

Absolute poverty

[Sociology](#), [Poverty](#)



Absolute poverty is a level of poverty defined in terms of the minimal requirements necessary to afford minimal standards of food, clothing, health care and shelter. For the measure to be absolute, the line must be the same in different countries, cultures, and technological levels. Such an absolute measure should look only at the individual's power to consume and it should be independent of any changes in income distribution. The intuition behind an absolute measure is that mere survival takes essentially the same amount of resources across the world and that everybody should be subject to the same standards if meaningful comparisons of policies and progress are to be made. Notice that if everyone's real income in an economy increases, and the income distribution does not change, absolute poverty will decline. Measuring poverty by an absolute threshold has the advantage of applying the same standard across different locations and time periods, it makes comparisons easier. On the other hand, it suffers from the disadvantage that any absolute poverty threshold is to some extent arbitrary; the amount of wealth required for survival is not the same in all places and time periods. For example, a person living in far northern Scandinavia requires a source of heat during colder months, while a person living on a tropical island does not. This type of measure is often contrasted with measures of relative poverty, which classify individuals or families as "poor" not by comparing them to a fixed cutoff point, but by comparing them to others in the population under study. The term absolute poverty is also sometimes used as a synonym for extreme poverty. The poverty threshold is the minimum level of income considered satisfactory in a given country. The common perceptive of the poverty line is considerably higher in developed

countries than in developing countries. In the past, the common international poverty line has been roughly \$1 a day. In 2008, the World Bank came out with a revised figure of \$1.25 at 2005 purchasing-power parity. Determining the poverty line is typically done by finding the total cost of all essential resources that an average human adult consumes in one year. Apartment rent is the largest expense that is required to live, so economists have paid particular attention to the real estate market and housing prices as a strong poverty line factor. Whether one is a parent, elderly, a child, married, etc. are used to account for different circumstances. The poverty threshold may be adjusted each year. National estimates are based on population weighted subgroup estimates from household surveys. Definitions of the poverty line may vary considerably among nations. For example, rich nations generally employ more generous standards of poverty than poor nations. In 2010, in the United States, the poverty threshold for one person under 65 was \$11,344 the threshold for a family group of four, including two children, was \$22,133. According to the U. S. Census Bureau data released on September 13, 2011, the nation's poverty rate rose to 15.1 percent in 2010. In the UK, "more than five million people — over a fifth of all employees — were paid less than £6.67 an hour in April 2006. This is based on a low pay rate of 60 percent of full-time median earnings, equivalent to a little over £12,000 a year for a 35-hour working week. In April 2006, a 35-hour week would have earned someone £9,191 a year — before tax or National Insurance". India's official poverty level, on the other hand, is split according to rural vs. urban thresholds. For urban dwellers, the poverty line is defined as living on less than 538.60 rupees per month, whereas for rural dwellers, it is defined as

living on less than 356.35 rupees per month. Using a poverty threshold is difficult because having an income marginally above it is not very different from having an income marginally below it. The negative effects of poverty tend to be continuous rather than discrete, and the same low income affects different people in different ways. To overcome this problem, poverty indices are sometimes used instead. A poverty threshold relies on a quantitative, or numbers based, measure of income. If other human development indicators like health and education are used, they must be quantified. In-kind gifts, whether from public or private sources, are not counted when calculating a poverty threshold. For example, if a parent pays the rent on an apartment for an adult child directly to the apartment owner, instead of giving the money to the child to pay the rent, then that money does not count as income to the child. If a church or non-profit organization gives food to an elderly person, the value of the food is not counted as income to the elderly person. The official poverty measure counts only monetary income. It considers antipoverty programs such as food stamps, housing assistance, the Earned Income Tax Credit, Medicaid and school lunches, among others, not income. So, despite everything these programs do to relieve poverty, they aren't counted as income when the poverty rate is measured. Studies measuring the difference between income before and after taxes and government transfers have found that without these programs poverty would be roughly 30% to 40% higher than the official poverty line indicates, despite many of their benefits not being counted as income.