

# Poverty and Income Distribution - An Analysis of Argentina and Paraguay

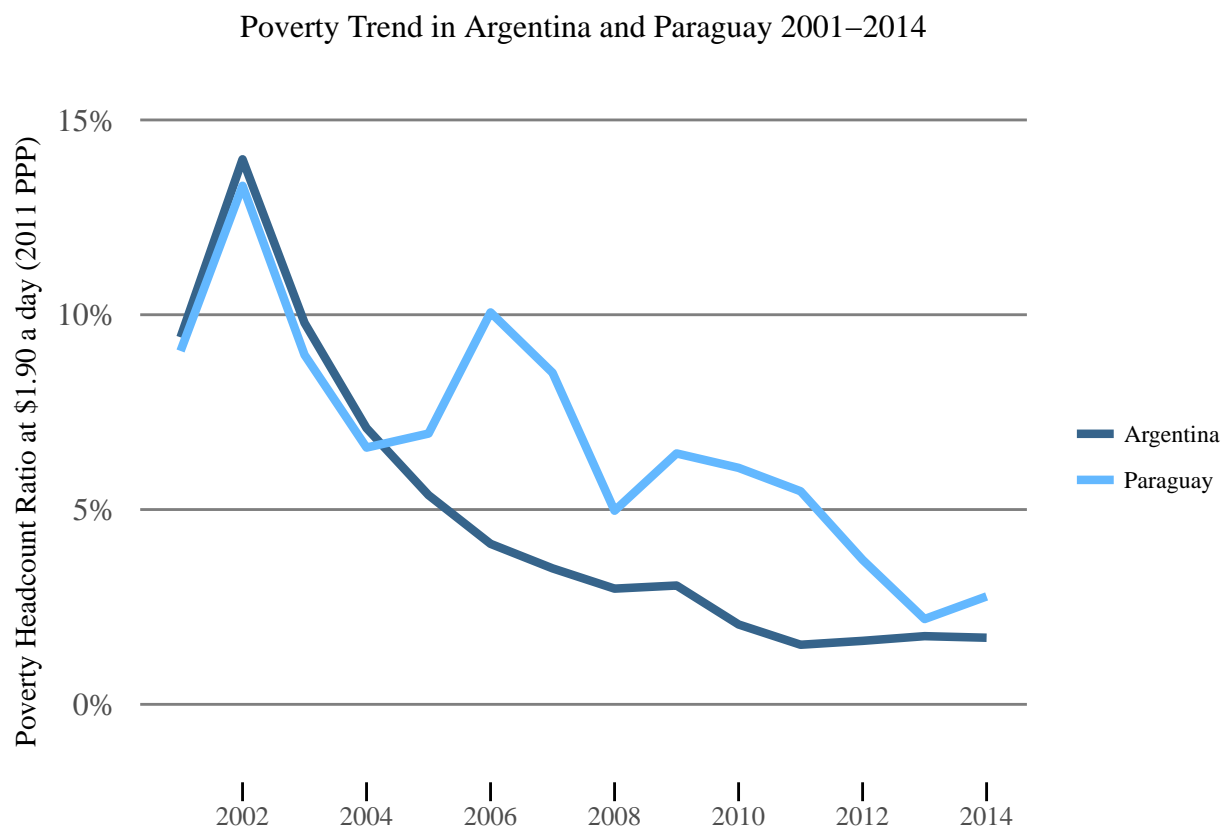
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