

Global poverty is shrinking, study finds

March 18 2013, by Katie Moore



A new study says global poverty is on the way down. Credit: EPA/Yahya Arhab

Global poverty is declining and may be eradicated altogether in some countries in the next 20 years, a [new study](#) by the University of Oxford has found.

The Oxford Poverty and Human Development Initiative analysed 22 [countries](#) using a [Multidimensional Poverty Index](#), a collection of factors such as number of years of schooling, [child mortality](#), nutrition,

[electricity](#) and [drinking water](#) access, living standards, housing and asset ownership.

The findings showed poverty levels had significantly dropped in 18 out of 22 countries.

Bangladesh, [Rwanda](#) and [Nepal](#) were the top performing countries, with the largest reductions in absolute poverty.

"If the current pace of poverty reduction continues to the end, then half of the countries would eradicate [multidimensional] poverty within 20 years, 18 of the 22 within 41 years and the remaining four countries within 95 years," [according to](#) the report.

The study showed that a total of 1.6 billion people are living in multidimensional poverty – which looks at a range of factors driving poverty, rather than just income – and that 51% of the world's poorest live in [South Asia](#).

Dr Paul Burke, an economic and development expert from the Arndt-Corden Department of Economics at Australian National University, said the study will "help us better understand the [global poverty](#) picture – where poverty is located, and in what form impoverishment takes."

"While income-based measures pick up a lot of what we need to know, when it comes to something as serious as poverty, more data is normally better," he said.

"The data allow countries and regions within countries to be benchmarked against one another over a number of criteria. If a country is struggling in one particular dimension of poverty, the country's government and international donors might be able to better target this area," said Dr Burke, who noted that the data released did not include

countries from the Australia Pacific region.

"The data complement what's available from the World Bank, United Nations, and other sources. The provision of sub-national data is particularly useful, as differences within countries can be just as large as differences between countries."

But some experts have expressed concerns with the use of an aggregated multidimensional index to compare levels of poverty and development.

"I am quite against the idea of constructing a single MPI index that collapses all dimensions of human development with equal weight or some arbitrary weighting schemes," said Dr Sommarat Chantarat, from the Crawford School of Public Policy at the Australian National University.

"As a development economist, we all realise that poverty is multifaceted, but it is unclear what we could learn and what policy implications might be from looking (and comparing) an aggregated MPI index."

Dr Chantarat said studies that compare MPIs across countries and regions could fail to indicate "the varying impacts of growth on households' productive investment and the varying impacts of looming stochastic shocks (economics, climate, manmade and natural disasters) that could prevent some subpopulation from gaining from growth."

Dr Daniel Suryadarma, a development economics expert from the Arndt-Corden Department of Economics at the Australian National University's Crawford School of Public Policy, also expressed concerns with the methodology of the study.

"First, the number of dimensions included and the weight assigned to each dimension depend on the judgement of the researcher," he said.

"So, while they usually claim that their measure is more comprehensive than studies using a single measure of poverty – for example consumption poverty – the potential for researcher subjectivity to "pollute" the results is actually higher."

"Second, the factor analysis basically produces a single measure of poverty and, from experience, I understand that the resulting measure is usually very highly correlated with consumption. Therefore, the advantage of calculating multidimensional poverty over consumption poverty is negligible."

Dr Suryadarma said while he had concerns for the study's methodology, economic development may have reduced poverty in many areas.

"I believe the results that [poverty](#) – however measured – has generally fallen in most countries," he said. "The explanation is simple: economic growth, which is the most powerful [poverty reduction](#) tool."

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