

A THEORETICAL STUDY ON POVERTY

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ABSTRACT

Poverty was one of the biggest social problems in the twentieth century and continues to be in present century. Very few would deny that human miseries amidst the plenty, especially when they can be unraveled through collective actions, should not be related. Poverty encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, insufficient capacity and opportunity improve one's life. In the present research, while reviewing the concepts of poverty, various approaches to poverty and its related issues such as education, health, housing and etc. are considered. Finally, measuring poverty from different researchers' views and their critical perspectives are discussed.

Key words: Poverty. Discourses on poverty, Absolute Poverty, Poverty Line

OECD: Organization for Economic Co-operation and Development

PPP: Purchasing Power Parity

UNDP: United Nations Development Program

NGO: National Gamekeepers Organization

MDG: Millennium Development Goal

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1. INTRODUCTION

Poverty is a highly political issue. People with right wing views often see it as related to laziness, a lack of family planning or overly high interference of government. People with left wing views see it more in terms of social justice and lack of opportunity in education. It is a highly complex issue in which various factors play a part.

Poverty is understood in many different ways. The state of 'poverty' encompasses notions of limitation to, and deprivation of, resources, often focused on lack of income or access to food, but also including other material, social and psychological deprivations that affect individual well-being. In addition, these definitions hint at poverty being conceptualized in relative or objective terms. A shared understanding of what poverty is, and what it means to those who experience it, is critical to the development of effective poverty-alleviation strategies. Poverty is widely conceived in current poverty research to be a multi-dimensional and dynamic process and not just an experience of economic deprivation (Grist et al.,2006).

Poverty is a broad front, such as income levels, food security, quality of life, asset bases, human resource capacities, vulnerabilities and coping, gender inequalities, human security and initiative horizons. It is each of these and all of these together(UNDP, 2005a).

Different researchers view poverty in different way. The following are some of them:

Townsend (1979) was a pioneer in the analysis of poverty from a deprivation standpoint. He argued that, deprivation and poverty are two concepts that do not necessarily overlap, since poverty, seen as a shortage of income, is a component of deprivation and not its exclusive determinant. The concept of deprivation is much broader than that of poverty and is linked to the notion of social exclusion. In the EU, in more recent work on poverty the concepts of deprivation and social exclusion predominate, to the detriment of the notion of poverty (European Commission). The Observatory on Policies to Combat Social exclusion created by the European Commission in the 1980s reflects the movement from the concept of poverty as lack of income to the concept of exclusion or deprivation (Townsend, 1979).

The relationship between poverty and deprivation is a controversial issue. Authors such as Wilson (1987) and Massey *et al.* (1994) consider poverty to be strongly associated with deprivation, and, in fact, its principal determinant. This relationship is clearly expressed by

Massey *et al.* (1994, p. 426) when they write: "... the intense clustering of poor people in neighborhoods leads to a concentration of other deleterious social and economic circumstances associated with poverty" (Massey *et al.*, 1994; Wilson, 1987).

De Silva 2008 in his research concluded that First, poverty remains more acute in rural areas than in urban areas, therefore, priority need to be given for policy initiatives aimed at reducing poverty in rural areas, while recognizing the need to tackle urban inequality. His results also indicate that the payoff to smaller families is higher, and larger families are more likely to be poor. Furthermore, the costs of dependents are significant for all expenditure groups. An extra child or elderly creates a greater economic burden than an extra man or woman in household (Silva, 2008).

Rinkin's view is shared by more recent studies with more comprehensive data (Khan & Riskin, 2001; Ravallion & Jalan, 1999; Stiglitz, 2002; Yao, Zongyi, & Lucia, 2004). Rozelle *et al.* (1998) employed county-level data to examine the sources and the effectiveness of targeted poverty investments in 43 poor counties of Shaanxi Province during the years 1986-1991. According to their results, targeted investment funds allocated directly to households for agricultural activity have a significant and positive effect on growth, while investments in township and village enterprises or county state-owned enterprises do not have a discernible effect on growth. Investments in agricultural infrastructure do not positively affect growth rates in agricultural output, suggesting that other types of basic investments (e.g. roads and education) should receive higher priority (Rozelle, Park, Benziger, & Ren, 1998).