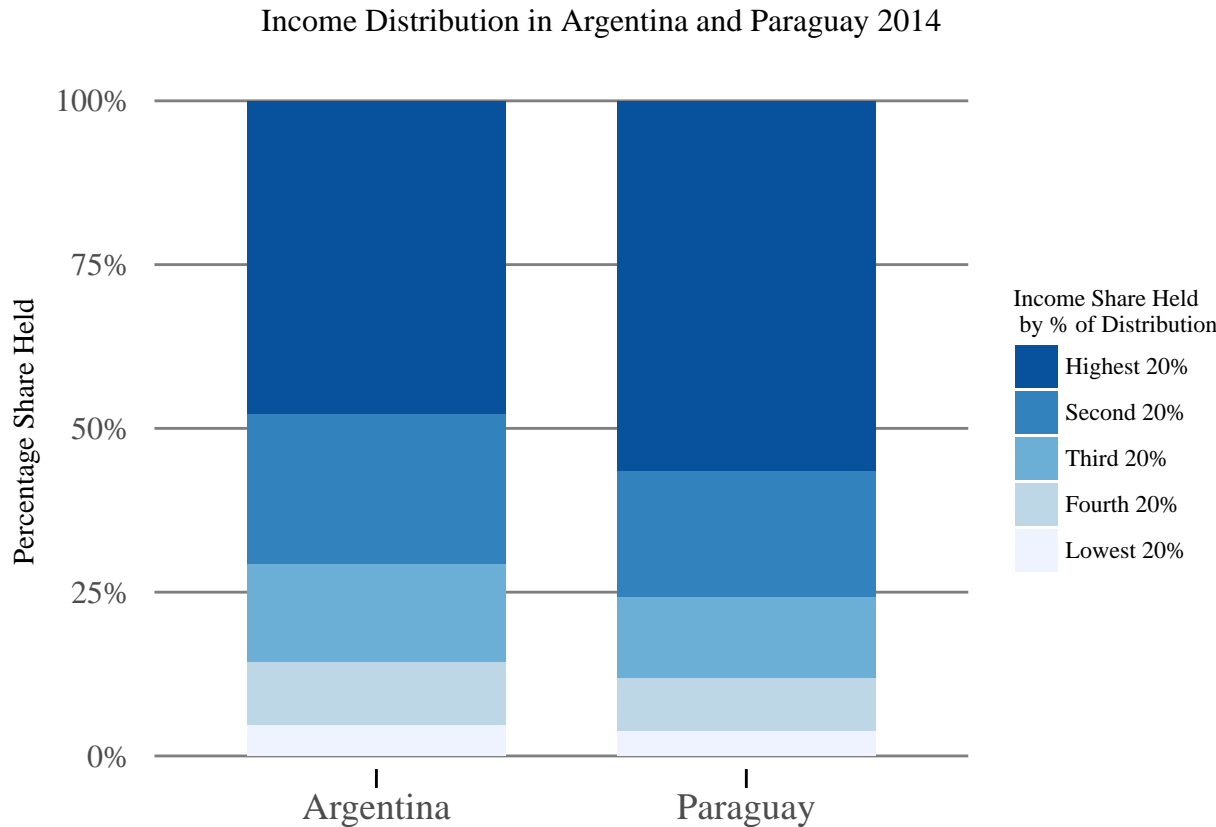
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## Graph I: Poverty Trend



