**4.4 Poverty and inequality**

**1 Poverty**

a) The distinction between absolute and relative poverty.

b) Measures of absolute and relative poverty.

c) Causes of changes in absolute and relative poverty:

• economic growth

• education and training

• welfare benefits

• changes in tax structure

• structural changes in the economy

• aid

• civil wars and conflict.

**2 Inequality**

a) The distinction between wealth inequality and income inequality.

b) Measurements of inequality:

• the Lorenz curve

• the Gini coefficient.

c) Causes of inequality in income and wealth within countries and between countries.

d) The impact of inequality on:

• enterprise

• incentives

• savings

• education

• migration

• life expectancy.

e) The impact of economic change and development on inequality.

f) The significance of the free market economy (capitalism) for inequality