of exchange and interest rates. It also decreases the value of the government's obligations and expenses (Williams, 2013). It would seem that by the U.S. printing more money and injecting it into the economy that inflation should spiral out of control? On the contrary, the government has transferred the effects of inflation to other countries by paying off its debts to other countries with these newly printed dollars. If they continue to accept the U.S. dollar, then inflation will be exported outside the country (Williams, 2013). During the Great Financial Crisis in 2008-2009 what occurred was a dramatic asset inflationary spike in terms of mortgages, real estate, and equity and debt securities (Holt and Greenwood, 2012). What the country is dealing with today is that inflation has returned to this country in the form of higher gas prices, food prices, and services (Williams, 2013). As mentioned before, this system is very reminiscent of the Bretton Woods Regime that has supposedly ended during the 70s.

The German hyperinflationary event illustrated how creating excessive amounts of currency without proper backing can ruin an economy and create more poverty and derelict conditions is a historical contextual example. After being defeated in World War I, Germany amassed a significant amount of debt from the war (Fergusson, 2009). Germany did not have sufficient taxing methods to help cover the debt brought on by the war. The governmental debt had been converted to bonds and was in the hands of the ordinary citizens, which in turn created more buying power and inflation (Fergusson, 2009). The value of the mark fell continually over a 4-year period to being almost worthless against the dollar (Fergusson, 2009). It became almost impossible to trade and sell in the open market (Fergusson, 2009). This meant the price index would climb to unimaginable levels as well as the standard of living (Fergusson, 2009). The government turned on the printing press and let the money flow as if it were a river thereby making a bad situation even worse. The price index became even more volatile with prices changing even within the hour (Fergusson, 2009). People in the German economy succumbed to famine because of the worthlessness of the mark. Given this example, other countries have created poverty by destroying their own currencies. As history and current events have shown, printing money can have disastrous effects on an economic area and the poverty of its citizens.

With poverty being a consistent fixture on the human landscape, one question is how effective are currency systems at diminishing poverty and enhancing sustainability? Currency, particularly fiat currency systems, has seemingly always been at the forefront of the collapse of a country. Dowd, Hutchinson, and Kerr (2012) stated states have claimed the right to manipulate money for thousands of years. The results have been disastrous, and this is particularly so with the repeated experiments with inconvertible or fiat paper currencies such those of medieval China, John Law and the assignats in the 18th century France, the continentals of the Revolutionary War, the greenbacks of the Civil War, and, most recently, in modern Zimbabwe. All such systems were created by states to finance expenditures (typically to finance wars) and led to major economic disruption and ultimate failure, and all ended either with the collapse of the currency or a return to commodity money. Again and again, fiat monetary systems have shown themselves to be unmanageable and, hence, unsustainable.

With historical evidence, why do we keep revisiting the same institution that leads to the same result? Given the evidence, one would be correct to assume that poverty may be an unfortunate by-product of a currency system. Sumner (2013) explains that most of the world's poverty stricken resides in the middle to upper income countries and not the poorest. Sumner (2013) coins of the term of a "poverty paradox" meaning most people would reason that most of the world's poor live in the impoverished countries. What is the reasoning behind the poverty paradox? Income and wealth distribution changes as a country accumulates wealth. Interestingly enough, recent history has given an example of currency driven poverty. As per Mawowa and Matongo (2010) the poverty roster increased to over ¾ of Zimbabwe over a 5-year period. Much of the 5-year period was marked by an increasingly unsustainable period to maintain the Zimbabwean Dollar. As Mowowa and Motonga (2010) marked, Zimbabwe instituted a war against the business community during this period of currency decline. As per Mowowa and Montonga (2010),

> Four hundred companies shut down in 2000 alone. By mid-2009, the country was operating at about 10 percent of its industrial capacity. Several estimates place average annual GDP had shrunk to half the size it was in 1997. According to most estimates that exclude informal employment in their measurements, by 2009 more than 95 percent of the population was unemployed. An equal number was said to be in poverty and 70 percent in need of food aid.

Interestingly enough, history has seen this story play out with the mismanagement of currency. Zimbabwe was an unfortunate display of policy initiatives that placed many in the country on the poverty rolls. The example in the Zimbabwe case seems to be extreme but it notes to be mentioned in the larger conversation of poverty. As currency's history has been repeated in various countries throughout the globe one has to wonder if there is merit to understanding how currency contributes to poverty. As stated before, middle and higher countries have the most people in poverty. What correlation could one draw from this conclusion?

Is Growth the Answer?

As mentioned in the first chapter, growth seems to be the mantra in a capitalistic society. Is growth really the answer, when most of the growth moves to grow the upper classes due to inequality of ownership and prevalence in the financial markets? The unspoken truth by many is that only the wealthy benefits from the objective of growth. The first and most important part of understanding poverty is to understand that it is shaping force for an individual's circumstance over a specified amount of time (Piacentini and Hamilton, 2013). Understanding the growth argument will take looking at both sides of it. The growth argument has boasted lifting millions out of poverty (LeRoy and Karabegovic, 2006). In reviewing the information from this particular article, the trend has shuffled poverty about the globe. Poverty decreased by a significant margin in China and Southeast Asia, but rose in Africa (LeRoy and Karabegovic, 2006). Why the seesaw effect? When growth and poverty alleviation occurs in one country, it simultaneously causes poverty in another country. After many observations, is growth only confined to a given specified area over a unit of time? Given these circumstances, one would have to assume there is equilibrium poverty rate that markets, regions, or individuals cannot escape.

What About Foreign Aid?

Many countries pride themselves in freely giving foreign aid to countries that are considered developing or poor. This aid is negligible to the GDP of the countries that are sending the aid, but for many poor people in developing and poor nations, it could mean the difference between life and death, as these nations would like its constituents to believe. In the larger scheme, does foreign aid move the needle on poverty roles in poorer nations? This is an important question when crafting foreign, domestic, and poverty policy. The unfortunate answer in this question is that, it does not solve the problem of poverty alleviation because of income inequality and the funds not being able to permeate the receiving country's economy due to corruption (Chong, Gradstein, and Calderon, 2009). Corruption is a hindrance in allowing foreign funds to be beneficial in mitigating poverty within a specific locale. In Chapter 1, capital outflows were discussed to provide some context as to the overall objective to foreign aid. Foreign aid is often misused by countries that do not have to the institutional support to ensure that these funds are moved about the economy properly.

In relation to foreign aid, it has always been perceived that it provides a pseudo-induced growth mechanism by lifting the incomes of those within the receiving country (Alvi and Senbeta, 2011). Granted if foreign aid can truly move the poverty rolls, then why are many countries still considered poor despite many gifts of foreign aid? Another hurdle to understanding why poverty has not been significantly reduced in countries receiving foreign aid is income inequality. An underlying assumption in foreign aid is that the funds will be equally distributed throughout the country's economy (Chong, Gradstein, and Calderon, 2009). According to the data, depending upon where the country's corruption indicators lie, foreign aid has very little effect on moving the needle on poverty. Unfortunately, many poor or developing countries are considered to have a high corruption indicator (Chong, Gradstein, and Calderon, 2009). Once foreign aid can be harnessed, it can become an efficient mechanism through which poverty can be alleviated. Some have argued that foreign aid can actually have a negative impact on poverty reducing growth because it creates a moral hazard which translates into unintended financial consequences such overvaluations in exchange rates (Alvi and

Senbeta, 2011). Foreign aid has failed to provide clear evidence to conclude that it does not does not reduce poverty by a largely significant amount nor does it completely eradicate poverty.

Capital Outflows From Developed to Developing Countries:

Granted, many countries have grown into what is seemingly perpetuity, but none have yet to solve the problem of poverty either through social programs, public policy, or any other mechanisms that are available to humankind. As developed countries have giving to developing countries, these countries still see anemic growth and poverty reduction. According to Stiglitz (2003) under the current world financial system, money has moved from poorer to richer countries, thereby, allowing the United States' economy to be driven by credit from other countries. Stiglitz (2003) states ignoring the trade deficits that it currently has, the US has consumed approximately $40B in month. As discussed in the literature review, foreign aid seems to be consumed without much incidence to the poverty alleviation goals of the locale. In a further examination of where the aid went, it was found that most of the money went to countries that either did not need aid or it was misused (Stiglitz, 2003). In rendering foreign aid to other countries, this is a prime example of capital outflows.

