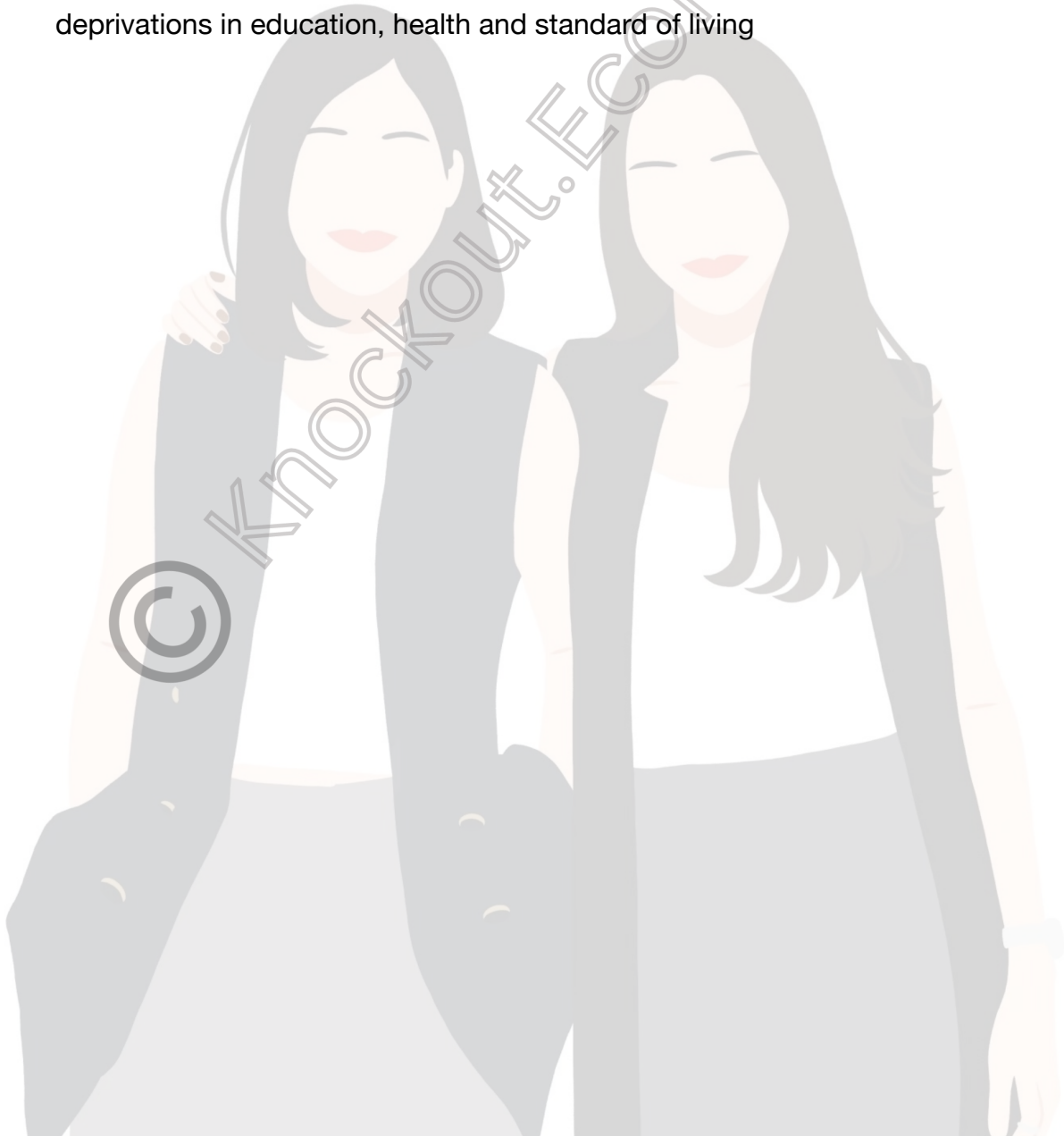


Chapter 33

Poverty

Key terms

1. Absolute Poverty : a condition where people's income is too low to enable them to meet their basic needs e. g. housing, food and medicine.
2. Relative Poverty : a condition where people are poor in comparison to others in the country. Their income is too low to enable them to enjoy the average standard of living in their country
3. Vicious circle of poverty : a situation where people become trapped in the poverty
4. Multidimensional at Poverty Index (MPI) : a measure of poverty based on deprivations in education, health and standard of living



1. Absolute poverty and relative poverty

- Absolute poverty : is when people cannot afford basic needs such as food, cloth, shelter and healthcare.
- Relative poverty : is when people are relatively poorer than other people in the country.

2. Government policies to reduce poverty

- Providing education and training : It can increase productivity and possibly get higher income
- Increasing in government spending : Job will be created and people will get higher income to support basic needs.
- Increasing in minimum wage
- Encourage MNC to invest in the country
- Providing unemployed benefits

3. Government policies on the distribution of income and wealth

3.1 Imposing direct tax

Eg. Income tax or corporate tax

3.2 Providing state benefits

Eg. Unemployed benefits

3.3 Providing education and healthcare

3.4 Increasing minimum wage