Final Comments

The condition of poverty is not always considered negatively. Some cultural groups consider poverty and they are ideals to live in. poverty means that lack of material possessions. The promise of poverty goes beyond traditionally. Poverty is found out in many different ways. Most of the time poverty focused on lack of income or access to food, but it may include the other things like material, social and psychological deprivations that affect individual well-being.

There are many definitions about poverty, but we can say poverty is conceived in current poverty that research multi-dimensional and dynamic process and not the only experience of economic deprivation is a controversial issue.

De Silva searched about poverty in 2008 that poverty in rural areas is more acute than in urban areas and the pay off to smaller families is higher than the larger families.

Some of the scientists believe that targeted investment funds allocated to households for agricultural activity, and it has positive effect on growth, while investments in township and village enterprises do not have a discernible effect on growth. The present study considers different viewpoint about poverty.

Poverty Definitions

Poverty is the state of being without, often associated with need, hardship and lack of resources across a wide range of circumstance. For some, poverty is a subjective and comparative term; for others, it is moral and evaluative; and for others, **scientifically established**. The principal uses of the term include:

- Descriptions of material need, including deprivation of essential goods and services, multiple deprivation, and patterns of deprivation over time.
- Economic circumstances, describing a lack of **wealth** (usually understood as **capital, money, material goods, or resources** especially **natural resources**). The meaning of "sufficient" varies widely across the different political and economic areas of the world. In the European Union, poverty is also described in terms of "economic distance", or inequality.
- Social relationships, including social exclusion, dependency, and the ability to live what is understood in a **society** as a "normal" life: for instance, to be capable of raising a healthy family, and especially educating children and participating in **society** (Dada, 2005).

A person living in the condition of poverty is said to be poor.

Table 1. Different poverty definitions

Researcher	Year	Definitions
Hagenaars;	1991	Amount of income required acquiring a minimum food calorie intake, a minimum basket of consumption goods, or a level of individual welfare
MacPherson and Silburn	1998	

		or utility needed to live a basic.
World Bank	1999	The social consequences of the economic crisis include unemployment, high prices for basic commodities
Serr, Klaus	(2004)	Lack of: Good health; belonging; care; money; food, shelter and clothing; hygiene; housing; love; self-esteem; trust in other people; confidence; motivation and energy.
Serr, Klaus	2004	Having to: Live from day to day; live in over crowded places; have problems with the police/courts; roam the streets; experience violence on the streets; tolerate vandalism in public places.
Serr, Klaus	2004	Being: Physically drained; bored; insecure; lethargic and despondent; divorced; segregated from friends, community, family and churches; dependent on alcohol, drugs and gambling; weak within yourself; unemployed
Serr, Klaus	2004	Feeling: Outside society; trapped; depressed/anxious; feeling and looking like a bum.
Serr, Klaus	2004	Unable to: Live in a family; change the future; manage money; live in a permanent home; sleep: stop worrying about life; know what's going to happen; plan ahead.
Serr, Klaus	2004	Not having enough: Alcohol; smokes; drugs; money to gamble.
Haughton, R Khandker	2009	Poverty is the pronounced deprivation of well being.
World Bank	2011	Poverty is pronounced deprivation in well-being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor

		access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life.
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Discourses on poverty (www.wikipedia.com)

Poverty is studied by many social, scientific and cultural disciplines;

1-In economics, two kinds of poverty are distinguished: **absolute and relative**.

2-In politics, the fight against poverty is usually regarded as a social goal and most governments have - secondarily at least - some dedicated institutions or departments working on poverty. The work done by these sectors is mostly limited to census studies and identification of some income level below which a citizen is technically considered poor. Active interventions may include housing plans, social pensions, special job opportunities or requirements. Some ideologies (**such as Marxism**) **argue that the economists and politicians actively work to create poverty**. Other theories consider poverty a sign of a failing economic system and one of the main causes of crime.

3-In law, poverty is recognized, in most developed countries, as a mitigating factor for the determination of the punishment which is usually considered coincident with a generic and permanent state of need. This need can affect and alter the correct capability of clearly or freely identifiable legal and socially acceptable behavior. Poverty is generally argued to increase crime rates amongst the poor through increasing their stress.

