Defining Poverty:  
A Literature Review  

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Defining Poverty: A Literature Review

Introduction

PROJECT OVERVIEW

Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family’s total income is less than the family’s threshold, then that family and every individual in it is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated for inflation using Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps).

http://www.census.gov/hhes/www/poverty/definitions.html

In the past, poverty was usually defined as not having adequate financial resources and no disposable income. Most countries determine the number of people living in poverty through quantitative methodologies that rely on measuring income and other assets. In the United States, a family of 4 is considered to be below the poverty line if they make less than $19,157 (2004) annually. The poverty thresholds were originally developed in 1963-1964 by Mollie Orshansky of the Social Security Administration. Orshansky took the dollar costs of the U.S. Department of Agriculture’s economy food plan for families of three or more persons and multiplied the costs by a factor of three.

The First Alaskans Institute is developing a set of indicators that can be used to measure the effectiveness of economic development programs in reducing poverty in rural Alaskan communities. In order to measure the reduction of poverty, it is first necessary to come to agreement on the definition of poverty as it relates to rural Alaska.

Using purely economic factors to determine who is in poverty and who isn’t can be problematic. Many now argue that to really understand poverty, you must also consider things such as education, health, community infrastructure and other social factors, all of which are difficult to quantify. However, when looking for ways to reduce poverty and improve social status, it is important to understand that poverty is a multidimensional problem that goes far beyond strictly economic factors. This is especially important when defining poverty in rural Alaska where subsistence and other cultural activities play as important a role in economic well-being as the cash economy.

The following annotated bibliography provides an overview of current approaches to the definition of poverty and highlights those that have the most relevance to Alaska. Hopefully, this will be the first step in the development of a measurement system that is uniquely Alaskan and can be used to measure the success of rural development and other programs aimed at improving the economic well-being of rural Alaskans.

There are several emergent major trends in poverty definitions, ones that encompass more of what it means to be poor than examining income alone, according to research. These major areas, which are discussed in detail in the Past and Current Trends section of this report, are material hardship and well-being; participatory measures; examining capabilities; and social exclusion. These more expansive definitions mean the resulting research offers views of more sides of poverty, from populations to symptoms. They also
provide different explanations for causes of poverty than strictly monetary income. The shift in views of poverty due to these defining trends also affects how poverty is addressed and treated preventively. However, research also argues that income-based measures still have a place in defining poverty. These newer definitions have not necessarily replaced income-based methods; another major trend in defining poverty is integrating methods, and income is not always exempt from this process. They are simple and provide a tool that is usable across time and populations (adjusting for inflation, currency, etc.).

**METHODOLOGY**

Data was gathered from a variety of sources for this literature review. Online academic databases were searched for relevant articles. These databases, including JSTOR, EBSCO Host, the Academic Premier database and the Business Premier Database were searched for academic papers. Google scholar was also employed to find similar studies.

The University of Alaska, Fairbanks Library proved useful for locating work on classical poverty scholarship. Government agency websites, such as the Department of Health and Human Services contained papers that dealt with the official position of the U.S. and provided insight into trends within the government regarding poverty measurement. Institutions that study poverty, such as the National Poverty Center, the Rural Poverty Research Center, the World Bank, and the United Nations also provided useful information.

Initially it was attempted to find studies, papers, and reviews that dealt with specific areas outlined in the proposal. However, it was quickly evident that most work on the subject of poverty definitions dealt with a number of these topics (absolute and relative poverty; income poverty versus consumption poverty; basic needs as essential indicators reflecting deprivation; self-defined hardship or financial stress; social isolation and exclusion; lack of well-being, perceived or actual; capability and ability to function in society at large; and traditional livelihood sustainability or threats to traditional livelihoods). This is an indication of one of the current trends in poverty, that measurement requires multiple tools and definitions.

Some of the work we have compiled is theoretical, outlining ideas related to some aspect of poverty and engaging in academic discussion. Other works employ theories to measure poverty levels, analyzing their validity using examples from data and surveys. Some studies integrate various work of other poverty scholars and researchers, comparing and contrasting their results to come up with synthesized measures and definitions.

