

Income Disparities and Poverty Dynamics: Examining the Relationship Between Economic Inequality and Social Deprivation

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Short Communication

Poverty and income inequality continue to represent major developmental challenges affecting societies across the world. Although economic growth has improved living standards in many countries, the benefits of development have not been equally distributed among populations. A considerable proportion of the global population still experiences poor access to healthcare, education, sanitation, housing, employment opportunities, and social protection systems. The persistence of poverty and widening income inequality have therefore become central issues in economic and social policy discussions [1].

Poverty is generally described as the inability of individuals or households to satisfy minimum basic needs required for a decent standard of living. These needs include adequate nutrition, shelter, education, healthcare, clean water, and access to economic opportunities. Poverty may exist in absolute or relative forms depending on the socioeconomic conditions of a country. Absolute poverty refers to severe deprivation of basic human needs, while relative poverty reflects unequal living standards within a society. Governments and international organizations frequently establish national poverty lines to determine the minimum level of income needed to sustain basic living conditions [2].

At the global level, the World Bank has used the international poverty line of \$1.90 per day to monitor extreme poverty. Additional thresholds such as \$3.20 and \$5.50 per day are also used for lower-middle-income and upper-middle-income countries respectively. These indicators help policymakers evaluate the effectiveness of poverty reduction programs and measure progress toward the United Nations Sustainable Development Goals (SDGs), particularly SDG 1 which aims to end poverty in all its forms by 2030 [3].

Income inequality refers to the uneven distribution of income, wealth, and economic resources among individuals or groups within a society. In many countries, economic resources are concentrated among small segments of the population while large numbers of people continue to struggle with unemployment, low wages, and limited access to productive opportunities. The unequal distribution of wealth creates social and economic

divisions that may affect economic growth, political stability, and social cohesion [4].

The issue of income inequality has attracted attention from economists, policymakers, and development institutions for decades. While some degree of inequality may exist in every economy, excessive inequality often weakens the ability of economic growth to reduce poverty effectively (Table 1). In highly unequal societies, economic gains are frequently concentrated among wealthier groups, leaving poor populations with limited improvements in income and living standards. Consequently, poverty reduction becomes slower even when national economies are expanding [5].

Table 1: Global Poverty Thresholds Used by the World Bank.

Poverty Line	Target Group	Daily Income Threshold
Extreme Poverty Line	Low-income countries	\$1.90 per day
Lower-Middle Income Poverty Line	Developing economies	\$3.20 per day
Upper-Middle Income Poverty Line	Emerging economies	\$5.50 per day

Globalisation has significantly influenced the relationship between poverty and inequality. The increasing integration of economies through trade liberalization, foreign investment, technological advancement, and labor mobility has transformed production systems and international markets. Globalisation has created opportunities for economic expansion, industrialization,

and technological progress in many countries. However, the benefits of globalisation have not been equally distributed across populations and regions [6].

In developed economies, highly skilled workers and technology-intensive industries have often benefited more from global economic integration, while low-skilled workers have experienced job insecurity and wage stagnation. Similarly, developing countries with stronger industrial and institutional capacity have gained more from global trade compared to less developed economies that remain dependent on primary commodity exports. As a result, income inequality has increased both within countries and between nations [7].

Developing regions such as Sub-Saharan Africa, South Asia, and Latin America continue to experience high levels of poverty and inequality despite periods of economic growth. In many of these regions, weak infrastructure, political instability, corruption, unemployment, population growth, and limited industrial diversification contribute to persistent poverty conditions. Rural populations are particularly vulnerable because of restricted access to financial services, education, healthcare facilities, and productive employment opportunities [8].

Education is widely recognized as one of the most important instruments for reducing poverty and inequality. Access to quality education improves human capital development, increases employment opportunities, and enhances income-generating capacity. However, unequal educational opportunities continue to exist between urban and rural areas, high-income and low-income households, and developed and developing countries. Limited access to education often traps vulnerable populations in cycles of poverty across generations [9].

Healthcare inequality also contributes significantly to poverty persistence. Poor households frequently lack access to affordable healthcare services, medical insurance, and adequate nutrition. Health-related shocks such as disease outbreaks or chronic illnesses can reduce household income and increase financial vulnerability. The COVID-19 pandemic further exposed global inequalities in healthcare systems, employment security, and social protection mechanisms, especially among low-income populations [10].

Technological development and digital transformation have created both opportunities and challenges in relation to inequality. Technological innovation has improved productivity, communication, financial services, and access to information. At the same time, automation and digitalization have reduced demand for low-skilled labor in several industries, contributing to unemployment and wage disparities. Countries and individuals with limited digital infrastructure or technological skills risk exclusion from the benefits of the modern digital economy (Table 2) [11].

Table 2: Effects of Income Inequality on Society.

Economic Effects	Social Effects
Slower economic growth	Higher crime rates
Reduced investment opportunities	Poor health outcomes
Weak consumer purchasing power	Social exclusion
Higher unemployment risk	Limited educational access

Unemployment remains another major driver of poverty and inequality. In many developing countries, rapid population growth has not been matched by sufficient job creation. Young people often face difficulties entering labor markets, leading to high youth unemployment rates and increased dependence on informal economic activities. Informal employment generally offers lower wages, limited social security, and unstable working conditions, thereby reinforcing poverty cycles [12].

Income inequality is commonly measured using indicators such as the Gini coefficient, income shares, poverty headcount ratios, and consumption expenditure distribution. The Gini coefficient remains one of the most widely used measures, where values closer to zero represent more equal income distribution while values closer to one indicate higher inequality. International development institutions also monitor income growth among the poorest 40% of the population to assess progress toward inclusive economic growth and shared prosperity [13].

Governments across the world have implemented different strategies to reduce poverty and inequality. Social protection programs such as cash transfers, unemployment benefits, food assistance, and pension schemes have been introduced to support vulnerable populations. Public investment in education, healthcare, housing, and infrastructure also contributes to improving living conditions and promoting social inclusion. In addition, employment creation policies, industrial development strategies, and support for small and medium enterprises are frequently used to stimulate inclusive economic growth [14].

Progress in poverty reduction has been observed in several countries over recent decades, particularly in parts of Asia where industrialization and export-oriented economic policies generated large-scale employment opportunities. Nevertheless, inequality continues to rise in many economies due to uneven access to wealth, capital, education, and technological resources. The persistence of inequality suggests that economic growth alone may not be sufficient to achieve sustainable poverty reduction without strong redistributive and inclusive social policies [15].

The relationship between poverty and inequality therefore remains central to contemporary development debates. Reducing inequality is not only an economic objective but also a social and political necessity for maintaining stability and promoting sustainable development. Policies aimed at improving equal access to education, healthcare, employment opportunities, financial inclusion, and social protection systems are essential

for reducing poverty and strengthening long-term economic resilience.

Conclusion

Poverty and income inequality continue to affect economic development, social stability, and human welfare across the world. Although globalization, technological advancement, and economic growth have created new opportunities for development, their benefits have not been equally distributed among populations. High levels of inequality reduce the effectiveness of poverty reduction strategies and limit social mobility for vulnerable groups. In this communication highlight the importance of inclusive economic policies capable of promoting equitable distribution of resources and opportunities. Investments in education, healthcare, employment generation, digital inclusion, and social welfare systems remain essential for reducing poverty and narrowing income disparities. International cooperation and sustainable development strategies will also play an important role in addressing global inequality challenges in the coming years.

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