4-In education, poverty affects a student's ability to effectively profit from the learning environments. Especially for younger students coming from poor families, their primary needs as described in Abraham Maslow's hierarchy of needs is the need for a safe and stable home, clothes and regular meals which influence a student's ability to learn. Furthermore, in education circles there is a term used to characterize the phenomenon of the rich getting richer and the poor getting poorer (as it relates to education but easily transfers to poverty in general) is the Matthew effect.

Related debates on a states' human capital and a person's individual capital tend likewise to focus on accessing the instructional capital and social capital available only to those educated in such formal systems. (www.wikipedia.com)

Poverty and the Different Aspects

Despite many years of poverty eradication programs in numerous countries, 25% of the world's population continues to live in poverty. In the light of this global crisis, it is clear that anti-poverty strategies have not been as successful as they should have been. In the face of continuing poverty, it is obvious that traditional anti-poverty approaches have often failed to alleviate the hardships of the poor (Serr, 2004).

Despite unprecedented economic growth over the last few decades, poverty has re-surfaced in the public debate as a major social problem in both under developed and developed nations (serrk, 2001a, 2001b; UNDP, 2005b; World Bank, 2000). The United Nations Development Programmed (UNDP), for example, estimates that by the late 1990s there were about 2.8 billion people who had to survive on less than US\$2 per day and about 23% of the world's population still lives in extreme poverty (UNDP, 2005a). In contrast, 'the world's richest 1% of people receives as much income as the poorest 57%' ... and 'the income of the world's richest 5% is 114 times that of the poorest 5%'(UNDP, 2005a).

Different Points of View about Poverty

The social science scientists have propounded many discussions about poverty which can be classified in the following cases:

A)Absolute Poverty

A measure of absolute poverty simply quantifies the number of people whose income or standard of living falls below a certain fixed level, called the poverty line. This might be, for example, the percentage of people in a country who earn less than \$30,000 a year for a family of two, or the number of people in the world who earn less than \$1 per day. There is no universally accepted income level for what constitutes poverty, and in this sense "absolute" poverty is not necessarily "extreme" poverty. See Income inequality metrics for a discussion of a number of different "absolute" measures of poverty.

This type of measure is often contrasted with measures of relative poverty, which classify entities as "poor" not by comparing them to a fixed cutoff point, but by comparing them to others in the population under study (World Bank, 2004).

The poverty line threshold of \$1.25 per day, as set by The World Bank, is controversial. Each nation has its own threshold for absolute poverty line; in the United States, for example, the absolute poverty line was US\$15.15 per day in 2010 (US\$22,000 per year for a family of four), (US Census Bureau, 2010b). while in India it was US\$ 1.0 per day (World Bank, 2010). and in China the absolute poverty line was US\$ 0.55 per day, each on PPP basis in 2010 (The Government of China, 2011).

These different poverty lines make data comparison between each nation's official reports qualitatively difficult. Some scholars argue that The World Bank method sets the bar too high, others argue it is low. Still others suggest that poverty line misleads as it measures everyone below the poverty line the same, when in reality someone living on \$1.2 per day is in a different state of poverty than someone living on \$0.2 per day. In other words, the depth and intensity of poverty varies across the world and in any regional populations, and \$1.25 per day poverty line and head counts are inadequate measures (Sen, 1976; World Bank, 2009, 2010). The researcher then discusses various definitions of absolute poverty.

B) Relative Poverty

A measure of relative poverty **defines** "poverty" in some way which depends on the income or standard of living of entities that are not considered poor (by whatever formula is being used). For example, the number of households who earn less than 25% of the median income is a measure of relative poverty.

This contrasts with "absolute" measures, which compare entities against a fixed income level or fixed standard of living. Sometimes those with the very highest income levels or standards of living are excluded from relative formulas. For example, the OECD and European Union often use a poverty line based on 60% of the median balanced net household income in individual countries. This has the effect of comparing the poorest in each society with those in the middle.