In poverty mitigation, there are many countries that are considered at risk. According to Kye-Woo, Ji-Hye, and Park (2012), "Collier and Dollar (2002) conclude that more aid should be allocated to countries with higher rates of poverty and sounder development policies and institutions since aid is effective in promoting economic growth and alleviating poverty in those nations only. The development policies and institutions include not only the market-based economic policies and institutions, but also the political policies and institutions including civil and political rights and participations." Many developing countries do not have the capability of receiving aid from developed countries and using it responsibly in mitigating poverty. It has, unfortunately, remained a permanent fixture within human societies. The larger question is what can humanity do to exterminate this scourge? Public policy is a mechanism that has been employed by large countries which has returned little in the way of poverty reduction.

Examples of Growth Reducing Poverty

Indonesia After the Asian Financial Crisis

It is important to understand how growth interacts with poverty mitigation and to use the current information to understand if there are instances where poverty has been completely eradicated due to growth or foreign aid from other countries. In the first example, Indonesia is the locale and the time period is just before the Asian Financial Crisis. According to Suryahadi, Hadiwidyaya and Sumarto (2012), this particular crisis started in the late 1990s as Indonesia's currency, the rupiah, depreciated in value leaving the country to grapple with rising poverty and inflation. In years before the crisis, Indonesia enjoyed many years of growth and poverty reduction because of a reversal of certain policies in the 1960s (Suryahadi, Hadiwidyaya and Sumarto, 2012). During the crisis, there were a series of events that exacerbated the growing poverty problem within the country. A few of the examples were government policies that redistributed governmental surpluses, fixed the price of fuel while the government paid the difference, and ban imported rice to control the price within their borders (Suryahadi, Hadiwidyaya and Sumarto, 2012). Many of these policies were implemented to further reduce the number of the impoverished, but ironically, it helped to grow the problem.

Taiwan After Economic Liberalization

In the Taiwan scenario, there are two schools of thought about globalization and its effects on poverty reduction. Many economists will agree that growth reduces poverty, however; others will agree that it reduces income equality. This particular scenario is important because it outlines how foreign trade can be advantageous to poverty reduction but it also displays the disadvantages as well. Lee (2013) explains that foreign trade enhances growth and poverty reduction. Lee (2013) goes on to say that trade offers the contributing countries to improve economic efficiency due to the constant price information it is receiving from the global markets. It is assumed that this growth will permeate into the rest of the economy. One of the unintended consequences of trade liberalization is a growth in income inequality, which could lead to a growth in the poverty numbers. According to Lee (2013) the Stopler-Samuelson theorem will predict that as exports grow this will in turn create more growth and employment opportunities for the impoverished, however; depending on the flexibility of the labor market, this theorem could actually create more poverty and unemployment.

New Zealand and the Minimum Wage Experiment

In this situation, New Zealand tinkered with the minimum wage for certain age groups to understand the overall effect on poverty. This study calls into question on the effectiveness of minimum wage increases on poverty reduction. Maloney and Pacheco

(2012) explains that there are three setbacks to the minimum wage argument: raising the wages of minimum wage workers may result in a reduction of hours or benefits, higher-wage families will benefit from this movement in the wage floor, and finally, raising the minimum wage may affect other governmental programs in which the poor families are dependent. As per the findings (Maloney and Pacheco, 2012), increases in the minimum did not lower poverty amongst the lower wage families by a significant amount because many of these workers do not live in poverty-stricken households. What effect would this have on the minimum wage fight here in the United States?

The Case of the Caribbean

The Caribbean has been a particularly interesting case in the world of poverty studies. It has some of the worst instances of poverty on this side of the globe. Haiti has been a country that has dealt with chronic poverty with over half of the population under the poverty line (Bourne, 2009). Despite the economic growth in the Caribbean during a 30-year period from the 1980s-2000s, most of the countries have still had a significant amount of their citizens below the poverty line (Bourne, 2009). This is a particular case where even as economic growth has taken hold, poverty still remains a problem in these countries. There are many examples of growth reducing poverty, but why not here? One of the explanations provided is the instability of the Caribbean economies, which causes wide swings in unemployment and income (Bourne, 2009). Given these fluctuations, the economy is not easily recoverable during times of economic strife.

Good Growth in Bangladesh

When is growth good for everyone and not just for those at the top of the earning pyramid? Trickle-down economics has been an idea that many economists and government leaders have used to implement globalization and growth mechanisms that may or may not reduce poverty. Many of our leaders do not seem to understand the link between economics and public policy when it comes to poverty reduction and growth. Islam, Islam, and Abubakar (2012) reiterate the information from the aforementioned situations, however; they identify within their study that economic inequality has a substantial effect on poverty alleviation. Growth policies alone do not reduce poverty. Islam, Islam, and Abubakar (2012) explain that poverty is invariably linked to growth and employment. In the conclusion of the article, while growth is great for poverty reduction, it has a muted effect in given areas because of the income inequality mechanism that always seems to skew the distribution.

Globalization and Poverty

Globalization has been, by most accounts, a phenomenal approach to lifting many out of poverty and making the world's marketplace smaller, more efficient, and better able to respond to new information in the market when it comes to trade and exchange. Does globalization deserve many accolades when it comes to creating equality and poverty reduction? Globalization is an important part of economics. Globalization can arguably have two sides. One side of the coin, it is a herald of lower prices and increased competition. The other side of the coin, it is a herald of lost jobs and decimated economies. Currently, emerging markets are experiencing the pains and delights of globalization. Brazil has been a country that has both benefitted and suffered from globalization. In recent years, Brazil has been plagued with a myriad of problems that could be related to globalization (Schwartzmann, 2003). Many of the problems stem from Brazil's race to the top of the economic pyramid in South America.

As with any emerging markets, as the economy grows, the cap on growth and environmental damage from mismanagement of public funds. As a powerful emerging market, Brazil has grown its economy significantly over the past several years. The Real has strengthened against the dollar at a very steady pace. Globalization has had an important impact on the economy of Brazil. It has both positive and negative impacts on those who are taking part. Interestingly, this is the process that brings people closer while pushing them further apart. When it comes to poverty, one cannot discuss poverty without including income inequality as a large part of the discussion. One of the most important tools in evaluating income inequality is the Gini Coefficient. Mills (2009)states in a perfect world, the Gini Coefficient will be 0 where the economy is completely equally distributed and on the other end, the Gini Coefficient will be 1 where the income is concentrated into one entity. The concept of globalization has been met with mixed reception amongst poverty researchers because there are those who have gained and many who have lost from the destruction of the borders (Mills, 2009).

Fosu (2010) discusses how growth does not necessarily lead to poverty reduction on a grand economic scale. The problem with wealth creation is that it depends on where it moves as the economy and country grows as a whole. Fosu (2010) goes on to say that poverty is an equity problem not a wage one. As stated in the previous chapter and is consistently a recurring theme in the poverty lesson, inequality of wealth is a systemic problem and in waiting for the growth to permeate through the entire economy, it typically is relegated to a small section which complicates the growth and globalization argument (Fosu, 2010). Unfortunately for many of the world's poor, they pay the costs of economic downturns more so than their wealthier counterparts due to a lack of reserves for continued prosperity (Fosu, 2010). Fosu (2010) the consensus is that the lower the Gini Coefficient, the better the outcomes for the poverty stricken in terms of overall economic activity and growth (Fosu, 2010).

As mentioned above, Taiwan was able to reduce poverty in its march to trade liberalization. According to Celik and Basdas (2010), many countries developed and developing have actually benefitted greatly from globalization. Many countries have removed unrealistic tariffs and protectionist policies in favor of allowing many companies to operate in a cross-border manner (Celik and Basdas, 2010). As part of the findings, foreign direct investment (FDI) and trade openness, depending upon the region, has been found to reduce or increase income inequality (Celik and Basdas, 2010). Essentially, FDI and trade openness has mixed results in the larger picture of reducing income inequality and, subsequently, poverty.

Many examples of developing countries, even the US evolution, have not been able to escape the inevitability of growing income inequality as the economy matures. In an example in India in the 1980s, trade and economic liberalization created an enormous middle class (Sridharan, 2004). Before this time period, India was essentially made up of two distinctive classes (Sridharan, 2004). The classes were reflective of an oligarchic society (Sridharan, 2004). Economic liberalization demonstrated how competition, foreign direct investment, and outside influences could move many people into varying social classes. At what point will growth turn into a negative aspect and become hard to manage and, subsequently, cause the host country to implode such as many previous empires? Globalization has created a large number of people who have exited out of poverty; however, it has also taken many people into poverty while decreasing the desire for countries to protect their own industry and increasing the competition of resources and income inequality due to increasing skill set needed to compete in the globalized world.

Pro Poor Growth: Is There Such an Animal?