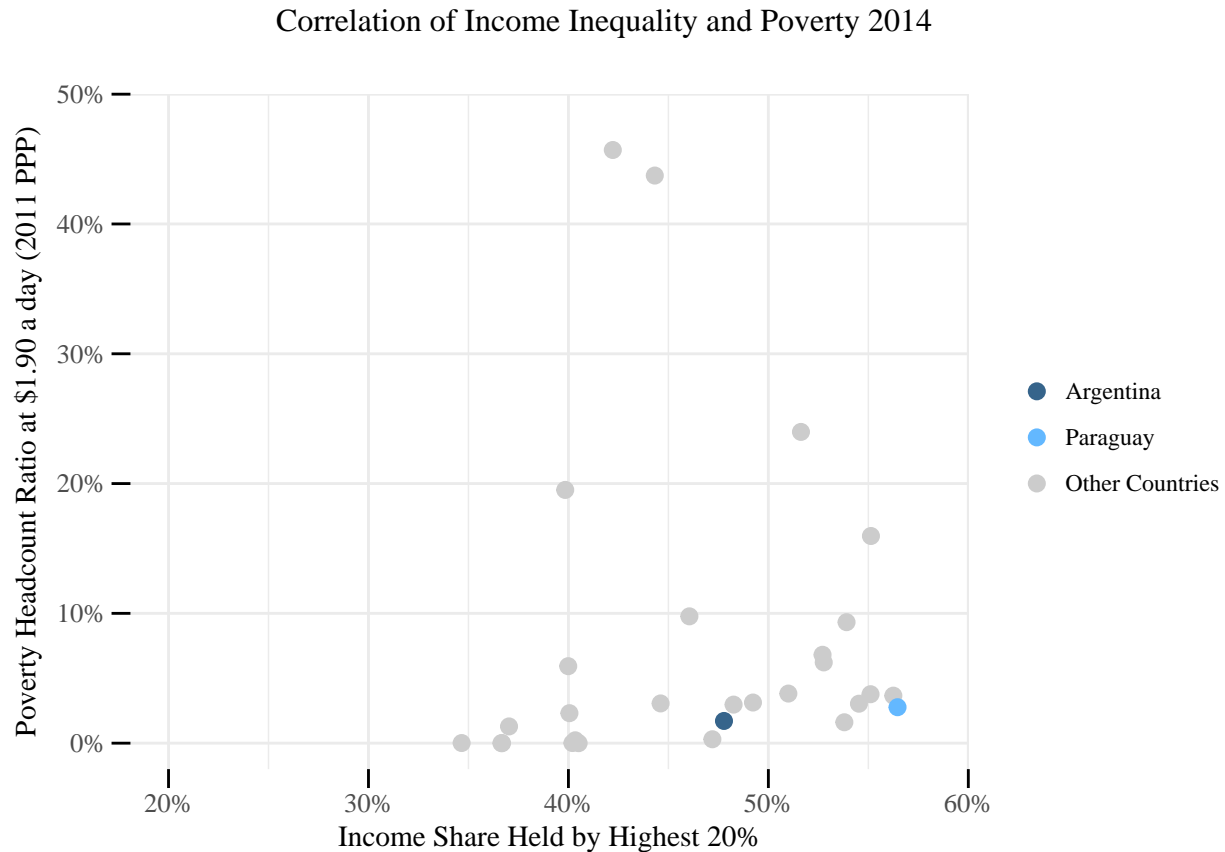
Argentina and Paraguay have both experienced generally decreasing poverty from 2001 to 2014, after peaking at approximately 14% in 2002, as measured by poverty head count ratio at \$1.90/day in 2011 Purchasing Power Parity (PPP). In Argentina the poverty rate has dropped consistently since 2002, reaching 1.7% by 2014. During that same period, Paraguayans saw two spikes in 2006 and 2009, and by 2014 the poverty rate was approximately 2.7%. It is noteworthy that before 2004, Paraguay's poverty rate was lower than Argentina's, but since 2004 the situation has reversed with Argentina maintaining a lower rate.

# Graph II: Income Distribution



In 2014, individuals from the top 20% of the income distribution of Paraguay held 56% of the country’s total income, compared to Argentina, where 48% of the total income went to the top 20%. The second 20% of the income distribution in both countries held a commensurate proportion of the total income, at 22% in Argentina and 19% in Paraguay. Whereas the third 20% and down from both countries held increasingly diminishing amounts of income relative to their size, with the poorest suffering the most disproportion.

### Graph III: Correlational Analysis



Extreme income inequality is generally thought to be associated with higher poverty rate. As shown on the graph, countries with higher proportion of their income going to the top 20% of the income distribution had a greater percentage of their citizens in poverty, although the tendency is not that strong. This is confirmed by the positive correlation coefficient of about 0.022 between these two measures. As shown in Graph III, Paraguay suffers from greater income inequality and higher poverty rate compared to Argentina, a conclusion that is confirmed by the preceding two graphs.

**Bonus points: Please see included html files**