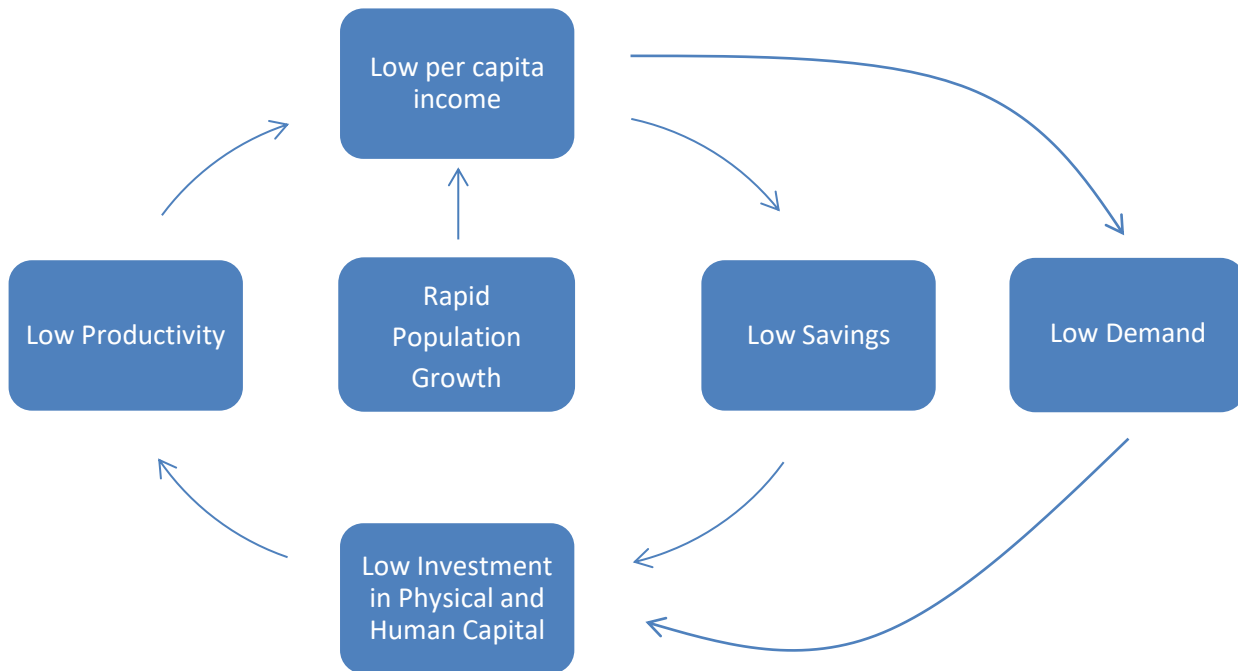


CONCEPT: VICIOUS CIRCLE OF POVERTY

- **Vicious Circle of Poverty** – the cycle of being poor causing you to stay poor

□ Economists tend to think that breaking out of the vicious cycle is to increase _____



- Government can play a role in ending the vicious cycle of poverty:

- *Establishing the Rule of Law*: the enforcement of clearly defined property rights reduces investment risk
- *Building Infrastructure*: Sanitary and basic medical programs, education, and transportation
- *Globalization*: Open economies tend to grow faster than closed economies
- *Controlling population growth*: Offering birth control options

- Advanced nations can play a role in ending the vicious cycle of poverty:

- *Expanding trade*: Lowering trade barriers such as tariffs and import quotas
- *Admitting temporary workers*: migrant workers send money back home to their families
 - > This can cause problems because migrants may choose to stay in the IACs
- *Foreign Aid*: Use programs to assist the growth of DVCs
 - > Includes donations of money as well as food and capital