What exactly does pro-poor growth mean? If one ever looks into the world of poverty, this particular term has been used quite often. What does pro-poor mean? Does it mean that growth would occur without instance of income inequality? Pro-poor growth seems like a magical term concocted to appease those who criticize policies that promote economic equity and socioeconomic growth. Carmignani (2011) states the growth could reduce poverty but only if significant redistribution, a reduction in inequality, occurs during the growth cycle. The term “pro-poor growth” comes from this relationship. David and Marouani (2012) differentiated the terms to describe the inherent equity given to poor people in terms of growth. “Concerning the ‘absolute’ definition, Klasen distinguishes ‘the strong absolute,’ where the poor gain more than the average in terms of absolute income, from the ‘weak absolute,’ where it is sufficient that the income of the poor increases (David and Marouani, 2012). In a dissenting opinion, Carmignani (2011) cites other research that states growth is always good for the poverty stricken without question.

The most important factor in how growth affects the poor is a function of inequality (David and Marouani, 2012). Ironically, development within the financial sector actually tends to move money within a certain area of the economy, which is usually outside of the poor (Carmignani, 2011). In harmony with Celik and Basdas (2010), Carmignani (2011) states that the strength of institutions with the country or area receiving foreign aid, education or trade openness largely determines if poverty and inequality will be reduced. Making sense of the overall institution, one will have to a thorough understanding of inequality and how important it is in the larger scheme of poverty reduction.

Summary and Conclusion

As we traveled through the chapter, there are recurrent themes placed in the world of poverty. However, there are still many questions regarding poverty and its continued status in many economic systems. One theme throughout the chapter was inequality. The larger question is, is inequality larger than humanity? It is consistent throughout the natural world and man is a piece of this order. Are we not equipped to deal with inequality because we have been shaped in it? Many countries have created their own policy experiments to diminish this aspect of life. From communism to capitalism, these were public policy experiments to offer some balance within the world, unfortunately, each experiment has failed to eradicate poverty or even seriously diminish it for a significant amount of time. Even in the currency system designed to make trade possible and easier by establishing a mode of exchange, certain anomalies have left some individuals with less and others with more. Given there are some social aspects of poverty that many have tried to explain, justify, and quantify, there seems to be a flaw within the system that allows for many individuals to be placed below a line that ensures a diminished capacity to provide for one's own needs.

Another theme was the poverty-growth relationship. Many have researched this relationship, but there are ambiguous conclusions. Some researchers have found that growth does alleviate poverty and it also exacerbates it. Many researchers in developing countries have added the idea of pro-poor growth policies that ensure growth permeates the lower strata of a given economy and not just the top. It seems to concentrate in one area because of the inequality. It has been a beacon of civilization as it has allowed for further advancement of the human species; however, it does not come without its economic and opportunity costs. Much of the populace is not allowed in the upper strata of the social classes and growth has continued to leave the less fortunate behind. Even if growth were uniform, how would we ensure it is productive for everyone and not allowing the costs of living to appreciate beyond that, which will keep people in the lower classes?

One of the emerging areas and opportunities for this study is that poverty does not have a predictive model in relation to economic and population size. It may be assumptive to place people in the poverty category who are not necessarily there based on an equation; however, the larger question is should we be able to include poverty in monetary policy just as unemployment is included? From an economic standpoint, poverty is seemingly understood very little. Many angles have included the social apparatus of it as opposed to a causal relationship of economic theory and inequality. The idea that poverty is an unintended consequence of a currency system and a direct product of natural selection does not seem to be a politically or economically viable explanation to poverty. One would imagine the controversy that would ensue after muttering these words.

The aim of this research was to concoct a predictive model that will allow monetary and governing bodies to craft policies that could reduce poverty to the natural rate as is done currently with unemployment. The Federal Reserve is the key player in drafting this policy directive that could reduce the poverty numbers in the US. As stated before, poverty may be a naturally occurring phenomenon that humanity cannot cure, but this research aims to further our understanding how poverty can be alleviated. I think at this juncture in human history, we understand that we cannot necessarily eradicate poverty without economic consequences that may or may not be positive. Having said this, Chapter 3 outlined a clear accounting as how to the poverty equation is going to be constructed including taking much of the knowledge already proffered and expanding upon it. The next chapter laid out the foundation to my research and intricately details the process to craft the equation.

Chapter 3: Research Methods

Turning a Question into Action

When it comes to understanding the significance of the poverty equation, there are a few things that should be defined and themes identified. Poverty can be summed up in one word: inequality. According to Williams (2009), the United States is dealing with income inequality that is reminiscent of the period before the Great Depression. About 25% of the workforce earns less than the current minimum wage, and cannot pay for the necessities given today's prices (Williams, 2009). A significant portion of Americans are living well below the poverty line while many more make less than half of the poverty line (Williams, 2009).

This study was important in various ways. The most important was that it provided a realistic view of what can be done with a problem like poverty. In order to win any battle, one must know the enemy. Doctors research diseases to find their weaknesses and use it against them in order to eradicate it. In that sense, this research will certainly bring to light the misconceptions of poverty while showing the weaknesses of it. Continually to probe this elusive and, often, misunderstood entity, humanity can finally understand how it works from a monetary perspective. The importance of helping the poverty stricken has been a social responsibility topic since the rise of the currency systems. Many people do not want to see their fellow constituents reduced to a state that could lead to starvation and lack of opportunity, but perhaps, many simply do not care. Social responsibility is not easily measured because it is a human trait that could be masked by objectiveness of the researcher. In a quest to help our less fortunate, we must look within ourselves in order to understand what we gain from doing so and how to go about doing so. Many individuals are motivated by internal mechanisms that were established as part of their experience and DNA.

Income inequality is the larger symptom in the poverty disease that has sickened every society in humanity. Poverty seems to be more amorphous than many researchers have once thought. Despite best efforts, it has been a scourge which humanity has not yet been able to cure. As the wealthiest country in the world, the US has an extremely unequal distribution of income that has created more poverty in the US than in Western Europe (Sanandaji, 2012). A study of this nature is important to the billions of people who are living in abject poverty not linked to their own making. From a social change standpoint, it would be extremely important for the need to remove this burden of society from the corridors of the present and place it in the grave of the past. Bringing about an economic end to poverty would be beneficial for all citizens of the world. Granted this will be a controversial topic given its social and economic implications, nevertheless, healthy discourse is needed among scholars to move towards a less divided society.

In examining inequality and poverty, one must look at the ingredients that create these situations. In an effort to mitigate poverty, is more important to reducing income inequality by creating a more equal society, while creating a society, which places on the welfare and socio-mobility and stability (Jaumotte, Lall, and Papageorgiou, 2013). There are many factors that are contributing to this phenomenon of poverty such as financial, trade globalization and foreign direct investment (Elmawazini, Sharif, Manga, and Dricker, 2013). Granted, there have been economic disparities in the past without these factors. Many countries have tried to reduce poverty to a negligible state. Interestingly enough Crow, Fulfrost, and Zlatunich (2009) outline varying opinions of inequality and how it comes about, which may not always be purely economic. Instead, it has a connection to cultural and historical references. Crow, Fulfrost, and Zlatunich (2009) seem to take a holistic approach to poverty in the form of philosophy, education, or material inequalities.

In this chapter, I describe the study and provide the foundation and rationale behind the chosen method of research. In the first section, I present the research question. In the next section, I describe the research design and rationale. Next, I outline my role as a researcher. I explain any relationships I had with the subjects and whether I may have influenced the data.

The next section contains the methodology of the study. I identify the population, selection methods, sampling, instrumentation, and data analysis plan. I also explain how other researchers can expand on my work by following the specifics of this section. The next section addresses reliability and credibility. This section deals specifically with how my study will withstand scrutiny and rigorous testing. I concluded with a summary of Chapter 3 and transition into Chapter 4.

Research Design Rationale

Research Question

Can the expected natural level of poverty for a given jurisdiction be predicted based on the variables: population size, change in GDP, Gini Coefficient for the jurisdiction, in Georgia, Washington, Arizona, Illinois, and New York for the year 2014?

Quantitative Analysis

I used a quantitative approach. The quantitative approach allowed for maximum flexibility in understanding how to examine the poverty equation. Creswell (2013) stated that quantitative research is conducted when relationships among variables need to be scrutinized. Quantitative research is conducted to develop theories when partial or inadequate theories exist for certain populations and samples or existing theories do not adequately capture the complexity of the problem being examined (Creswell, 2013). In addressing the poverty equation, it was important to connect monetary policy with poverty policy. Within the discipline of quantitative research, I used regression analysis to further the understanding of how the institution of poverty works. To conduct quantitative research, scholars must take into account previous theories and current information on the subject.

Understanding and building on a foundation of previous theories and ideas means that researchers are connecting the past to the present. This is important in making connections and building an understanding of why the information is relevant. Bridging research and social change was my focus in this study. I wanted to effect social change on economic racism and disenfranchisement. I have been a part of a class that has been overlooked and discounted for years: African American men.