The intent of this study is to identify the current trends in poverty definition and measurement. Vocabulary and topics were searched based on the eight categories outlined in the proposal (absolute and relative poverty; income poverty versus consumption poverty; basic needs as essential indicators reflecting deprivation; self-defined hardship or financial stress; social isolation and exclusion; lack of well-being, perceived or actual; capability and ability to function in society at large; and traditional livelihood sustainability or threats to traditional livelihoods), and a wide range of information came back that illuminated past and emerging trends. From this depth of
information, literature was selected for use in this report if it discussed poverty measurement or definitions, was more analytical than mathematical, and was from a reliable source. When more than one article was found on the same topic, the most comprehensive and reliable documents were chosen. Literature was also sometimes included if it was frequently mentioned in other work in the field or if it contained unique insight that was not found elsewhere. The literature included in this report touches on some topics more than others, which is a reflection of increased interest by researchers in certain topics within poverty measurement.

There are also documents included in this review that describe life in rural Alaska, or places similar to it, that do not directly relate to poverty measurement. However when combined with the other literature these works will enable readers to have a more comprehensive understanding of poverty measurement in rural Alaska.

### PAST AND CURRENT TRENDS IN DEFINING POVERTY

Poverty definitions and research are becoming more relative and composite. Research, especially international research, is becoming more sensitive to the non-monetary aspects of poverty. Many researchers now acknowledge that poverty is complex and has many causes, indicators, and ramifications.

In the United States, the poverty measure has not been updated since the sixties. The poverty measure today is calculated by adjusting the original measure for inflation. The result is an income level below which denotes poverty. One-dimensional measures, especially easily quantitative ones like income, are often used despite their shortcomings. They are oversimplified, which is useful in some ways and difficult in others. While they may provide an incomplete or outdated picture of poverty, they are easier to work with and measure outcomes and change.

Trends are moving to encompass more comprehensive definitions and understandings of poverty instead of seeing it as simply a lack of something (usually money). Rather than one-dimensional indices, tools to measure poverty are becoming more composite and relative. With the increasing amount of indicators and variation in the types of indicators that are being used, it is difficult to ignore other factors in poverty besides income.

There are several major definitions of poverty common in current research. As is evident in the bibliography section, researchers often tailor these categories and more specific definitions within the categories to their particular study.

**Material Hardship**: Many recent studies of poverty focus on deprivation poverty measures. These include measures of material hardship and social deprivation. They measure the actual circumstances and well-being of individuals or households. Such measures are called direct measures of poverty because they measure actual conditions of poverty, as opposed to more indirect measures, such as income or employment measures, which gauge potential causes or indicators of poverty. Researchers have focused on direct measures in light of the deficiencies of other poverty measures and believe they are better suited to identify those in poverty and give a more accurate picture of their living conditions.
Material hardship is often defined as lacking necessities that are considered essential. Definitions of material hardship, well-being, basic needs and deprivation are often used interchangeably, and they measure many of the same things and use similar indicators including food, housing, clothing and medical care, among others. However, there is no consensus in this field of study regarding the indicators that define material hardship. Each study seems to use its own definition, which can be both an advantage and a disadvantage. Indicators can be tailored to fit specific population dynamics, but different indicators also identify different segments of the population as poor. The variety of researching methods also makes it difficult to compare studies, as different indicators and tools are used.

**Participatory Measures:** Subjective poverty measures and measures of material hardship are intertwined. Subjective measures of poverty rely on opinions of poor individuals or community members to come up with poverty thresholds and indicators. This way of developing poverty standards is another popular emerging trend. Often, subjective measures calculate poverty in terms of material hardship. That is, poverty is indicated by a lack of goods and services rather than income level. No doubt this is because material goods are more apparent to the community and are often easier for the individual to identify than a specific monetary amount such as income.

Subjective measures of poverty are labor intensive to produce. Existing models and measures are unique to the communities in which they are performed. To use this type of measure, the communities being studied must be surveyed and new poverty thresholds must be formulated.

**Capabilities:** Though not everyone measures poverty by capabilities per se, the recognition of Amartya Sen’s work seems to have sparked and encouraged more exploration in measuring other causes and indicators of poverty than money and income alone. Much like the international trends we have noted, Sen’s work addresses the complexity of poverty while focusing on the positive aspects of it (what capabilities individuals and families have) rather than the negative aspects (what they do not have). One measure of capability is assets, including land and water rights as well as human capital. Others focus on basic needs and the capability to lead a full human life. Many of these indicators are based on Martha Nussbaum’s list of central human capabilities including longevity, health, bodily integrity, emotion, senses informed by education, practical reason, social affiliation, respect for other species, play, and control over one’s political and material environment.