A population will have a low level of poverty if measured on an absolute scale (in the sense of a fixed cutoff point) even if a large cluster of people are "stuck" just above the poverty line. If absolute measures alone are used to guide social policy, then success will mean improving the conditions of the impoverished at least enough to put them slightly above the poverty line. However, it would not be necessary for their incomes to keep pace with the median or mean income level, because as long as they are above the cutoff point, they would no longer be considered in need of assistance. Relative measures may be more appropriate to use when it is considered important to avoid this case. On the other hand, relative measures may indicate that a society is doing well, even if some people are "left behind" at very low income levels. For example, it might be considered appropriate to sacrifice promotion of some households from slightly above the poverty line to near the median income, so that other households may be saved from starvation or homelessness due to their lower incomes. In these situations, absolute measures may be more appropriate to determine whether or not this is happening. Some more sophisticated relative measures are designed to reflect the changing welfare of both the most impoverished and the slightly less poor.

Hence relative poverty is a measure of income inequality; it views poverty as socially defined and dependent on social context. Usually, relative poverty is measured as the percentage of population with income less than some fixed proportion of median income. There are several other different income inequality metrics, for example the Gini coefficient or the Theil Index.

Relative poverty measures are used as official poverty rates in several developed countries. As such these poverty statistics measure inequality rather than material deprivation or hardship. The measurements are usually based on a person's yearly income and frequently take no account of total wealth. The main poverty line used in the OECD and the European Union is based on "economic distance", a level of income set at 60% of the median household income (Blastland, 2009).

C) Moderate Poverty

The phrase relative poverty can also be used to describe a standard of living or level of income which is higher than what is needed to satisfy basic needs (like water, food, clothing,

shelter, and basic health care), but which is still significantly lower than that of the majority of the population.

D) World Poverty

The Copenhagen Declaration describes absolute poverty as "a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information." The World Bank identifies "extreme poverty" as being people who live on less than \$1 a day, and "poverty" as less than \$2 a day. On that standard, 21% of the world's population was in extreme poverty, and more than half the world's population were poor in 2001 (Haughton & Khandker, 2009).

According to the (World Bank, 2001), about 1.1 billion humans worldwide (which is 21% of the world population) had less than \$1 in local purchasing power per day. (in comparison: in 1981 there were 1.5 billion humans, which made up 40% of the world population; in 1987, 1.227 billion humans equaling 30%; and in 1993, 1.314 billion humans equaling 29% of the world population) (Makoka & Kaplan, 2005).

Poverty may be seen as the collective condition of poor people, or of poor groups, and in this sense entire nation-states are sometimes regarded as poor (Dada, 2005). To avoid stigma these are usually called developing nations, but this notion is also considered derogatory by some.

E) Poverty Line

The poverty line defines the minimum basic needs of the people. This is the threshold income below which one is considered to be poor' (NESDB & NSO, 1999).

The poverty line is the level of income below which one cannot afford to purchase all the resources required to live. By definition, people who have an income below the poverty line have no discretionary disposable income.

The actual monetary value of the poverty line differs from place to place but is usually near some fixed value within a country. The actual value of the poverty line differs because the resources needed for living have different prices in different places. Even within a country, the poverty line can be markedly different between cities and farming towns, between areas of cold and warm climate, and so forth.

Almost all societies have some of their citizens living in poverty. The poverty line is a useful economic tool by which to measure such people and consider socioeconomic reforms such as welfare and unemployment insurance to reduce poverty. It is not in a society's interest to have a large percentage of its citizens living below the poverty line as they have no disposable income and thus adversely affect economic growth. A baseline goal for a progressive government is to have all of its constituents possess an income level which is at least that of the poverty line.

Determining the poverty line is done by considering the essential resources that an average human adult consumes in one year and then summing their cost. The largest of these resources is typically the rent required to live in an apartment, so historically, economists have paid particular attention to the real estate market and housing prices as a strong poverty line affecter.

Other factors are often thrown in to handle various circumstances such as whether one is a parent, elderly, a child, married, etc. Some analysts also prefer to consider the "value of life" resource costs such as entertainment in societies where merely surviving is considered a little below the true line of poverty.

