5.2 Poverty

Name: _____ Class: _____ Date: _____ **Total: 19 marks**

KEY WORDS poverty • absolute poverty • causes • economic growth • relative poverty

Objective

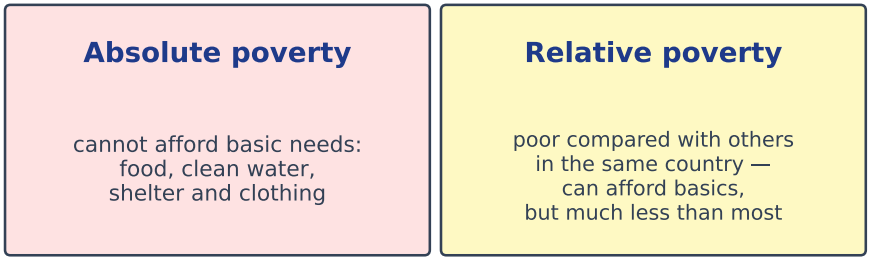
Build the skills to answer exam questions on **poverty** – **absolute and relative** poverty, the **causes**, and the **policies** to reduce it.

You must be able to:

- distinguish absolute from relative poverty
- explain the causes of poverty
- analyse policies to reduce poverty

1 Key knowledge and worked examples

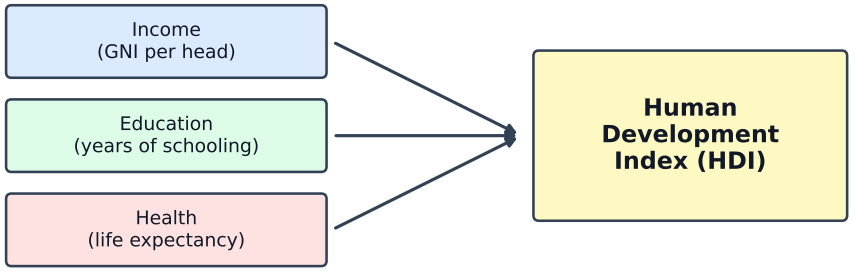
■ **Two types of poverty**



Exam: absolute = cannot meet basic needs; relative = far below the country's typical living standard

Poverty: when people cannot afford a basic standard of living

- **Absolute poverty**: cannot afford even basics (food, clean water, shelter).
- **Relative poverty**: poor *compared with others* in the same country.
- **Causes:** low income/wages or unemployment, poor education and health, old age, large families.
- **Policies: economic growth**, **redistribute** income, a **minimum wage**, **benefits**, better state education/healthcare.



Exam: HDI = income + education + health — broader than GDP alone for living standards

Poverty and development move together – the HDI captures the income, health and education a poor country lacks

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 Define the term *absolute poverty.* [2]

2.2 State the difference between absolute and relative poverty. [2]

2.3 State two causes of poverty. [2]

3 Exam-style questions

3.1 A person who can afford the basics but earns far less than most others in their country is in: [1]

- ☐ **A** absolute poverty
- **B** relative poverty
- **C** no poverty
- **D** unemployment

3.2 Explain two policies a government could use to reduce poverty. [4]

3.3 Discuss whether economic growth is the best way to reduce poverty. [8]

Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- **absolute poverty** is when people cannot afford even the **basic needs** of food, clean water, shelter and clothing (K)

2.2

- **absolute** poverty means lacking basic needs; **relative** poverty means being poor **compared with most others** in the same country (K)

2.3

- any **two** of: **low income/wages** / **unemployment** / **poor education or health** / **old age** / **large families** (K, K)

3.1 B

- being poor compared with others in the same country is **relative poverty** (K)
- A is lacking basics; C and D are not this definition

3.2

- for **each** of two policies: K + An
- e.g. **benefits**: cash payments raise the income of the poorest → less absolute poverty
- e.g. **minimum wage**: a legal lowest wage raises the pay of low-paid workers → fewer of the working poor

3.3

- **for growth**: a growing economy creates jobs and incomes, and gives the government more tax to fund help for the poor (K + An)
- **against**: if the gains go mostly to the rich, the poor can be left behind; growth alone does not guarantee schools or benefits reach them (An)
- **judgement (Ev)**: growth helps when its gains are **shared**, but it works best with **redistribution** – it is not enough on its own