

Sabrina McCarthy
June 23, 2015

Income Inequality in India and the United States

After traveling around India for a little over a month, it became apparent that there is a large gap between the rich and the poor. Income inequality is a concern around the globe, which became evident when the Occupy Movements broke out in 2011 in dozens of countries on many continents. I have traveled to other parts of the world where poverty was present, however, the level of poverty I have seen in India appears more severe. India and the United States are the two largest democracies in the world but India has a far larger population thus making it more challenging to address the situation.

Poverty can be seen in the United States but there are many services to help the less fortunate such as food stamps, low-income housing, and medical care. Generally speaking the homeless people living on the streets in American cities tend to be older men and women, and it is extremely rare to see homeless children begging for money on the streets. The poverty in India seems more extreme. It appears that the less fortunate do not have much, if any, access to government programs, which means they do not have shelters, or access to food and fresh water.

The age range of people in India who are begging for money is wide, from small children to adults carrying small babies. I found it more difficult to see young children in poverty because they haven't even had a chance to make their way in life, and I know it will be nearly impossible for them to get an education that could help improve their circumstance. Such conditions fuel the cycle of poverty. Research demonstrates that those who have access to education are more likely to find jobs and improve their living

conditions.

In the United States, both the state and federal governments provide programs, services and job training to help the poor. But the less fortunate people living in India do not have much access to government housing programs and therefore they must live on the streets and in slums. This past winter in Boston when the record-setting snowfall and extreme cold made life very difficult, the shelters stayed open all day, but in India during the extreme heat, the poor and homeless did not have access to similar facilities with extended services.

However, India faces a greater challenge because of the large number of those living in poverty. According to a report from the Organization for Economic Cooperation and Development (OECD), India has the highest number of poor in the world. This organization is based in Paris and it was analyzing 34 advanced and emerging economies. The report said 42 percent of Indians live in poverty. By comparison, the United States Census bureau reports that about 14 percent of Americans live in poverty.

Education and access to education also impact the ability of the poor to move upward in society. In the United States, homeless or low-income children are still allowed to go to school and get an education. However, children who live in poverty in India usually do not have the opportunity to get an education because they have to support their families. Since the children are not allowed to go to school they are less likely to get out of poverty. In my econometrics class at Northeastern this spring, I did a regression analysis on the impact of education on one's wages and found there was a strong relationship between education and income. But it is harder for those living in poverty to find access to higher education or job training, thus creating more challenges

in India, just like other developing nations, to address this issue.

In another comparison I observed, it seems most homeless people in America ask for money but I find many people in India tend to ask for food and water, which illustrates how little they truly have. I also noticed that the people living in poverty in India are thinner than the homeless people in United States. In America, there is a term "obesity of the poor," meaning that some of our most poor people are very overweight because they can only afford to eat inexpensive meals from fast food restaurants that are high in fat and sugar. They also are less likely to buy fresh fruits and vegetables because of their high cost relative to the fast or processed foods in the grocery stores. The clothing of the poor in India is often in a more deteriorated and worn-out state, further supporting the point that they are worse off than the less fortunate in the United States where dozens of charities provide free good clothing to the poor. Because the United States has been a wealthy country to start with, it is easy to see how its poor live in a better state than other countries around the world that have never had the benefit of being a developed and economically strong country.

In the United States I have seen disabled homeless people but I was a bit shocked when I first saw homeless people in India crawling on the street because they couldn't walk. I think part of that may be attributed to the fact that poor people in the United States have medical services available to them in hospitals, small clinics and even at the shelters.

Another contrast between the United States and India is the segregation between the classes. There are plenty of wealthy people in United States but I feel as if they are integrated with the less fortunate. However in India the segregation between the classes is

more apparent. In first the couple of days in Mumbai, we drove by the mansion that had 27 floors and then in another 20 minutes or so we were in Dharavi. That was the first time I had ever seen such a drastic contrast between classes.

One similarity between the two nations is that the upper one percent of each nation is growing farther apart from the rest of the population. The Hindu reported last December 2014 that India's top one percent or its super-rich were getting "richer even faster". The article noted that India's top one percent holds close to half of the country's total wealth. This is very similar to what can be seen in the United States.

It was very eye opening to witness the many diverse lifestyles in India and I know even after this dialogue is over, I will continue to reflect on this topic. India is a land of great resources on many levels from its ancient culture to its diversity of people but like many nations around the globe, it too is dealing with the impact of the 21st century where globalization and technology have created great wealth for many people in the population, much like the United States, but it has also left many people in the dust as their economics are facing challenges and upheavals.

<http://www.bbc.com/news/business-32824770>
<http://www.thehindu.com/data/indias-staggering-wealth-gap-in-five-charts/article6672115.ece>
<http://www.oecd.org/els/soc/dividedwestandwhyinequalitykeepsrising.htm>