A poverty line is an arbitrary indicator, in the sense that having an income marginally above it is not substantially 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. It has been defined in several ways:

- Social Security benefit based: if a government guarantees to make income up to some particular level, then being below that line implies poverty - the problem is that if a government becomes stingier, then poverty may appear to decrease.
- A relative income line related to some fraction of typical incomes: the European Union uses 60% of national median equivalent household income;
- A relative figure fixed in time and only adjusted for inflation - thus avoiding the possibility that if income inequality increases, then poverty may also increase.

- Needs based, where an assessment is made of the minimum expenditure needed to maintain a tolerable life: this was the original basis of the poverty line in the United States which has been up rated for price changes.

A poverty line does not have to measure income alone. It could measure expenditure, or take into account material deprivation showing a lack of what are judged to be necessities.

Poverty line is also based on the performance of local and federal government. This occurs when government makes bad decisions regarding types of jobs that will set up in an area.

http://www.aboutsociology.com/sociology/Poverty_line

National Poverty Lines

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. Thus, the numbers are not comparable among countries.

In 2010, in the United States, the poverty threshold for one person under 65 was US\$11,344 (annual income); the threshold for a family group of four, including two children, was US\$22,133 (US Census Bureau, 2010a). 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 (23 percent) 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" (Cooke & Lawton, 2008).

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 (approximately USD \$12) per month, whereas for rural dwellers, it is defined as living on less than 356.35 rupees per month (approximately USD \$7.50) (Government of India, 2007).

Poverty and the Different Aspects

The poverty is also related to other topics including education, health, dwelling and etc.

Poverty and Health

One third of deaths – some 18 million people a year or 50,000 per day – are due to poverty-related causes: in total 270 million people, most of them women and children, have died as a result of poverty since 1990. Those living in poverty suffer disproportionately from hunger or even starvation and disease (The World Health Report, 2010). Those living in poverty suffer lower life expectancy. According to the World Health Organization, hunger and malnutrition are the single gravest threats to the world's public health and malnutrition is by far the biggest contributor to child mortality, present in half of all cases (The World Health Report, 2010). Almost 90% of maternal deaths during childbirth occur in Asia and sub-Saharan Africa, compared to less than 1% in the developed world (BBC News, 1998).

Poverty and Hunger

Rises in the costs of living making poor people less able to afford items. Poor person spend a greater portion of their budgets on food than richer people. As a result, poor households and those near the poverty threshold can be particularly vulnerable to increases in food prices. For example, in late 2007 increases in the price of grains (BBC News, 2008). led to food riots in some countries (Borger & editor, 2008; Mortished, 2008; Watts, 2007). The World Bank warned that 100 million people were at risk of sinking deeper into poverty (ABC, 2008). Threats to the supply of food may also be caused by drought and the water crisis. [58] Intensive farming often leads to a vicious cycle of exhaustion of soil fertility and decline of agricultural yields. Approximately 40% of the world's agricultural land is seriously degraded (Rajabova, 2012). In Africa, if current trends of soil degradation continue, the continent might be able to feed just 25% of its population by 2025, according to United Nations University's Ghana-based Institute for Natural Resources in Africa (Tanya, 2011). Every year nearly 11 million children living in poverty die before their fifth birthday and 1.02 billion people go to bed hungry every night (Griffiths, 2009).

Poverty and Education

Research has found that there is a high risk of educational underachievement for children who are from low-income housing circumstances. This often is a process that begins in primary school for some less fortunate children. Instruction in the US educational system, as well as in most other countries, tends to be geared towards those students who come from more

advantaged backgrounds. As a result, these children are at a higher risk than other children for retention in their grade, special placements during the school's hours and even not completing their high school education (Huston, 1991). There are indeed many explanations for why students tend to drop out of school. For children with low resources, the risk factors are similar to others such as juvenile delinquency rates, higher levels of teenage pregnancy, and the economic dependency upon their low income parent or parents (Huston, 1991). Families and society who submit low levels of investment in the education and development of less fortunate children end up with less favorable results for the children who see a life of parental employment reduction and low wages. Higher rates of early childbearing with all the connected risks to family, health and well-being are majorly important issues to address since education from preschool to high school are both identifiably meaningful in a life (Huston, 1991).

