Measuring Poverty Over Time – Accounting for the intertemporal distribution of poverty

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CONCLUSIONS

• Accounting for the intertemporal distribution of poverty across households matters.
• The standard practice of using cross-sectional poverty measures at different points in time to analyze levels and changes in poverty underestimates the true intertemporal level of aggregate poverty in a society.
• Poverty estimates for rural Pakistan are higher for all four intertemporal poverty measures.
• Each method requires choosing a parameter representing society’s preferences towards the intertemporal distribution of poverty.
• Choosing methods and parameters is not simple.
• But it’s conceptually superior than ignoring the distribution of poverty across households over time!

REFERENCES


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