

A Poor Mindset of Poverty Thinking

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As the most important macroeconomic tool, Government State Budget is expected to create a balanced growth through interventions and programs that could bring justice to the less-privileged. If the money is allocated efficiently, we need not worry about whether the poor will get access to education, health care, basic needs, or financial assistance. All is going to be alright. However, what we're witnessing at the moment is unlike our expectation. Progress has been slow and there is a surge in the amount of [news](#) expressing fear of not being able to end poverty by 2030.

The fault does not lie in the policy makers. Rather, it is on how poverty has been overlooked by almost everybody. There are biases toward how we can end poverty, that the lack of basic needs are why the poor are poor.

Some of you might have probably seen the famous documentary "[Poverty, Inc](#)" which professes its heavy critics towards excessive basic needs assistance that wounds local businesses, eventually led to the slowdown of economic growth.

But apparently, it is not the sole reason why we must beware of too many of social assistance. In my [previous article](#), I kept saying that social assistance is disempowering since they do not transfer the power to climb the prosperity ladder to the poor. Continuously giving the poor a free treat makes it seems like, social assistance merely treat the needy as the object of development, when in fact they should have been the subject.

A large amount of social assistance is somehow translated into a decisive political will on ending poverty itself. Indonesia, for example, is a country who favours social assistance as poverty alleviation mechanism. The amount of [social assistance](#) in the country keeps increasing year to year and it seems like nothing and no one can change this direction yet. Depending on social assistance alone will cause poverty rate to be fully elastic to change on the amount of social assistance. And that should not have happened.

No arguing here that political will plays a determining role on how priorities are given to the less fortunate. Nevertheless, where you stand does nothing if you are neither using the right mechanism nor having concrete steps to fulfil your support. It's like saying "I am a feminist" but what you're doing is just joining the Women's March and put the word "feminist" on your social media profile without actually doing the real work on empowering women. Ending poverty requires real progress and social assistance is not going to give us that.

[Mahmoud Mohieldin](#) argues that there are knowledge gaps on addressing poverty and inequality. I have to say; he could not be more right. Alexis de Tocqueville in his book "[Democracy in America](#)" suggests that a regular administrative system that is permanent in nature and aims to improve the welfare of the poor will give more misery than remedy to the issue.

Maybe what the Government does is some sort of manifestation of human kindness that is deeply rooted not in history, but in ourselves as some form of inborn compassion to those who have less than a wonderful life that we have. Regardless of the size of your wealth, if you are passing the street and see a little kid or an elderly sitting on the sidewalk with no shoes covering their feet and the hunger that can almost be seen by anybody who sees them, the intention to help would come instantly. You will not spend another second to think about it. It just comes naturally.

A similar state of mind also showed by Blake Mycoskie, who decided to run Toms Shoes, a company with social entrepreneurship concept that promises to deliver a pair of free shoes to the needy in selected countries for every pair of shoes that they sold. His decision to run the company came upon witnessing deprived kids in Haiti without any shoes covering their tiny feet.

Despite his good intention, Mycoskie was unaware of the consequences of sending free shoes to the poor. He did not know that his action destroys the local shoe manufacturers, impeding their ability to generate the revenue necessary for business survival as well as for paying the employees. A decrease in demand means less production, hence reduce the number of labors needed. Referring to Okun's Law, an increase in unemployment goes hand in hand with a decrease in unemployment. If there are more of the unemployed, it means there are more people who are not earning money that they need to sustain the lives of their respective household, which let's be real here, it mostly consists of more than one person. So, are they only going to wear shoes with no job?

Every penny spent from the State Budget must carefully consider the economic consequences. What makes the poor well-off are not free food or free shoes. They need economic freedom, being able to decide what is right and wrong for improving their lives through the power that is transferred to them. It is therefore a million times better for the money to be used for economic empowerment programs, where the poor were trained to run small businesses which would give them the chance to be in charge of their future.

Ending poverty is our shared responsibility and it requires hard work to make that happen. Policymakers need to weigh the overall progress made and what will happen if we continue going on the same direction, using the same old mechanism.

The Government needs to realise that political will must also go side by side with the right intervention to address poverty, which is contingent to where it occurs. In developed countries with extreme poverty rates of almost 0%, it might be to overcome poverty with social assistance, simply because education and health care have been fully guaranteed by the government. But developing countries requires initiatives that exceed the limits of what can be done with social welfare.