**Monetary:** Monetary measures are most similar to the older poverty measurements. They measure poverty based on a fixed threshold, below which individuals or families are considered poor. Monetary measures are often income based, but do not have to be. In fact, many researchers argue that consumption-based indicators are more descriptive of poverty than income-based indicators. Monetary measures are often used because they are simple and easy to compare across various populations. A good example is the United Nations’ measure of poverty, which consists of those living on less than one U.S. dollar per day. Many researchers also argue that monetary measures are oversimplified and do not provide a broad enough picture of poverty.
**Social Exclusion:** Social exclusion is defined as a process through which individuals or groups are wholly or partially excluded from full participation in their society for reasons beyond their control and in which they would like to participate. Monetary income is an outcome and cause of social exclusion. So income can be an indicator of social exclusion, but it does not have to be. Other indicators that are used include exclusion from health services, education, housing, and sanitation. The definition can also encompass things such as lack of political rights or lack of employment as exclusion. A main focus of this definition is the perspective of those in poverty, because indicators alone do not mean social exclusion is occurring. Individuals must feel involuntarily excluded from society or specific activities to be considered impoverished.

**CHALLENGES IN IDENTIFYING RESEARCH SPECIFIC TO RURAL ALASKA**

While there is a fair amount of research available on rural poverty, it tends not to be very specific to rural Alaska. Poverty research based on the rural United States often makes broad generalizations and discusses the agricultural aspects of rurality that are common in the lower 48 but not necessarily in Alaska’s rural areas. There is limited research on poverty in Alaska in general as well as poverty specifically in rural Alaska. Although research about the state consistently notes that rural Alaska is poorer than urban areas, this assertion is often based on income and does not often define other poverty indicators for the population.

Rural Alaska is a unique population and consequently has accompanying challenges in finding specific work to compare. Studies of other indigenous populations offer some relevancy, but some of Alaska’s unique characteristics make it difficult to apply many of them (climate, accessibility, land use, etc.). For example, many rural studies note higher costs of living in urban areas, while this is generally not the case in Alaska.

Cultural issues and subsistence also make measuring poverty in rural Alaska more complex. Participation in subsistence activities that may lead to increased well-being are overlooked by some poverty measures. Additionally, cultural considerations, such as the tradition of sharing among families of subsistence harvests must be accounted for in evaluations of resources.

Since there are not globally consistent measures to compare populations, it is difficult to work with multiple definitions of poverty to compare populations. What may classify a person or family in one area as impoverished may be the same definition of a wealthy person or family in another area. This is why monetary (absolute) and one-dimensional definitions come into play often; they are easier to compare with one another. However, these definitions are oversimplified, as a good number of researchers recognize. Some researchers attribute the oversimplification to it being a highly quantifiable and measurable unit and easier to compare population and measure progress in reducing poverty.

There is a wealth of information regarding poverty and measurements; the difficulty is sorting through it and discerning what in the study or research is useful.
CONCLUSIONS AND RECOMMENDATIONS FOR USING THE RESEARCH

Studying at the trends of poverty definitions from a broad perspective allows us to better focus on defining poverty in rural Alaska. As poverty research tends to be defined according to its population in many cases (tending to shift from universal and absolute definitions to more relative, multidimensional ones), a good place to start – especially for a non-Alaskan audience – would be to create an illustration of what rural Alaska is like. This illustration would include transportation issues, subsistence definitions, climate, culture and traditions, living conditions, accessibility, education, job availability, and other characteristics that make rural Alaska unique and diverse. Specific cultural aspects of subsistence in rural Alaska need to be integrated into the applied definition of subsistence.

In order to apply national and global trends in poverty measurements and definitions, a logical next step would be to examine the ways in which poverty is being measured. While there may not be one example of a tool that is applicable and useful, our research shows that composite indices relative to the population in discussion are the most commonly used. Using other examples as references for population-relevant definitions, an index could be created for rural Alaska based on the description of the population(s) and what the goals of the study are. For instance, if the focus of the response to a study will be socially oriented, indicators would measure more social aspects of poverty that are particularly relevant to rural Alaska than, say, monetary measures.

These recommendations are not to suggest that tools are or should be created to produce desired outcomes. Rather, the increased recognition of the multi-faceted causes and indications of poverty both requires some selection in indicators and allows for choice of those most relevant to the study and the course(s) of action to be taken with the study results.