A question that deals directly with concrete evidence that may not relate to the respondents' attitudes or views is hard to transfer using this method. At the interval method, exact increments are measured. This method allows for data to be quantified at measurements in equal amounts of time (Frankfort-Nachmias and Nachmias, 2008). Data shown over a period of time is best measured in this way. Data at certain instances would be least likely to be transferred in this manner. Ratio level includes variables that can be assigned a zero value (Frankfort-Nachmias and Nachmias, 2008). Many disciplines in the natural sciences such as physics and chemistry all ratio level variables. Many abstract variables such as democracy and freedom cannot be operationalized into ratio levels.

Validity is another important factor of experimentation. Scientists are concerned with ensuring the process has truth and can stand up to scrutiny. In establishing an experiment, the design is the framework in which the experiment established itself as the contribution to the field. The design is the structure in which it continued to identify itself and the researcher. Once the design is established, then the researcher can move forward to implementing a system in order to test that is questioned in the research.

Measuring various variables helped to prove or disprove the work. Various differences amongst the types of validities told us how to go about laying the framework for performing experiments. The most important validity in my experiment is construct validity. This type is concerned with how the instrument fits logically within the various theories proposed in the work (Frankfort-Nachmias and Nachmias, 2008). In trying to find a relationship to poverty and money supply and price stability will certainly need to have a reliable test in order to grade the information to what is found in reality. It would also help to establish a recurring disconnect to the realities of poverty and government rhetoric in regards to eradicating this idea. All in all, validity and measuring are the components within the experiment that will help to illustrate the point of the research.

I think this research shed some light on what I believe equality for all should look like in the future. In experimentation, it is important to determine early how to go about collecting data. In social science, it is hard to quantify certain abstract ideas. In order to ensure that we are able to turn these ideas into concrete data, we have to determine different systems of measuring data. As per Frankfort-Nachmias and Nachmias (2008), there are several ways of performing measurements. At the nominal level, data can be exchanged into numbers that could facilitate grouping subjects into categories. Demographics, is most often, measured at the nominal level. Data such as proclivity to perform acts of violence based on race, religion, etc. cannot be readily quantified in the nominal sense. At the ordinal level, data is related to one another in some form in order to derive the information that needs to be measured (Frankfort-Nachmias and Nachmias, 2008)

Some of the central themes of this study is looking at a way to redefine poverty and to, possibly, understand it as an economic by-product or an economic construct that is based in natural phenomenon (survival of the fittest) or is it an economic construct that ensures that there is a strata amongst classes? Another central theme in this research is the advent of equality. As the US has prided itself on equality and human rights while chiding other countries in their lack of, can we really say that American society has benefitted from equality in every attribute of society without addressing poverty on an economic basis? The most important aspect of the research to me is the leveling of the playing field and making the US a more sustainable society in the view of past societies that were once considered powerful, such as Rome, Egypt, and other great empires.

Research Design

Multiple Regression Analysis

The most important aspect of the study is determining how to effectively tackle the problem of poverty while benefitting larger society. Citing Creswell (2013), this approach tries to establish a theory from the experiences of the participants or population. The researcher simply looks for recurring themes within the data, which could ultimately be generalized for a larger population. For this research, an examination of the institution of poverty would be necessary. Given current economic theory was practically nonexistent in ancient cultures, poverty was still very present.

According to Creswell (2009), "The investigator tried seeks to systematically develop a theory that explains process, action, or interaction on a topic." According to Patton (2002), this approach tries to create a theory as opposed to testing existing thoughts. The objective is to create an alternative to existing economic theorems that could create a more equitable society. Discovering an alternate reality to what has been taught will teach scholars to think beyond stage one. For this study, a challenge to existing economic theory to question the economic norms we have grown accustomed to find alternatives that are more sustainable as a part of the underpinnings of society. If one can deteriorate the current thought process of this institution, then society could move towards creating equity in a system that favors those who have the most. Stating Reynolds (2007), in creating a theory, one must first discern what is concrete and abstract. Recreating this theory to embed information that is not subjective or objective to the human societal concepts should take precedent in this study and formulation of this new view on the historical information.

Role of the Researcher

Data collection and analysis are two very important ingredients to quantitative research. These elements allow the researcher to quantify a phenomenon that occurs naturally within a system. With this particular scenario, we are only observing with our senses to gather as much information as possible without disturbing the flow of the situation. According to Creswell (2009), we must select sites that would be of greatest use to our research and projected outcomes. In this case, my role as a researcher is to study economic activity and how it provides varying outcomes for different populations. Paying attention to each detail helped to ensure we are focusing on all variables that could affect our study. As observers, it is important to become aware of our own biased nature in observing these environments. Our personal lenses play a significant role in how we perceive the world around us. Practicing observing will help us to cut down on the information fed to us from our own biased nature. As an observer, we must have an open mind about what we observe to understand its full impact on our research.

When gathering data, it is important to set boundaries as to how the data will be collected. According to Creswell (2009), being an effective observer means to confirm to the changes of data collection methods and new information that is discovered in the process. One of the most important things to understand is how the presence of the researcher will change the behavior of the subjects that are involved. Creswell (2013) called this *"deception."* As a researcher, we must pay special attention to this problem because of the damaging effects it could have on the outcome of the research. Acknowledging this early can help to avoid collecting data that is inherently flawed. Social research is challenging in this aspect because people can mask certain attributes they may not want the researcher to discover because of their perception of possible biased behavior. With my observation, I did not have any personal or professional relationships with the population. I gathered historical data for analyzing and review.

Data Collection and Sources

To keep the integrity of the process, a researcher must make observations that would not jeopardize the experiment. For the topic of observing how economic theory sustains poverty, I reviewed how economic policy is implemented. For this research, collecting data by looking at existing theories and examining them against prevailing models was important in determining the outcome and recommendations for the future. According to Creswell (2009), researchers are able to use multiple sources of data when looking at a specific topic. The data will be collected from the Census Bureau website with the information focused specifically on Georgia, Washington, Arizona, Illinois, and New York for 2014. This secondary source of information has been used in many research projects because of the vastness of the resources of the US government. By using this data, I can certainly ensure instrument validity and reliability because of the nature of the source.

In directing the investigation, the research required a thorough critique of the current and historical information offered by the U. S, Census Bureau which keeps records of population size, poverty lines, and economic growth and inflation on each different state. The year in which we focused was 2014. In this review, the pattern of poverty rates based on growth and population size could be tested to establish the poverty equation. It is through the research, we hope to find a consistent basal amount of poverty within 2014. Being able to translate this to other economies and societies is the hope to link poverty with economic activity and ultimately monetary policy governance. With this information, society is able to possibly control poverty through monetary policy in the future. Incorporating the statistical data collected from the American Community Surveys would help to strengthen the poverty equation. Creswell (2009) states that a researcher can collect information through documentation that could be public or private. Collecting information from the U. S. Census Bureau, it was possibly be able to provide a link to monetary policy, economic activity, and poverty levels.

For the topic of observing how monetary theory affects the amount of poverty, I needed to study a small jurisdictional area such as a state to find if we can apply the same principles to the larger entities. For this research, collecting data by looking at existing theories and examining them against prevailing models was important in determining the outcome and recommendations for the future. According to Creswell (2009), researchers are able to use multiple sources of data when looking at a specific topic.

Variables

Population

In looking at the effective size of the population, one must look at those who are poverty stricken. There are large segments in each section of the world that have poor individuals within their boundaries. In this particular experiment, the population was a group of individuals who have economic strains on them that reduces their standard of living and also realms of opportunity. More specifically, the American poor were the subjects of the research. This review of current and historical information is examining the possible standard of living changes that could occur if monetary policies were implemented to reduce poverty. In America alone, there are over 46 million individuals living below the poverty line (npc.umich.edu, 2012). In many of the wealthiest countries, there is a huge gap between the poorest and wealthiest individuals in terms of wealth and assets. In my quest to understand poverty and an economic entity, identifying some assumptions that were used to shape the equation would be a necessary part in understanding poverty.

Gini Coefficient

In the quest to understand poverty, one must understand the underlying theme of the institution. Inequality has been a mainstay in human cultures and existence since the birth of civilization. In conducting an economy and monetary policy, I expected anomalies within distribution. The Gini coefficient measures income inequality (Salomon, 2011). This tool has allowed researchers to place inequality on a numerical scale instead of allowing it to continue being an intangible idea.

Change in GDP (Gross Domestic Product)

The change in GDP will let us know if the economy expanded or contracted in the area that should have a direct impact on the poverty numbers. I expected a reduction in the poverty numbers when the economy expands. As I reviewed the literature, it is apparent that the growth occurs unevenly through the jurisdiction. The Gini Coefficient helped us to understand inequality and how income distribution can affect poverty as economies mature.

