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Latin America has 86 million people in extreme poverty

In concrete numbers, these data indicate that 201 million Latin Americans are in a situation of poverty and 86 million in extreme poverty.



Recently the Economic Commission for Latin America and the Caribbean (ECLAC), presented the report entitled "Social panorama in Latin America 2021", there it is pointed out that the pandemic caused the region to have a setback of 27 years in the fight against poverty.



The ECLAC study indicates that, in Latin America and the Caribbean, there was a brutal increase in extreme poverty, an increase in inequality and that women, youth, peasants and indigenous peoples were the most affected by the loss of jobs. It is also pointed out that there was an exponential increase in inequality and that the sectors with the greatest resources had a great increase in their wealth.

The report clarifies that "although ECLAC estimated for the region an economic growth of GDP of 6.2% (ECLAC, 2022), this has not been sufficient on its own to mitigate the social and labor effects of the pandemic, which are profound and unequal, and are closely linked to the structural problems of inequality, poverty, informality and vulnerability".

"While in 2020 the countries of the region made a remarkable investment in emergency social protection measures to deal with the pandemic, in 2021 there is a significant decrease. In the last ten months of 2020, the emergency transfers announced by Latin American countries to mitigate the effect of the crisis represented an expenditure of 89,700 million dollars, while in the first ten months of 2021 the expenditure on these measures was 45,300 million dollars. Therefore, the annual expenditure of 2021 would only reach half of that recorded the previous year," the report states.



Poverty and inequality in Latin America and the Caribbean

According to the study, the pandemic would have caused the extreme poverty rate in Latin America to increase from 13.1% of the population in 2020, to 13.8% in 2021, while the overall poverty rate would have decreased slightly, from 33.0% to 32.1% of the population. In concrete numbers, these data indicate that 201 million Latin Americans are in a situation of poverty and 86 million in extreme poverty.

During the presentation of the report, ECLAC's Executive Secretary, Alicia Bárcena, stressed that there is a "feminization of poverty" that is reflected in the report's data that indicate an increase in the number of women who do not receive their own income: "26% of women in Latin America have no income of their own, while only 11% of men are in this situation. If only the population aged 15 to 24 is considered, the values increase to 44% in the case of women and 28% in the case of men."

Bárcena also explained that in rural areas poverty is almost 15% more than in urban areas: rural areas 44.8% poverty, urban areas 30% poverty.

"Poverty has the face of children, it has a rural face, it has a woman's face and it has an indigenous face," Bárcena said, adding that "in those homes where primary education could not be completed, poverty is 5.2 times higher than in those that could do so."

The report argues that "in 2020, the COVID-19 pandemic triggered an unprecedented crisis in the labour market. This was reflected in sharp falls in employment and labour participation, which resulted in historic increases in unemployment, which affected women, young people and workers in the informal and low-income sector to a greater extent (ECLAC, 2021a).

Presentation of the report "Social Panorama Latin America – 2021 – ECLAC"

"According to data from 2020, the unemployment rate of young people was twice as high as that of adults and reached 23% on average, which is equivalent to 7 million people between 15 and 24 years old."

Inequality is the other great fact that the report emerges when it points out that "the trend of decreasing income concentration that had been observed in Latin America since 2002, and that began to slow down in the 2010s, was interrupted in most countries in the region around 2020. Comparing the situation in 2017 with that prevailing in 2019 and 2020, it can be seen that inequality measured through the Gini coefficient rose in nine countries and decreased in six."

Bárcena pointed out that "between 2019 and 2021, the wealth of billionaires in seven countries in the region increased 14%."

"We see with great concern that the concentration of wealth increased 41% between 2020 and 2021. We are talking about 104 people having a net worth of 11% of the GDP of their countries," said ECLAC's executive secretary.

Then he stressed that "when we talk about fiscal sustainability, one part is that, precisely, there is a better redistribution of wealth and income and that is done from fiscal policies."

The report highlights pandemic data showing that even though Latin America accounts for only 8.4 percent of the world's population, the region has 28.8 percent of total COVID-19 deaths.

In this sense, it is pointed out that "without control of the health crisis, the economic recovery will not be sustainable".

Based on all this, Bárcena said that "the pandemic is a historic opportunity to build a new social pact that provides protection, certainty and confidence. A new social contract must advance and strengthen the institutionality of social protection systems and promote their universal, comprehensive, sustainable and resilient systems. Years of lower economic growth are coming and, if efforts to protect the well-being of the population are not maintained, the increases in poverty and inequality in the region will be greater."

Héctor Bernardo for La Pluma

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