

Poverty And Inequality: Breaking The Cycle

Reducing poverty and inequality also slows population growth

While global trends point to poverty reduction, wide gaps persist between and within countries. In the poorest countries, extreme poverty, food insecurity, inequality, high death rates and high birth rates are linked in a vicious cycle. Reducing poverty by investing in health and education, especially for women and girls, can break this cycle.

As living conditions improve, parents can feel more confident that most of their children will survive. Many then choose to have smaller families. This takes pressure off families and governments, allowing greater investment in each child's health care and education, improved productivity and better long-term prospects – for the family and for the country.

Longer spacing between pregnancies improves the health of mothers and children, with long-lasting benefits to their families and communities. Women have more options to work, to earn more money, and to spend and save more.

Smaller families can give their countries a “demographic dividend,” which is a spurt in productivity, wealth and economic growth that results when populations have a large number of working-age people with relatively fewer dependents. Reducing poverty and inequality in developing countries is also the best way to reduce migration.

Educating girls and women and expanding their access to credit, training, property ownership and legal rights gives them options for their lives beyond childbearing and expands their economic potential.

The Situationⁱ

- Studies show that about a third of East Asia's major economic growth between 1965 and 1990 was due to the “demographic dividend,” the productivity spurt that followed government investment in health and education, especially for women. Family size declined and the working-age population rose in relation to the number of dependents.
- Children in rural areas are nearly twice as likely to be underweight as urban children.
- The world's poorest countries are those that discriminate most against women, sidelining half the population's productivity. In descending order, the bottom ten countries on the UN's rankings for gender equality are Cameroon, Cote d'Ivoire, Liberia, Central African Republic, Papua New Guinea, Afghanistan, Mali, Niger, the Democratic Republic of the Congo and Yemen.ⁱⁱ
- The many dimensions of poverty are worst in South Asia. The 26 poorest African countries together have 410 million people, but eight states in India alone have 421 million people who are just as poor.ⁱⁱⁱ

The Trends

- The number of people living in extreme poverty on \$1.25 per day or less declined from 1.8 billion in 1990 to 1.4 billion in 2005. In developing regions it dropped from 46 percent of the population to 27 percent in that period.
- About one in four children under age five was underweight in 2005 in the developing world. That's down from almost one in three in 1990, with particular success in China.
- The proportion of hungry people has fallen since 1990, and most of that success came in Asia (especially East Asia). But population growth means the absolute number of the hungry has increased – from 815 million to 925 million.
- Many families in the poorest countries already spend more than half of their incomes on food. Since June 2010, another 44 million people were pushed below the poverty line of US\$1.25 a day as a result of higher food prices.^{iv}
- In East Asia, the poverty rate has fallen since 1990 from nearly 60 percent to under 20 percent. But little progress was made in sub-Saharan Africa, where the rate fell only from 58 percent to 51 percent.
- The global economic crisis of 2008-2010 was expected to push another 64 million people into extreme poverty, mostly in sub-Saharan Africa and Eastern and Southeastern Asia.
- Wealth disparities are increasing. In 1960, the richest 20 percent of humanity claimed 70 percent of all income. In 2005, the World Bank found that their share had risen to 77 percent. Meanwhile the poorest fifth saw their share fall from 2.3 percent in 1960 to just 1.5 percent in 2005.^v
- Climate change may derail anti-poverty efforts in many ways, especially by ravaging crop yields through drought, floods and storms. Another 25 million children could be malnourished by 2050, mostly in South Asia.^{vi}

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i Except where noted, facts are from United Nations, Millennium Development Goals Report 2010, Fact Sheet, Goal 1: "We Can End Poverty," New York, p. 1: http://un.org/millenniumgoals/pdf/MDG_FS_1_EN.pdf, Accessed 4/8/11

ii United Nations Development Programme, *ibid.*, p. 93.

iii United Nations Development Programme, Human Development Report 2010, United Nations, New York, 2010, p.98: http://hdr.undp.org/en/media/HDR_2010_EN_Complete_reprint.pdf, Accessed 4/8/11

iv The World Bank, "Food Price Hike Drives 44 Million People Into Poverty," press release 2/16/2011, Washington DC: <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22833439~menuPK:34463~pagePK:34370~piPK:34424~theSitePK:4607,0.html>, Accessed 5/11/11

v Milanovic, Branko: "Global inequality recalculated: The effect of new 2005 PPP estimates on global inequality," World Bank Research Department, Washington DC, Aug. 30, 2009, p. 13. http://siteresources.worldbank.org/INTDECINEQ/Resources/Global_Inequality_Recalculated.pdf on April 11, 2011

vi United Nations Development Programme, *op cit.*, p. 102