There are some measurement tools that may be more useful in measuring rural poverty in Alaska. Material hardship measures, or well-being measures, along with self-defined hardship measures, may illuminate the actual situation of rural Alaskans. Because rural Alaskans may have different needs and preferences than many other Americans, and indeed urban-dwelling Alaskans, their own perceptions of poverty may be unique. Subjective measurements of well-being tend to be relative and are not based on income or consumption alone; they will simultaneously capture the material and social conditions of rural Alaskans and provide insight into how these conditions are perceived.

These types of measurements would also allow for the unique situations of rural Alaska to be accounted. For instance, access to plumbing, considered a necessity to many people, may not always be presumed as such in rural Alaska. Therefore, lack of plumbing may not be an accurate indicator of poverty here. In a survey of housing conditions across Alaska, some respondents in rural areas were often completely satisfied with their outhouses, honey buckets, or boards between trees, reporting no desire for an indoor toilet. When asking the exact same question in urban areas (“Do you have a toilet?”), respondents often laughed and had responses suggesting (some very directly, some indirectly) that everyone has a toilet. At one point, the U.S. Census considered removing the question of indoor plumbing from their survey, deeming it irrelevant. This national idea does not necessarily align with Alaska’s – particularly rural Alaska’s –
circumstances. Subjective and self-defined measures of well-being may not categorize someone who lacks indoor plumbing as impoverished while other, externally defined measures might. This example illustrates the importance of who defines poverty, specifically in rural Alaska.

Herein also lies an application of examining capabilities when defining poverty. Participants in the survey who responded that they did not desire a toilet and indoor plumbing may have had the choice or the capability to acquire one, where their responses may have been very different if they had no choice in their lack of plumbing facilities. If the same question were to be posed in a survey seeking to measure poverty in the same areas, an appropriate and indeed significant ensuing question would be if they had the option or choice to have indoor plumbing.

There are indicators commonly used in poverty measurements that are appropriate for rural Alaska and some that are less commonly used but are more applicable than in other areas. Based on our research, the following is a sampling of indicators that might be used to measure poverty in rural Alaska.

**Capability to subsist and cash economies:** Using a definition of subsistence that understands it as a way of life and values its cultural role, this is an important indicator of poverty in rural Alaska. The capability to subsist would have to be interrelated with examining cash economies in order to understand their relationship. For example, it is becoming more necessary for people in rural Alaska to have cash income in order to buy the material goods they need (snowmachines, boats, etc.) to subsist.

**Water:** Access to clean water is a standard indicator of poverty in most measures, likely because in most places in the U.S., water is relatively easy to attain. In rural Alaska this is not necessarily the case, where isolation, low temperatures, and lack of infrastructure may make access complex.

**Education:** Education is vital tool to combat social exclusion and the loss of future economic opportunity. Isolation in rural Alaska makes accessing education facilities a difficult but vital task necessary for poverty reduction.

**Housing:** Alaska’s climate necessitates adequate and safe housing for individuals and family. Measuring the affordability and accessibility to adequate housing in rural areas and looking at the quality of structures and the number of people living in them would be telling of poverty, especially as a measure of well-being.

**Access to and affordability of health care:** While in many areas of the U.S. affordability is the primary concern when discussing access to health care, rural Alaska brings a physical dimension to the meaning of access. The level of care available in communities as well as its affordability would be a unique and important poverty indicator to rural Alaska.

**Lifespan:** With Alaska’s (particularly rural Alaska’s) high accidental death and suicide rates, the brutality of climate and conditions in many areas, and the accessibility and affordability of health care, lifespan would be an indication of multiple components of well-being.
Annotated Bibliography

***** = Most applicable  
***  = Moderately applicable  
*   = Least applicable but valuable for other reasons

SOURCES MOST RELEVANT TO RURAL ALASKA


Target Population: General  
Relevant Terms: Absolute and relative poverty, lack of well-being, capability and ability to function in society at large  
Indicators Mentioned: Lifespan, education, healthcare, safe water, children suffering from malnutrition

Ranking: ****

Like many of his contemporary researchers and authors, Bibi argues that any definition of poverty must be multidimensional and include many aspects of well-being. Bibi’s report stands out in that it is devoted entirely to this argument and the concept of well-being. Bibi also uses and cites other research and reports (including Pradhan and Ravallion’s work, which is included in this review). While a large part of the report is formulas and suggested calculation methods, there are significant portions of text that provide a more generalized, readable version of the information. Topics included in the report are weight of various aspects of poverty, ethical issues of measuring poverty, axiomatic versus non-axiomatic approaches, measurements based on individual data, and variations in yield according to the measurement tool(s).

