

Economic development and poverty alleviation

Abstract

Poverty alleviation is set as a number-one goal by the United Nations “2030 Agenda for Sustainable Development”. There are different opinions how economic development facilitates the reduction of poverty, which makes it difficult to choose the appropriate government policy. In this thesis we analyse the effect of economic growth on the poverty indicators, including poverty headcounts ratio and poverty gap. We find that the economic growth has a diminishing effect on poverty, with the strongest impact for the less developed countries and almost no effect for the relatively rich countries. We suggest that governments should use different policy measures in order to reduce poverty in the respective countries.

Keywords: poverty, poverty gap, GDP per capita, poverty headcount ratio, economic development, developing countries