Poverty often drastically affects children's success in school. A child's "home activities, preferences, mannerisms" must align with the world and in the cases that they do not these students are at a disadvantage in the school and most importantly the classroom (Solley & Bobbie, 2005). Therefore, it is safe to state that children who live at or below the poverty level will have far less success educationally than children who live above the poverty line. Poor children have a great deal less healthcare and this ultimately results in many absences from the academic year. Additionally, poor children are much more likely to suffer from hunger, fatigue, irritability, headaches, ear infections, flu, and colds (Solley & Bobbie, 2005). These illnesses could potentially restrict a child or student's focus and concentration.

Poverty and Housing

Poverty increases the risk of homelessness (NITC et al., 2012). Slum-dwellers, who make up a third of the world's urban population, live in a poverty no better, if not worse, than rural people, who are the traditional focus of the poverty in the developing world, according to a report by the United Nations (THE WORLD BANK, 2011). There are over 100 million street children worldwide (Volpi, 2002).

Most of the children living in institutions around the world have a surviving parent or close relative, and they most commonly entered orphanages because of poverty (Scott, 2009). Experts and child advocates maintain that orphanages are expensive and often harm children's

development by separating them from their families(Scott, 2009). It is speculated that, flush with money, orphanages are increasing and push for children to join even though demographic data show that even the poorest extended families usually take in children whose parents have died (VOICES for CHILDREN, 2012).

Poverty and Violence

According to experts, many women become victims of trafficking, the most common form of which is prostitution, as a means of survival and economic desperation(NITC et al., 2012). Deterioration of living conditions can often compel children to abandon school in order to contribute to the family income, putting them at risk of being exploited, according to ECPAT International, an NGO designed to end the commercial sexual exploitation of children (NITC et al., 2012). For example, in Zimbabwe, a number of girls are turning to prostitution for food to survive because of the increasing poverty (Thomson, 2009).

In one survey, 67% of children from disadvantaged inner cities said they had witnessed a serious assault, and 33% reported witnessing a homicide (Atkins, McKay, Talbott, &Arvantis, 1996). 51% of fifth graders from New Orleans (median income for a household: \$27,133) have been found to be victims of violence, compared to 32% in Washington, DC (mean income for a household: \$40,127) (Atkins et al., 1996).

Poverty and Growth

In contrast with the broad-based growth views, the pro-poor growth proponents, while recognizing the necessary role played by openness and growth, maintain that this does not constitute a sufficient condition for poverty reduction. They suggest a broader approach which includes social, economic, and political dimensions, arguing that focusing exclusively on economic growth and income generation as a development strategy is ineffective as it deepens the poverty of many and does not acknowledge intergenerational transmission of poverty(United Nations, 2005).

Klasen (2005) concurs that while economic growth is the basis for increasing national income, it does not necessarily result in poverty reduction since policies that merely concentrate on growth may only be looking at a part of the development problem (Klasen, 2005). Laying emphasis on the significance of equity in this regard, the (UNDP, 2005a). Asserts that extreme

inequality is not just bad for poverty reduction but it is also bad for growth, and long-run efficiency and greater equity can be complimentary.

The World Development Report (World Bank, 2004) maintains that although the world as a whole is on track to eradicate extreme poverty, primarily in China and India, the world is off track in reaching the other goals related to non-income poverty.

Further, the World Bank's MDGs portal, despite its estimates showing reduction in the numbers of the poor, it concedes that in many regions the number of hungry people continues to grow, and progress in eradicating hunger and reducing rates of under nourishment have been too slow in most regions to reach the MDGs target.

Fortunately, the debate over the impact of globalization and growth on poverty and income inequality has not been entirely polarized. For example, between the extreme view insisting that globalization, through growth, has increased world prosperity and reduced poverty, and the opposing extreme view blaming globalization for increasing poverty and perpetuating economic dependence of poor countries, there is a large continuum, along which numerous points of views belong. Globalization is not in itself a folly (Sen, 2001); it can be a force for good and has the potential to benefit all, including the poor (Stiglitz, 2002b).