In addition to the UNDP’s Human Development Indicators, measurements need to account for a short lifespan, education, and illiteracy, argues Bibi. He also proposes a composite index written by Amartya Sen that calculates the arithmetic mean of the percentage of the population with no access to healthcare, the percentage of the population with no access to healthcare, and the percentage of children under age five who suffer from malnutrition. Difficulty lies in determining how to weigh these indicators. Others that can be factored in include public expenditure on education as a percentage of GDP, health in terms of infant mortality rate and life expectancy at birth.

Bibi concludes by clarifying that these methods are based on various aspects of poverty and will inevitably have varying results depending on the methods used. He strives to understand the theoretical bases for various ways or components of measurement.
Bibi notes that definitions and measurements must be kept within the context of the cultures and societies they are addressing.


**Target Population:** General  
**Relevant Terms:** Absolute and relative poverty, income poverty vs. consumption poverty, capability and ability to function in society at large  
**Indicators Mentioned:** Living conditions, lifestyle quality, health (see details below)  
**Ranking:** ****

This paper is composed of two main sections. The first explores conceptual issues regarding definitions of poverty and the difficulties in establishing a definition worth measuring. It discusses different theories (including work by Sen, Townsend, and others), playing them against one another. This discussion illustrates well the complexity of the concept and provides a broad base for understanding poverty and its components and accompanying issues.

The second section elaborates upon three categories of methods for measuring poverty:

- **Income Poverty Line** – This type of measurement is one-dimensional and indirect.  
- **Unsatisfied Basic Needs** – This type is multidimensional and direct.  
- **Combinations** of the two – The author offers and describe seven of these.

The methodologies are based on different concepts of poverty; therefore they yield different results in terms of the incidence of poverty. Exploring their foundations is not meant to determine a best method, but to see the usefulness of all of them.

**One-dimensional Poverty Lines Variants for Poverty Measurements (income poverty lines)**

The following is a list of measurement variables and threshold definitions for the five variants under the Uni-dimensional Poverty Lines table (for complete table, see Bolvinik p. 26-27).

<table>
<thead>
<tr>
<th>Measurement Variable</th>
<th>Threshold Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household income per capita, poverty line (PL) in same terms</td>
<td>Cost of standard food basket based (SFB) on poor’s diets divided by poor’s Engel Coefficient</td>
</tr>
<tr>
<td>Household income, PL for each type-size of household</td>
<td>Cost of SFB(average diet) divided by average Engel Coefficient</td>
</tr>
<tr>
<td>Household income per capita, PL in same terms</td>
<td>Cost of SFB (diet of reference stratum) divided by reference stratum Engel Coefficient</td>
</tr>
<tr>
<td>Total household income or expenditure, PL</td>
<td>Cost of a basket, which includes all</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>for average household size satisfiers to meet basic needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income, operationally unspecified</td>
</tr>
</tbody>
</table>

Multidimensional- Unsatisfied Basic Needs Methods for Poverty Measurements & Multidimensional Combined Poverty Measurement Methods

These two categories of indicators have significant overlap and it would be redundant to create a separate list for each. What distinguishes the methods from one another is the ways in which the indicators are combined. For these complete tables, see p. 24-25 and p. 28-29.