Expected Poverty Level

Expected poverty level shows us stratification in a given area. We know that wealth grows unevenly in certain areas as economies grow. The EPL can tell us the disparity between those that are considered the wealthiest and those who are considered to be on the opposite end.

Assumptions

The three assumptions are: poverty cannot be eradicated, it is a relative given the economic status of the state, and it facilitates economic growth and stability. As countries prosper, the poverty line rises; however; when the prices fall the poverty lines seems to stay static. (Chen and Ravallion, 2013) The individuals below this line face the most burdensome when the economy fails to prosper. The individuals in America below the line represent just over 15% (npc.umich.edu, 2012). With such a large population of poverty stricken individuals and families, the population size would make up a large swath of the American population. Sampling such a large size population required resources that need to be employed by a federal level agency. For this particular study, I focused on the poverty stricken in Georgia, Washington, Arizona, Illinois, and New York. Given the nature of the study, the effects of pricing should have a proportional effect on the poverty stricken in various parts of the nation. When prices change, the poverty-stricken feels the movement the most. With the size of the population of those held in poverty so large, it would be nearly impossible to sample a large amount of this population. We are reduced to draw conclusions as necessary in order to understand the data in which we are quantifying.

Instrumentation and Materials

In quantifying inequality, Ozdemir, Karabulut, and Mentes (2011), “The Gini coefficient is a summary measure of inequality, which has an easily definable relationship with the Lorenz Curve. The Lorenz Curve is a graphical function frequently used by economists in measuring the pattern of income distribution and by demographers in measuring densities in population distribution.” Using this equation, one can possibly predict how much inequality will be distributed for a given population. Granted there was some reworking of the equation to include variables such as the population size and the poverty line.

Cross-Sectional Design

One of the most popular designs in the area of social science is the cross-sectional design (Frankfort-Nachmias & Nachmias, 2008). This design is primarily based on information supplied by a group of individuals through surveys in regards to their personal histories, experience and any other abstract mechanisms they decide to employ in their decision-making process (Frankfort-Nachmias & Nachmias, 2008). This method seems to allow for abstract ideas to be measured and quantified that can be used as data in order research. The cause and effect relationship is one of the most important ideas in this method. Examining the relationship between the two is how the experiment gains credibility and validity. In this particular experiment design, we find that the researcher would not have to use a control group or independent variable which would not allow for comparison of conditions preceding and succeeding the particular situation or experiment (Frankfort-Nachmias & Nachmias, 2008). The nature of what was being measured creates limits in which the researcher has to overcome. In order to overcome this particular shortcoming, statistics are put in place in order to fill in the gaps of the experiment. Using this design would mean that the experiment is seemingly purely based in extracting abstract ideas in order to concrete cause and effect relationships. Individuals cannot be stripped of any external factors that may plague their decision and response. Information in this experiment can certainly be skewed or slanted in this situation.

This design proved to have the greatest efficiency in helping me to obtain the results in which I am looking. The most important information to take away from this is certainly choosing the most optimal design that allowed for maximum data collection and analysis. I chose not to pursue the other designs because of the limitations involved. This research is a numbers intensive study. The cross-sectional approach did not pose a problem because of the lack of socially identifying the cause of poverty. This would have work because I quantified the institution of poverty as a percentage and economically driven by product of progress and stratification. I was not looking to measure the qualitative aspects of poverty such as, education levels, generational poverty, past family history, etc. In this particular scenario, these factors are not attributing to the overall goal of reducing or eradicating poverty from a monetary standpoint. This particular did not have help me move towards solving the larger issue of poverty eradication. In order to ensure maximum efficiency for this design, I was forced to abandon this particular design.

For this research, an examination of the institution of poverty would be necessary. This problem has been found in many large civilizations. Given current economic theory was practically nonexistent in ancient cultures, poverty was still very present. Grounded theory allows the researcher to surmise if poverty is a social or economic institution. According to Creswell (2009), “The investigator tried seeks to systematically develop a theory that explains process, action, or interaction on a topic.” According to Patton (2002), this approach tries to create a theory as opposed to testing existing thoughts. The objective is to create an alternative to existing economic theorems, which could create a more equitable society. Discovering an alternate reality to what has been taught will teach scholars to think beyond stage one. For this study, a challenge to existing economic theory to create a theory that is more sustainable as a part of the underpinnings of society. If one can deteriorate the current thought process of this institution, then society could move towards creating equity in a system that favors those who have the most. Stating Reynolds (2007), in creating a theory, one must first discern what is concrete and abstract. Recreating this theory to embed information that is not subjective or objective to the human societal concepts should take precedent in this study and formulation of this new theory.

Data Analysis Plan

In this particular research plan, I used multiple regression analysis to understand how the variables interact the outcome of poverty. This type of analysis allowed me to analyze several variables simultaneously. With this particular analysis, the correlation became very clear using this analysis. With the information collected from the Census

Bureau, it would be necessary to plot out the information in a table or graph that could make the comparison easier. The distributions were examined to find the efficiencies of the market rating system across the jurisdiction. Searching for a frequency distribution amongst the data points was key in helping to pinpoint where normal market rate conditions are being examined.

This is very important in understand how other designs are carried out. In creating a quantitative design based upon the classical design, a comparison of all factors must be quantified in order to reach a logical conclusion. One of the biggest strengths this design had was its logical capacity. Because the data being measured is coming from a purely concrete nature, it is easy to distinctly draw conclusions from the results. For my research purposes, the most appropriate design will have to be the experimental. I have drawn this conclusion based on what my research focused on. I am looking at the monetary reasons for poverty in industrialized nations. My dependent variable was expected poverty level: EPL and my independent variables will be population, change in jurisdictional GDP, and the Gini coefficient in the jurisdiction.

$$EPL\ (Median\ Household\ Income) = b0 + b1X1 + b2X2 + b3X3 + e$$

In examining if poverty is an ideal that could be eradicated will depend largely on how we are able to manipulate the money supply and redistribute wealth in order to achieve the desired results. The experiment may tell us that poverty is a necessary institution in order to maintain price stability and reduce inflationary pressures. The experiment is purely quantitative in that I stripped the social aspects of poverty and turning it into a mathematical equation that we can either solve or not. When looking at poverty from this aspect, we are better able to combat poverty. This design seems most appropriate because I am able to pick out the dependent and independent variables and compare them in a social vacuum.

Validity and Reliability

In ensuring validity, the process must continually take into consideration the price movements over time. This is the most important part of the experiment. The poverty line is the indirect result of price movements in the economy. The price changes are not limited to consumer goods but also labor as well. As a result of little human involvement in the experiment, the notion of reliability and validity ensured that measuring the independent and dependent variables hoped to provide purely empirical data which is unaffected by human emotion and, oftentimes, concealment. Working with pure data from an experiment helped to ensure this possible corruption of the information. In this case, measurement errors from a poorly designed instrument or the scientist performing the experiment will be the biggest barriers to validity and reliability.

There are several parts to validity in which the instrument and the experiments need awareness. The instrument needed to be constructed within the bounds of construct validity. This validity ensured that the parameters set by theoretical framework and the information that has been researched to bring one to bridging the gap between what has already been set forth and what yet to remain discovered. This is essentially the first step in determining the instrument, which should be used to conduct the research. As stated before, it was important to use the best instrument to find subtle differences in the variables. Providing the framework in which the information helps to narrow the focus of the experiment.

Empirical validity is another parameter in which researchers needed to work for this experiment. This type of validity proves the instrument is the appropriate instrument is being used for the experiment. Knowing what to look for was very important in determining whether this is the appropriate information being used. Empirical evidence within the appropriate theoretical framework ensured that the experiment is guided by these mechanisms. The last type of validity is predictive which simply allows a certain outcome to be predicted to construct a reasonable hypothesis. When this is formulated, it acts as another parameter in which the experiment works within. Without these, formulating any subsequent theories or frameworks from the information investigated may not hold up to scrutiny by the larger scientific community. As part of the experimentation process, validity plays a huge role in the direction of the outcomes and the acceptance of the information to the body of work already present.

Reliability is another measure by which the experiment directed the activities of the collecting data. Errors are certainly a huge part of the experimentation process. Testing the information several different times was a large part of the data collection process. Having reliable instruments to collect data is a requirement for any experiment. In this research taking precise measurements of price changes and money supply will help to ensure that the information collected is reliable and valid. As stated before, reliability and validity is required to make this experiment immaculate against scrutiny.

