Quick Facts about Poverty in Latin America

- There are approximately 534 million people living in the Latin American/Caribbean area.
- Of these, 132 million live on less than $2 a day.
- 57 million live on less than $1 a day.

Income Inequality

- A significant gap in income exists between the upper and lower class. A World Bank research team investigating inequality in the area found that: “the richest one-tenth of the population of Latin America and the Caribbean earn 48 percent of total income, while the poorest tenth earn only 1.6 percent.”
- The statistic stated above shows that there is a significant problem with the way income is distributed in this region. In fact, Latin America is one of the most unequal income regions in the world.
- The same World Bank research team found that in modern times as in the early colonial periods, elite populations shaped institutions and policies to serve their interests first.

Abstract

This investigative project is designed to study the correlations between poverty, politics, and social conflict in Latin America. The uneven distribution of wealth is thought to be one of the core issues affecting poverty rates and social tension in these countries. If governments across Latin America are able to successfully implement policies that are designed to sustain economic downturns and reform income distribution so that income is equitable among the social and working classes, then it will be possible to tackle the high rates of poverty and social conflicts that are persistent in this region. In addition, entire governmental systems in this area are at risk due to the persistence of these problems. Assistance on regulation enforcement from international entities and organizations can assuage the problem and provide viable prospects to diminish the risks affecting political sovereignty and democratically oriented systems, an ongoing dilemma that is on the increase in Latin America.

Latin America: Social Conflict & Poverty

Above: Latin American region (Left), illustration depicting current poverty conditions (top right) and recent social conflict in Bolivia (bottom right).

References


Crisis in Argentina: What went wrong?

• The Argentinean crisis of 2001-2002 exemplifies the economic, social, and political turmoil that can occur out of failed economic governmental policies.
• Due to Argentina’s history of expansionary economic policies and high inflation rates, the government, during the 1980’s, implemented a fixed exchange rate to the U.S. dollar intended to be a stabilizing force to the economy.
• After an erroneous implementation of a fixed exchange rate, the Argentinean economy could no longer sustain the government’s substantial spending and the country’s exports became more expensive relative to its imports.

• Unemployed protesters took to the streets of Buenos Aires

Latin America: Is there hope for the future?

• The situation is improving - Latin America is experiencing high economic growth as demand for its products increases.
• The question is whether governmental economic policies will be able to sustain stability or if they will continue to fall into the macroeconomic expansionary policies that create hyperinflation, have no effective equitable income programs, and implement questionable governmental targeted spending.

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