Definitions Absolute Poverty

“Absolute poverty” means having insufficient income to pay for basic necessities of life, such as food, clothing and shelter (Serr, 2004). What connects the various ‘expert’ definitions is the notion that poverty invariably means a state in which the poor person falls below an acceptable level of subsistence or living standard (Serr, 2004) But to be beneficial of poverty definition has many controversies among specialist’s researchers in poverty.

Poor people care about many of the same things all of us care about: happiness, family, children, livelihood, peace, security, safety, dignity, and respect. Poor people's descriptions of encounters with a range of institutions call out for all of us to rethink our strategies (Narayan et al., 2000). When we view the world from the perspectives of poor people, five findings stand out. First, poor people's definitions of poverty include economic well-being, vulnerability, powerlessness, the shame of dependency and social isolation. Degree of dependency or autonomy emerges in many countries as a classification criterion of poverty. Poor people do not

talk much about income, but focus on the range of assets they use in coping and in overcoming shocks. What you measure is what you see. While poverty measures that focus primarily on **consumption** and **expenditures, education** and **health** are important, they miss important **dimensions of poverty**, particularly voice and power sector (Narayan et al., 2000).

The absolute poverty line has been widely used for developing countries. The World Bank uses \$32.74 per month (\$1.08 a day) at 1993 international prices as a baseline.¹ But most poverty lines are for individual only. When we consider the poverty threshold for a household, we cannot ignore the economies of scale present in any household. Family members can benefit from each other's consumption or share public goods within their household at no additional cost (Chen, 2006).

Measure of Poverty

Daniel Patrick Moynihan: "You can't solve a problem until you first learn to measure it."

Some social sciences and especially economists, for example, have almost exclusively relied on **income, consumption and, to some extent, on human welfare**, as proxies to understand and measure one's status of poverty and well-being (Hagenaars, 1991).

Other social sciences have viewed poverty as a **function of lack of individual capabilities**, such as **education or health**, to attain a basic level of human well-being. While poverty studies have adopted these three broadly constructed definitional and measurement approaches, **economic well-being, capability, and social exclusion**- meaningful efforts are yet to take place to integrate them. The complexity of the issue of defining what poverty really is indicates that this reductionist approach to poverty definition with excessive emphasis on one aspect cannot take us far enough in the understanding what factors lie at the core of poverty problems (Wagle, 2002).

Also Nelson (2007) in his study (Counting what counts) discussed about measure of poverty, he believed, Overwhelming evidence shows that growing up in poverty — especially deep and sustained poverty — compromises children's health, dims their educational prospects, increases their risk of future arrest and incarceration and lowers their options for future success. The poverty figure itself is deeply flawed and almost comically out of date. Developed in the 1960s, the poverty line was drawn by the federal government by calculating the cost of a

rudimentary grocery budget and multiplying by three — because back in the 1960s food represented one-third of a typical family's budget. The dollar figure developed in the 1960s has only been adjusted for inflation, even though food is now one-seventh of a typical family's budget, and even though the formula takes no account of child care, health insurance and other expenses that are far greater today.

Further, the **definition of income used to calculate poverty rates** doesn't include non-cash benefits such as housing assistance, the earned-income and other tax credits, and food stamps, and it doesn't account for necessary expenses like transportation and state/local taxes. Unfortunately, efforts to update the poverty measure — which began in the 1970s — have foundered repeatedly due to political discord. Proponents and critics of the current system represent genuine philosophical differences about who should be counted as poor. Conservatives have consistently sought changes that would reduce the number of Americans counted as poor. They note — correctly — that the vast majority of those counted as poor today have a much higher standard of living than those counted as poor 40 years ago. For example, most have televisions, microwave ovens and air conditioning. Liberals have sought changes that would increase the number of Americans counted as poor. They note — again correctly — that the amount of money required to support a family — for housing, transportation, child care, groceries and clothing — far exceeds the poverty threshold, and that millions of families with incomes equal to or greater than the official poverty line suffer serious financial hardships every year — such as being evicted, having their utilities shut off or going without needed medical or dental care (Nelson, 2007).