Ethical Concerns

In this piece, I had little human contact in this experiment. However, I would like the real-life experience from people who are living below the poverty line. Their stories gave life to the experiment and a voice to why the experiment is being performed. In order to gain this information, I wanted to make sure that only information relative to the effects of living in poverty and what does life mean for them in the idea of opportunity. They would only be able to answer very direct questions about their standards of living. In order for me to collect the information, I worked with these individuals and governing bodies to ensure I am treating the subjects with legal precedent. Being that the questions were very limited in their scope, there should not be many major ethical concerns with this procedure. This is not to say that concerns with some questions may not come up in the future. Perception is a huge part of this section of the research.

Summary and Conclusion

This study certainly helped the idea of social change in that helped find a more effective way to fight poverty. It also formed an effective way to fight other scourges of society. Social change can precipitate because people are able to understand how they can fight this idea more effectively. Over the years, much aid has been invested in combating this problem without getting any real movements or returns on investments. Fighting this with monetary policy will resound louder than corporate or personal donations. Retooling the financial policy in this country needs to be an important part of the conversation in fighting hungry. From the scientific perspective, it is unproductive to give money so freely without quite knowing why money is being given.

As per Hyman (2011), a graphic analysis of equity and efficiency shows as one ascends, the other descends. They move in opposite directions of one another. In the present system, the economics of equity are seriously deficient when it comes to comparing it to efficiency that is the goal in efficient market economies. The conundrum for policy makers is weighing equity versus efficiency. At present, equity can be pushed down the road for the sake of supposed efficiency for the next administration to deal. Unfortunately, by the time the non-equity situation is revealed, the policies that created the situation would have been a distant memory of those who created and supported it.

As per Hyman (2011), it is very hard to predict how reallocating resources will affect each area in policy. For this reason, unintended consequences will always ensure that equity and efficiency will not exist within the same space as policy. However, if it were to be possible to ensure equity and efficiency, it would be hard to imagine all the inner workings of the system. This would mean that policy makers would have to predict all of the intended and unintended consequences of such policy, which even at current information levels is a difficult task. Furthermore, there would have to be predicted risks associated with picking an alternative that will have the least amount of effect on policy and future outcomes.

Social change will not be felt in a vacuum; it will be felt in the real world. Once the real world can accept those changes then we can have a meaningful dialogue in regards to poverty reduction. Many people would like to see some real change around this topic but because of politics, it has become seemingly unpopular. In helping those who would like to help themselves but may not necessarily know how, it is our responsibility to help them along the way to self-actualization. Social change needs to happen at the grassroots level in any civilization. Much of the people live below the poverty line and they need to use their collective clout to sway policy. As a scientist, we need to ensure we are putting out accurate information to mobilize those who have a stake in the possible policies that could be derived from this study. In considering this study to do with its possible controversial ramifications, I wanted to understand why has the war on poverty has been a seemingly failure. The most basic opinion I could render is that we are not working with the proper equipment.

Chapter 3 outlined as to how my research was conducted. It outlined all the information necessary to understand why this research is important. Each detail has been crafted to ensure that it will stand against scrutiny from the larger scientific community once published. In this chapter, I discussed the population, methodology, ethical concerns, and my role within the body of research. Chapter 4 is a continuation of Chapter 3 because it expands on my research and there we will see results. Chapter 4 is extremely important because it brings the research to life. As a researcher, we are able to test our hypotheses or theories we have created in the preceding chapters.

Chapter 4: Results

The Mechanics of Research

The purpose of this study was to offer a quantitative solution to the problem of poverty. Researchers have conducted considerable qualitative research in this area, but very little quantitative research has been done. In Haiti before and after the 2010 earthquake, the poverty situation has not changed even though there has been much attention paid to the ailing economy. According to Bellegarde-Smith (2011), there have been approximately 11,000 nongovernmental organizations that have responded to the Haitian earthquake in 2010, but they have not made the situation any better in Haiti. There were large amounts of monetary aid pouring into Haiti from around the world, but many of the Haitians never saw any improvement in their situation (Bellegarde-Smith, 2011).

This leads back to the section in the literature review that point to foreign aid and capital outflows that do not move the needle of poverty in struggling countries. The purpose of this study was to examine poverty from a monetary policy standpoint and to examine the ramifications of setting monetary policy based on the minimization of poverty as opposed to mitigation of unemployment. This study provided a start to the conversation of quantitative poverty mitigation.

Research Question

Can the expected natural level of poverty for a given jurisdiction be predicted based on the variables: population size, change in GDP, Gini Coefficient for the jurisdiction, in Georgia, Washington, Arizona, Illinois, and New York for the year 2014?

My hypothesis for this question was that there is some correlation between the dependent and independent variables. My null hypothesis is that there will be no relationship between my variables. My alternative hypothesis is that there will be a significant relationship between my variables. One of the most important observations in my study is that although growth is great for an economy, it never eradicates poverty. In industrialized nations, growth allows for a middle class where there is an appropriate legal structure.

In the results section, I present the findings of the study. I also include the purpose, research question, and hypothesis. The overarching question of poverty and its persistence despite best efforts is examined. Next, I describe the data collection and discuss the population and its attributes as well as any pertinent demographic and statistical information relating to the study. I explain any adverse conditions that hindered the mechanics of the study. Next, I present the results and explain whether the hypothesis was confirmed. Finally, I provide a summary and transition to Chapter 5.

Data Collection

I used a cross-sectional design, which provided a snapshot in time. For this study, I examined the year 2014. Data were collected from the U.S. Census Bureau, more specifically the American Community Surveys. These surveys contain a large amount of demographic, economic, and census data collected on every state. There were no discrepancies from the plan laid out in Chapter 3.

The information gathered from these surveys was pivotal in getting a clear picture of those who are considered poverty stricken. Globally, the poverty line is $1-$2 a day. In many industrialized countries, this standard would be unrealistic. I examined data from the states of Georgia, Washington, Illinois, New York, and Arizona to get a representative cross-section of the United States. The sample included all of the affected and nonaffected population because of the nature of the study. Another variable that was important to examine was the Gini coefficients of each state. This allowed me to understand the complexities of inequality and wealth distribution around the United States as measured within given jurisdictions. Each state was chosen based on its population density, economic output, and location within the United States. Based on the U.S. Census Bureau data, the population of the United States in 2014 was 318,900,000 and the collective population of the states in the study was 56,517,164, which was approximately 18%. The study focus was on the poverty population of each state, which included 8,405,001 individuals. In this sample, there was a collective poverty rate of 14.8%.

Results

Descriptive Statistics

In 2014, Arizona had a total population of 6,731,484 and a poverty population of 1,211,667, which was a poverty rate of 18.2%. Georgia had a population of 10,097,343 and a poverty population of 1,312,655, while was a poverty rate of 13.4%. Illinois had a population of 12,880,580 and a poverty population of 1,803,284 with a poverty rate of 14.4%. New York had a population of 19,746,227 and a poverty population of 3,159,396 with a poverty rate of 15.9%. Washington had a population of 7,061,530 and a poverty population of 917,999 with a poverty rate of 13.2%. The Gini coefficients for each state were as follows: Arizona (.468), Georgia (.484), Illinois (.455), New York (.51), and Washington (.45). The GDP numbers for each state were as follows: Arizona ($284,156,000), Georgia ($476,483,000), Illinois ($745,875,000), New York ($1,404,518,000), and Washington ($427,052,000). The standard deviation (*SD*) for the poverty population was 885,822.98. The *SD* for the Gini coefficient was .02, and the *SD* for the poverty percentage was 2.07. Lastly, the *SD* for the GDP numbers for the given area was 444,576,613.78. The mean for poverty population was 1,681,000. The mean for the poverty percentage was 15.02, and the mean Gini coefficient was .47. The mean for the GDP numbers for each state was 667,616,800. Tables 1 and 2 provide an overview of the descriptive data.