- Proportion of population without piped water, sewerage, adequate housing, access to health care, and adequate nutrition.
- Proportions of the appropriate populations who lack basic education and are illiterate and a weighted average of adult literacy.
- Proportion of the population earning less than twice the minimum wage and with excess working hours, life expectancy at birth, GDP per capita using PPP (purchasing power) (Human Development Index).
- Overcrowding (more than three persons per room), precarious dwelling (mud floor in urban areas, precarious materials on walls and mud floor in rural areas), one or more children aged 7 to 11 not in school, four or more dependants per breadwinner and household head has less than three years of schooling.
- Living space and lifestyle indicators: dwelling quantity and quality, poor water supply, no or poor sanitary system, no electricity, mud floor, are living in localities of less than 5,000 inhabitants. Those who do not have indoor (not shared) toilet and bath; heating; damp-free home; self-contained accommodation; bedroom for everyone above 10 of different sex; beds for everyone; a garden; carpets; refrigerator; washing machine; television; warm, water proof coat; new, not second hand clothes; two pairs of shoes; a special dish once a week; three meals a day (children); two hot meals for adults; meat or fish every other day; and public transport.
- Percent who will die before age 40.
- Health and health care access, employment and working conditions, economic resources, education and skills, family and social integration, housing, diet and nutrition, recreation and culture, security and political resources (Swedish approach to Welfare).
- Lack of or non-participation in holidays; receiving guests; being guests; having a friend visit to play (children); birthday party (children); evening out; fresh meat four days a week; regular cooked meals; cooked breakfast; refrigerator; sole use of flush toilet, sink, bath or shower, gas or electric cooker; a holiday once a year; leisure equipment and toys (children); celebrations on special occasions; a hobby; presents for friends or relatives once a year.
- “Private consumption per capita scores for each Unmet Basic Needs items whose average (weighted by % of non-deprived) is the overall deprivation
index. The product of the index (an achievement indicator) and private consumption is the global satisfaction indicator by comparison with the standards, which is then transformed into individual welfare (quality of life, deprivation when negative) by a step function. Life indicator (proportion of life potential realized in capable conditions) is integrated with quality of life in a multiplicative format to obtain quality and quantity of life (lifetime well-being) at individual level and then aggregated” (Social Progress Index).


- **Target Population/Area:** 213 households from 29 villages in Shindi, southern rural Zimbabwe
- **Relevant Terms:** Income poverty, subsistence
- **Indicators Mentioned:** Insufficient income when environmental resources are included in income
- **Ranking:** *****

This paper proposes a new addition to the many measurement tools that have been used to evaluate poverty. In this paper poverty is defined as a state where people are “unable to command sufficient resources to meet a reasonable minimum standard of living.” The authors propose that environmental resources are often a substantial source of rural household’s income, and therefore should be quantified in poverty estimates. To illustrate their theory the authors conducted a survey of households in rural Zimbabwe that accounted for environmental resources. Results of the study indicate that when assets obtained from the environment, such as game from hunting or fishing, firewood, wild fruits and vegetables, and feed for livestock, among others, were calculated into poverty measurements, the poverty rate was reduced by 50 percent, and inequality among the population was reduced 20 to 30 percent. The inclusion of environmental resources was used in conjunction with a variety of different poverty measures. In each instance, the similar results were seen. However, all of these measures were some variation of income poverty measures. The extent of the use of environmental resources was quantified into monetary terms, and then added into income calculations. Poverty was determined by estimating household income including environmental resources and comparing it to standard income poverty thresholds.


- **Target Population/Area:** United States
- **Relevant Terms:** Absolute and relative poverty, income versus consumption poverty, capability to function in society at large, social isolation and exclusion
- **Indicators Mentioned:** Primarily monetary (income and consumption)
- **Ranking:** ****
Danziger and Haveman begin by articulating the difference between absolute and relative poverty. Absolute is defined in terms of a fixed level of purchasing power while relative is defined in terms of a typical income or consumption level in society. Relative measurements change over time as income and consumption change. Along with these common categories of measurement, they suggest five other types:

- **Consumption Measurements**
  - Measuring consumption offers better representation for permanent income.
  - General consumption is difficult to measure; the Consumer Expenditure Survey is the only national source of data.
  - Specific types of consumption, like health care, are difficult to measure. Some researchers suggest different measures for different goods and services (like establishing a subcategory of health care poverty).

- **Wealth Poverty**
  - Most measurements do not reflect a household’s ability to draw on assets; these should be factored in.

- **Social Indicators**
  - Choices in spending can help measure poverty but can also be deceiving. For example, a person might choose to spend more money on nice clothes but cheap (or “inadequate”) living facilities.

- **Earnings Capacity**
  - Self reliance, or the ability to support oneself and one’s dependents through one’s own capabilities, reflects an adequate income and is a meaningful measure of full participation in a society. This is a complementary measure of actual or income-based poverty rather than a good substitute for it.

- **Multi-Period Poverty**
  - The time period used to measure poverty makes a difference in the outcome of the measurement. If poverty is measured over a month, for example, it would reveal very different results than if it were measured over a year.

This is a substantial book and while this annotation pulls the most relevant topics and information for this review, it is a good general reference on poverty policy.