Fortunately, a much better poverty measure is ready and waiting. In the 1990s, a distinguished panel of scholars assembled by the National Academy of Sciences studied the challenge and devised a new poverty measure that includes non-cash benefits, accounts for child care costs and out-of-pocket medical expenses, and — unlike the existing measure — adjusts for regional differences in the cost of living (Nelson, 2007).

Panayioti Lyssiotou, a, April 2008 in his research about “Comparisons of poverty across periods: Significance of distributional effects of prices discussed about measure of poverty. Many studies discussed the evolution of poverty using two or few cross sections of Family

Expenditure Survey (FES) data (Lyssiotou, 2008). E.g(B.B.C News, 2006; Deaton, 2003; Grootaert, 1995). Also, in measuring the poverty rate adjustments are usually made (i) for **demographic differences by deflating expenditure** (income) with a simple price independent equivalence scale, like the modified OECD (Organization Economic Co-operation Development) deflator used by Euro stat or the per capita deflator used by the World Bank, and (ii) for **changes in prices across periods by dividing expenditure** (income) with a demographics independent price index, such as the Consumer Price Index (CPI) (Lyssiotou, 2008).

The flexible and simple deflators are used to compare trends in consumption-based poverty rates(Lyssiotou, 2008).Slesnick (1993) shows that a consumption-based measure of household welfare is more appropriate to evaluate the level of poverty than an income-based measure (Slesnick, 1993).

Most importantly, changes in poverty rates across the two periods depend on the deflator used. According to the modified OECD scale the poverty rate of households (children) remained unchanged (decreased) between the two periods. In contrast, the per capita method suggests that the poverty rate among households increased slightly whereas it increased substantially among children between the two periods. According to the estimated flexible deflator there was a slight decrease in the poverty rate among households and an increase in the poverty rate among children across the two periods (Lyssiotou, 2008).

And finally he concluded that, the reduction of poverty is very high in the policy agenda of many countries. It is common practice to examine the evolution of poverty using two periods, sometimes very far apart, and simple deflators to account for demographic and price changes. In his study illustrated that such an approach leads to biased results when the distributional effects of inflation are significant. The study identified flexible equivalence scales from two cross sections of Family Expenditure Survey (**FES**) that capture economies of scale and the distributional effects of inflation. The subsistence cost in the base and non base periods are found to vary significantly across families with and without children and across periods. Comparison of poverty rates using the flexible and simple deflators reveals different trends in poverty, especially among children. For the country considered, the flexible deflator suggests

an increase in poverty among children whereas the modified OECD suggests a reduction (Lyssioutou, 2008).

Poverty has been assessed through different points of view. Table 2 shows some of them.

Table 2. Poverty Different Measures

Researcher	Year	Measure(Dimensions)
Hagenaars, A	1991	Income Consumption and Human welfare
Paugam	1995	low income, insecure jobs, poor housing, family stress, and social alienation
European Foundation	1995	Social exclusion
Taylor	1999	
Sen	1987	Capability included: 1-Education, 2-Health, And
	1992	
	1999	
UNDP	2000a 2000b	3-Produces stronger impacts on well-being, including on generating incomes necessary to increase consumption of goods and services.
Narayan et al.	2000	Consumption and expenditures, Education Health
Wagle,	2002	Economic well being included: income, consumption, and welfare
Nelson	2007	non-cash benefits, accounts for child care costs and out-of-pocket medical expenses,

Critiques of the Official Poverty Measure

Over the years there have been a number of critiques of the way the government measures poverty.

1- One: On-going critique is of the types of income that are included in (or excluded from) the poverty measure. By failing to include income that many low-income people receive in the form of public assistance, some critics maintain that the extent of poverty is over-stated (Willis, 2000).

2- Another: Important critique of the official poverty measure is that it is seriously flawed in continuing to assume that families spend one-third of their income on food. This may have been true when the measure was devised 30 years ago, but it is not an accurate reflection of current realities (Willis, 2000).

3- Furthermore: Expenses most families now regard as crucial elements of their household budget are simply excluded from consideration in the poverty calculation. A key issue that critiques of the poverty measure have run in to is **cost**. Most attempts to establish a new measure of poverty would result in higher numbers of people being counted as poor. There are some corrections that, by themselves, would lower the poverty count (e.g. including public assistance) (Willis, 2000).

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