Table 1

Descriptive Statistics

State	Total Pop.	Poverty Pop.	Poverty %	Gini Co.	GDP
Arizona	6,731,484.00	1,211,667.00	18.2	0.468	$284,156,000.00
Georgia	10,097,343.00	1,312,655.00	13.4	0.484	$476,483,000.00
Illinois	12,880,580.00	1,803,281.00	14.4	0.455	$745,875,000.00
New York	19,746,227.00	3,159,396.00	15.9	0.51	$1,404,518,000.0(
Washington	7,061,530.00	917,999.00	13.2	0.45	$427,052,000.00
SD	***5,341,331.18***	***885,822.98***	***2.07***	***0.02***	***$444,576,613.78***
Mean	***11,303,432.80***	***1,680,999.60***	***15.02***	***0.47***	***$667,616,800.00***

Table 2

Detailed Descriptive Statistics

Alpha (for confidence interval)	5.00%		
	Gini Co	GDP	Ppop
Count	5	5	5
Mean	0.47	667,616,800	1,680,999.60
Mean LCL	0.44	115,602,024.23	581,105.10
Mean UCL	0.50	1,219,631,575.77	2,780,894.10
Variance	0.00	2.00E+17	7.85E+11
Standard Deviation	0.02	444,576,613.78	885,822.98
Mean Standard Error	0.01	198,820,705.92	396,152.08
Coefficient of Variation	0.05	0.67	0.53
Minimum	0.45	284,156,000	917,999
Maximum	0.51	1,404,518,000	3,159,396
Range	0.06	1,120,362,000	2,241,397
Median	0.47	476,483,000	1,312,655
Median Error	0.01	111,438,831.03	222,042.89
Percentile 25% (Q1)	0.46	427,052,000	1,211,667
Percentile 75% (Q3)	0.48	745,875,000	1,803,281
IQR	0.03	318,823,000	591,614
MAD (Median Absolute Deviation)	0.01	269,392,000	490,626
Coefficient of Dispersion (COD)	0.04	0.60	0.43
Mean Deviation	0.02	326,063,760	640,271.12
Second Moment	0.00	1.60E+17	6.28E+11
Third Moment	6.20E-06	6.50E+25	5.30E+17
Fourth Moment	4.44E-07	6.40E+34	1.00E+24
Sum	2.37	3,338,084,000	8,404,998
Sum Standard Error	0.05	994,103,529.61	1,980,760.40
Total Sum Squares	1.12	3.00E+18	1.70E+13
Adjusted Sum Squares	0.00	7.90E+17	3.14E+12
Geometric Mean	0.47	570,762,816.41	1,527,596.70
Harmonic Mean	0.47	499,389,002.29	1,409,438.98
Mode	NaN	NaN	NaN
Skewness	0.60	1.03	1.06
Skewness Standard Error	0.71	0.71	0.71
Kurtosis	1.98	2.57	2.63
Kurtosis Standard Error	0.75	0.75	0.75

Skewness (Fisher’s)	0.90	1.53	1.58
Kurtosis (Fisher’s)	-0.07	2.28	2.52

Statistical Assumptions

As with any multiple linear regression analysis, we must provide the assumptions we are using within this model. We are assuming the variables have a linear relationship and multivariate normality. Other assumptions include little or no multicollinearity, no auto-correction and homoscedasticity. As we move through the statistical analysis, we will begin to examine each assumption and its validity to the over research.

Findings

In this research, we have only one question to tackle. Can the expected natural level of poverty for a given jurisdiction be predicted based on the variables: population size, change in GDP, Gini Coefficient for the jurisdiction, in Georgia, Washington, Arizona, Illinois, and New York for the year 2014? Let’s start here with Table 3:

Table 3

Expected Poverty Levels

State	Gini Co	Total GDP	Poverty Pop	Current Pov	EPL %	EPL
Arizona	0.468	$ 284,156,000.00	1211667	18.00	14.93	1004691
Georgia	0.484	$ 476,483,000.00	1312655	13.00	14.22	1435654
Illinois	0.455	$ 745,875,000.00	1803284	14.00	13.08	1684394
New York	0.51	$ 1,404,518,000.00	3159396	16.00	16.01	3161697
Washington	0.45	$ 427,052,000.00	917999	13.00	15.84	1118564

Statistical Analysis Results

As I went through the statistical information, I found some interesting results. Once I used the regression analysis model to perform the calculations, based on the numbers that I obtained on the from the Census bureau, some states should have ***more*** poverty than they currently do and other states should have less. Let's take a closer look. Refer to Figure 2. Arizona and Illinois had EPLs came in lower than the current percentages. Georgia, New York, and Washington had EPLs that are more than their current poverty percentages. As I look further, I found that total GDP (gross domestic product) and the existing poverty population have an impact on EPL (expected poverty level) whereas the Gini Coefficient does not. The findings make sense from the standpoint of what the Gini Coefficient actually measures which is distribution of a country's wealth which does not single out a particular population or group. The regression statistics for the first test are in list of figures included in the appendix.

Let's check our assumptions. From our graph, we see that our variables have produced a straight line graphically. We can consider this assumption is upheld. All our scatterpoints are randomly about the graph, heterscedasticity is not present in the model. The residuals and standard residuals are random which means there is no multicollinearity that exists in this model. To add to this discussion, I wanted to ensure I checked for multicollinearity in SPSS as well. When I checked both variables in SPSS, they had identical Variance Inflation Factors of 2.472. Given this fact, the issue of multicollinearity is not present in this model. When I removed the Gini Coefficient variable from consideration, we get a VIF of GDP of 1, which means there is no correlation. When taken alone, the Gini Coefficient VIF was 18.857, which means this variable is highly correlated, so we reject this variable. When we exclude this variable GDP is not correlated at all. Here is a general rule of the VIF in detecting multicollinearity:

Table 4

VIF Table

VIF	Status of predictors
VIF= 1	Not correlated
1 < VIF < 5	Moderately correlated
VIF > 5 to 10	Highly correlated

As I go line by line, states with lower poverty populations have higher EPLs. For states with higher GDPs are expected to have higher poverty populations. The Gini Coefficient was rejected as an indicator or variable in EPL.

The multiple R is .98, which means there is a strong positive correlation of the dependent variables to the independent variable (EPL). The R squared is .96 which means there is a 96% chance that the changes in EPL can be explained using the variables in the within the experiment. Reviewing the correlation matrix, we see the correlation is very close to 1.

Table 5

Correlation Matrix 1

	Gini Co	*Total GDP*	*Poverty Pop*
Gini Co	1		
Total GDP	0.721312424	1	
Poverty Pop	0.792870616	0.973123108	1

Given that we found that the Gini coefficient is not a significant predictor of poverty, I ran the variables without the Gini coefficient. What I found was that the statistical information was very little changed when I dropped the Gini coefficient as a variable. The EPLs were adjusted as well. In Arizona, there was a significant drop in the EPL. Let's take a look at the new data.

Interestingly enough, the EPL for Washington went up without the variable of the Gini coefficient. The state of Georgia's EPL did not change much once the Gini coefficient was removed. The trend for the poverty was a bit surprising in some states. Washington was the most surprising in this research. The question now becomes what is keeping the state's poverty levels artificially low or is there a variable that is missing from this equation. As I expected, the higher the GDP, the more poverty is expected. Let's take a look at the correlation matrix.

Table 6

Correlation Matrix 2

	Total GDP	*Poverty Pop*
Total GDP	1	
Poverty Pop	0.9731231	1

The correlation matrix shows the variables are still highly correlated as it showed in the previous correlation matrix. In the regression statistics, the R is .97 which means a perfect positive correlation. The R squared is .95 which means there is a 95% chance that expected poverty level can be explained by using population and total GDP of an area or jurisdiction. The most important aspect of this experiment is the *p-level* is .0358, which is less than the .05 confidence level. Given this parameter, we can reject the null hypothesis.

Figure 1:

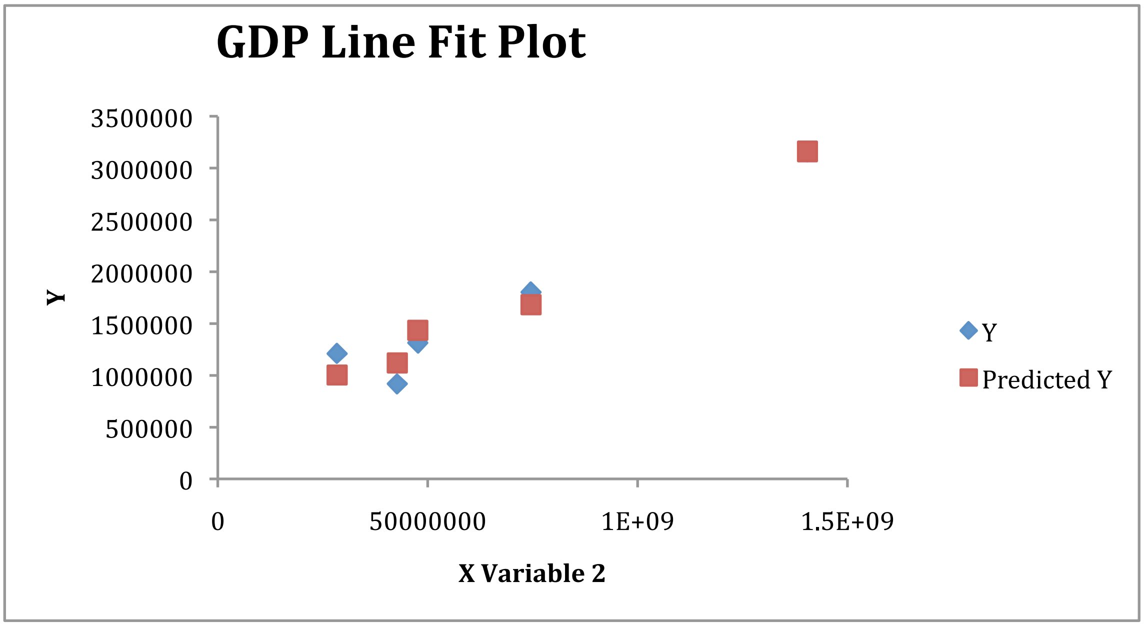

Figure 1. GDP line fit plot.

