Measures of Poverty and Inequality In Developing Countries

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1. Income Poverty and Human Poverty

World is the threshold of the third millenium, more than one billion people are living on less than a US a day and another two billion are just little better off. Although poverty pockets exist in the industrialised countries, most of the poor are in the developing countries. This paper examines measures of poverty and inequality used in the Human Development Report.

The traditional measures of poverty are based on the income perspective. A person is considered to be poor if, and only if, his income level is below the defined poverty line. Many countries adopt income poverty lines to monitor progress in reducing percentage of people below the poverty line. The cut-off poverty line is generally defined in terms of having enough income for a specified amount of food. Whether income inequality has widened or narrowed can be observed from the ratio of the incomes of the richest 20 per cent to those of the poorest 20 per cent.

It is now generally accepted that human poverty has many dimensions, and it is not just poverty of income or not having things necessary for material well-being. Human poverty means the deprivation that people suffer throughout their lives. They do not enjoy the choices and opportunities which are most basic to human development and which make it possible to live a long, healthy, well-nourished and self-fulfilling life, to be educated and to have a reasonable standard of living, be able to live in freedom, self-respect, dignity and to participate in community. Measures of poverty therefore need to consider all its dimensions and not just income poverty or percentiles of income.

2. Human Poverty Index

Some of the dimensions of human poverty are manifested in a short life, illiteracy, exclusion and lack of private and public resources, and also in various combinations of these. The Human Povety Index (HPI) of UNDP measures deprivation in basic human development by combining these basic dimensions of poverty and reveals the differences between human poverty and income poverty. The HPI uses indicators of the most basic dimensions of deprivation, namely, a short life, lack of basic education and lack of access to public and private resources. It cannot, however, reveal the full extent of poverty in all its dimensions, although it provides an additional measure of poverty from the human development perspective.

The value of HPI indicates the proportion of the population affected by the three key deprivations in their lives - showing how widespread human poverty is. It is not possible to associate the incidence of human poverty with a specific group of people or number of people as can be done in a headcount measure. It is useful to the policy makers in that it points out causes of poverty in a country and can provide solutions for eradicating poverty. Regression analysis of several developing countries has indicated a weak relationship between income poverty index and HPI.

The variables used for reflecting the three essential dimensions, namely, longevity, knowledge and a descent standard of living, are, the percentage of people expected to die before age 40 that is at risk of dying at a relatively early age, the percentage of adults who are illiterate and therefore
excluded from the world of reading and communication, percentage of people without access to health services and safe water, and the percentage of underweight children under five, all indicating deprivation of a good standard of living.

People dying before the age of 40 implies lives with severe deprivation since a short life is a major indicator of human poverty. People without access to health services suffer or, can even die from sicknesses which could have been cured or avoided. Percentage of population without access to safe water and proportion of underweight children under five are other indicators of a low standard of living. Adult illiteracy rate, i.e. percentage of adults who are illiterate is used as a measure of deprivation in knowledge.

3. Other Indicators of Human Poverty

Other deprivations are indicated by high infant, child and maternal mortality, percentage of one-year-olds not immunised against tuberculosis, rates per 100,000 people of reported AIDS cases, Tuberculosis, Malaria, population per doctor, population per nurse, proportion of people not having access to sanitation, total fertility rate, percentage of children not reaching grade five, school enrolment ratios, number of radios per 1000 people, which are further indicators of human poverty.

Gender biases in most developing countries lead to inequalities in all human poverty dimensions and women constitute the majority of poor. Gender inequality has been shown to be strongly associated with human poverty. Children and elderly persons are also likely to suffer from more human poverty. Thus, it is necessary to have age and gender disaggregated human poverty measures. Further disparities are between rural and urban population and between different ethnic groups.

4. Conclusions

It is thus clear that eradicating poverty will require much more than increasing the incomes of the poorest.

REFERENCES


FRENCH RÉSUMÉ

La pauvreté humaine avec ses plusieurs dimensions en est différente de la pauvreté de simple revenu. Ce document prend conscience d’indices de la pauvreté humaine de base des privations notamment la vie courte, manques d’éducation de base et d’accès aux ressources publique et privés.