

* *Teacher's version P.28-38 (2.1: The shares / percentages of total income earned by the highest-income group and the lowest-income group - Activity 2)*

Assignment 4

Read the following extract and answer the questions.

Even though poverty has fallen dramatically in the East Asia region, the widening gap between rural and urban incomes in many countries is one of the main reasons for increasing inequality at the national level.

The poverty headcount rate at the US\$2-a-day level is estimated to have fallen to about 27 percent in 2007, down from 29.5 percent in 2006 and 69 percent in 1990, but more than 90 percent of the poor in the East Asia region live in rural areas now, the vast majority earning their living in agriculture, poverty has now become an overwhelmingly rural problem.

Source:

Special Focus: Agriculture for Development in East Asia - Lessons from the World Development Report 2008 (East Asia Update, November 2007)

(<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/EXTEAPHALFYEARLYUPDATE/0,,contentMDK:21549659~pagePK:64168445~piPK:64168309~theSitePK:550226,00.html>)

- a. The above extract points out an apparent contradictory economic phenomenon. What is it?

- b. Explain how such contradiction exists.