In the above figure, it shows the best fit line that is another indication that supports the information in the results section. The best fit line has a positive correlation amongst the variable presented.

Summary and Conclusion

From the findings, one can deduce that there is a way to predict poverty based on the variables of the current poverty population and total GDP. The question of can we predict the expected poverty level using quantitative means has begun to be answered. We rejected the Gini coefficient as having a significant impact on poverty. Remember the Gini coefficient measures how income is distributed within an economy or area. Being that it does not directly interfere with the creation or eradication of poverty, we can rule it out in this analysis. The question now becomes is what other variables not accounted for here influences the eradication or creation of poverty from a quantitative standpoint? What variable with a distributive property could be used to more accurately predict poverty within a given society? Of course further research is needed to answer those questions. In chapter 5, I provided some directions to the next phase of this research. I will also provide more context on why this is so important to our future as civilized human beings. I provided recommendations on how to move forward with more research in this area.

Chapter 5: Discussion, Conclusions, and Recommendations

Going Forward

Poverty can be summed up in one word: inequality. According to Williams (2009), in the United States, we are dealing with income inequality that is reminiscent of the period before the Great Depression. About 25% of the work force earns less than the current minimum wage, which cannot pay for the necessities given prices in today's terms (Williams, 2009). Taking it a step further, a significant portion of Americans are living well below the poverty line while many more make less than half the poverty line (Williams, 2009).

One of the most important things learned in this journey to understand poverty is that it seems to be an important part of economic theory and structure. It is an unintended consequence of economic theory. We are in a situation that requires more investigation when it comes to studying how economic distribution affects humanity. From a social change standpoint, it would be extremely important for the need to remove this burden of society from the corridors of the present and place it in the grave of the past. Talking about this subject in a way that suggests that we must revisit it in a meaningful way may be controversial but it is needed.

In examining inequality and poverty, one must look at the ingredients that create these situations. In an effort to mitigate poverty, is more important to reducing income inequality by creating a more equal society, while creating a society, which places on the welfare and socio-mobility and stability (Jaumotte, Lall, and Papageorgiou, 2013). There are many factors that are contributing to this phenomenon of poverty such as financial, trade globalization and foreign direct investment (Elmawazini, Sharif, Manga, and Dricker, 2013). Granted, there have been economic disparities in the past without these factors.

Interestingly enough Crow, Fulfrost, and Zlatunich (2009) outline varying opinions of inequality and how it comes about, which may not always be purely economic. Instead, it has a connection to cultural and historical references. Crow, Fulfrost, and Zlatunich (2009) seem to take a holistic approach to poverty in the form of philosophy, education, or material inequalities.

Key Findings

Some of the key findings throughout the process were surprising. Through this process, I found there is not much in the way of understanding poverty on a quantitative level. Much of the literature focused on ideological and policy differences and social constructs when addressing poverty. I expected to find that poverty could be predicted using quantitative variables such as GDP and population size. A key finding that was unexpected was that some jurisdictions had more poverty based on these variables. While I was examining the variables, there was no instance where I could have it go to 0. The findings confirmed what I thought heading into this experiment. I was able to reject the null hypothesis and accept the alternative hypothesis. Having said that, the alternative hypothesis states that our variables have a relationship that determines the direction of our research. Expected poverty level (EPL) can be predicted based on information that is readily available.

Interpretation of the Findings

Although the findings were expected and unexpected, they supported the position that poverty is a permanent fixture on the economic and societal landscape. Poverty seems to be a byproduct of economic activity. This is a start to finding the root cause that contributes most to poverty. Other researchers may want to look at the quantitative nature of society and poverty meaning that they should examine the distributive property of money and income. As stated in Chapter 2, scholars need ask whether poverty is an unavoidable phenomenon that leads to low inflation and stable pricing. Much of the information in Chapter 2 refers to programs and policy initiatives that seek to eradicate poverty. The literature review went through the history of poverty in the political, societal, and economic sense. The literature gave more details regarding my alternative hypothesis of the relationship of my variables. The outcomes display the relationship between growth, poverty and population.

Limitations of the Study

During the analysis of the data, I was met with some unexpected results. The Gini coefficient was discarded as a strong indicator of EPL. Given this information, it was apparent that the equation was left without a quantitatively distributive force. The data were collected directly from the United States Census Bureau and American Community Surveys. The validity and the reliability of the data were not in question based on the assets used to employ collecting this data.

Recommendations

Given the important implication this topic could have, it is imperative that research continues in the area of poverty mitigation. One of the recommendations I would make is to continue progress in finding the distributive variable that could reduce the poverty numbers. The distributive variable should be based on the transfer of payments to reduce the number of people in poverty. This would possibly reduce the numbers on the rolls. I would also look at states whose EPLs were higher than their poverty numbers. They could be the key to unlocking the mystery of how they are able to reduce the number of individuals living under the poverty line. I think the first step is to find the distributive variable. Another recommendation would be to start to change the poverty conversation to something more tangible and realistic. As I wrote the literature review, I found many organizations that have made it their mission to eradicate poverty from the face of the globe. How are they going about it? Are they trying to understand how poverty really works? Are they trying to see if poverty is required to create a stable economic environment of growth? What would a poverty-free world look like? Would it be one devoid of currency or any means of storing money and wealth?

The conversation around this topic must change so that research can be progressed from a quantitative standpoint. Society needs to understand how we can go about creating an environment where the conversation is about promoting progress and change rather than keeping the same erroneous information and basing programs off this information. When I started this process, I wanted to understand the other conversation about the institution. The conversation that we often not have when trying to understand a perceived problem. It will be uncomfortable and controversial, but it needs to be discussed. What if poverty is here to stay? What if there is nothing we can do about it? To answer these questions, we must continue to look in this area.

Implications

The positive social change aspect of this study occurs on many levels with this particular study. On the individual level, it represents a social condition designed within a system to ensure economic stability and reliability. This creates a sense of awareness of their role within the economy. On an organizational level, this will provide a more purposeful and directed approach to the fight to reduce poverty locally and nationally. As an organization, their presence within this issue will create a more socially conscience brand awareness. Their actions will be reflected within the community in which they serve. On a societal and policy level, the potential change could play out in one of two ways: the governing body accepts it or rejects it. By accepting it, they are acknowledging the fact that our society has an underlying problem. The conversation I mentioned before will have to educate people on the way we look at poverty.

Another implication as we review poverty is to think about the theoretical implication. If poverty is proven to be structural, in economic theory, in subsequent research stemming from this, then it is a safe assumption to start to think about the other by-products of the system we have created on this information. Throughout chapter 2, we see how poverty has been tackled in various areas of the world. However, there has never been an instance where it has been eradicated from those systems. It has been reduced but never eradicated. A critical treatise of economic theory is very important to look at the products of the theories we have created in society.

As we move forward, we need to become more aware of the world we have created and the attributes thereof. As we do more research, I would employ those who want to put many of the outcomes into practice, do so while considering what kind of unintended consequences of which future generations must deal.

Summary and Conclusion

In conclusion, I have learned quite a bit in this journey through the doctoral process. The study has provided some much needed clarity for me on the subject of economic theory and poverty. The biggest message people should take away from this study is that we have to rethink our approach to solving the poverty problem. The poverty equation will influence how we look at this institution. Approach it from a quantitative standpoint translates it to being quickly integrated into monetary and public policy. As I reflect on the fact that the Gini Coefficient is not a strong indicator, it becomes clearer that the Gini Coefficient isn't a good distributive variable for reducing poverty. With more research, we can certainly strengthen the poverty equation to predict a lower natural rate of poverty. It is very important to ensure the equation stand up to scrutiny.

There are many factors that we should consider when the subject of poverty is discussed. Many of the social aspects, such as access to healthcare, education, and opportunities for growth, etc., are also extremely important as well. Unfortunately, with the current system, we are bound by prevailing theories. By allowing ourselves to continue to operate such as we did historically, are we going to make any worthwhile progress? Remember the definition of sanity.

Another reason, I chose this ancient topic was because I want to the change conversation on poverty. This requires a newer, fresher look at this institution. It also allows us to further understand how poverty thrives and that its birth is no accident. Now while the world continues to search for a cure, one if left to wonder, do they truly understand the ailment?

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