**Target Population/Area:** United States (Wisconsin) and Japan (Hokkaido)

**Relevant Terms:** Traditional livelihood sustainability and threats to traditional livelihoods, income versus consumption poverty, rural poverty

**Indicators Mentioned:** Study tests resource extraction to see if they are indicators.

**Ranking:** ****
This article explores the relationship between resource extraction in rural areas and poverty. Many people assume that resource extraction will lead to local prosperity, but it can in fact lead to poverty. Most research in this area focuses on one particular resource (fishing, logging, oil extraction) instead of offering cross-sector comparisons. Two areas that are lacking in rural resource extraction research are place and time. The populations in discussion for this article are Hokkaido, Japan and State of Wisconsin. Findings of the study suggest that the more dependent a community is on extractive sectors, the higher their poverty level is. However, dependence on agriculture in both populations is associated negatively with poverty. In both places, distance to a metropolitan area has a strong positive relationship with poverty. While the findings of the study are not necessarily profound, it does address some unique and relevant issues related to rural poverty than other articles do not. According to Fisher, most studies focus on one sector of resources (forestry, mining, fishing, etc.). Cross-sector comparisons are rare, but without comparing relationships beyond the individual sectors, much understanding of rural economies and poverty is lost. Fisher also highlights the importance of looking at time and place when discussing rural poverty, two concepts that are relevant to Alaska and make Alaska unique.


Target Population/Area: Rural populations, primarily contiguous U.S., many examples of East Coast

Relevant Terms: Absolute and relative poverty, basic needs as essential indicators reflecting deprivation, traditional livelihood sustainability

Indicators Mentioned: Income, quality of life, resources

Ranking: ****

This report focuses on rural poverty, causes, and relationships between location and poverty. Though it addresses some relevant points, it is not very applicable to Alaska. Its measurements generalize the U.S., with quite a few examples of the East Coast. Some of the conclusions may be relevant even if the causes are not always so. One stands out as particularly applicable to rural Alaska: The authors’ research found that most analysts “expect that there is something unmeasured (and perhaps unmeasurable) about rural places that makes it harder for rural people to succeed economically” (p. 12). They propose that some reasons may be institutional barriers, community capacity, social networks, or cultural norms or practices that inspire different economic choices.


Target Population/Area: 207 rural households in four villages in Fars province, Iran, 2003
**Relevant Terms:** Absolute and Relative Poverty; Income poverty; Basic needs as indicators of deprivation; Self-defined hardship; Social Isolation or Exclusion; lack of well-being, perceived or actual; Capability and ability to function in society at large

**Indicators Mentioned:** Social participation, education level, credit use, use of hired laborers on farm, annual household income, land ownership, livestock ownership, agricultural machinery and equipment, living assets and equipment, car and other transportation equipment, quality and quantity of household food, annual household clothing costs per capita, quality and quantity of housing, use of health and medical insurance.

**Ranking:** ****

This article examines the country of Iran, which has seen increasing rural poverty in recent years. The authors believe that poverty measurements that only highlight one aspect of deprivation are insufficient, and they use a variety of measurements to determine poverty in the population, including “the monetary approach, the capabilities approach, social exclusion as defining poverty, and the participatory approach.” The study combines researchers’ perspectives on poverty and its definition with those of the people experiencing it to obtain data for their study. Combining both quantitative and qualitative research methods and examining the perspective of those in poverty is advocated as a better methodology for poverty evaluation.

The authors constructed a poverty measurement index (PMI) that was influenced by previous literature, expert advice, local rural people, and group consensus of impoverished communities. The results of the study were also compared to local attitudes about poverty for further validation. The document includes extensive lists of indicators considered for and used in the study. They include social participation, education level, credit use, use of hired laborers on farm, annual household income, land ownership, livestock ownership, agricultural machinery and equipment, living assets and equipment, car and other transportation equipment, quality and quantity of household food, annual household clothing costs per capita, quality and quantity of housing, use of health and medical assurance. The PMI applies specifically to the community it was used to evaluate. To measure other communities, a different PMI would need to be developed following the procedure outlined in the paper.

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**Target Population/Area:** Global, rural areas (particularly those in agricultural settings)

**Relevant Terms:** Absolute and relative poverty, income versus consumption poverty, basic needs as essential indicators reflecting deprivation, traditional livelihood sustainability

**Indicators Mentioned:** Assets (see details below)

**Ranking:** *****

This report emerged after the Millennium Summit Declaration in 2001, which set an international goal to reduce the number of people living in absolute poverty by one half
by the year 2015. Of particular concern for the International Fund for Agricultural Development are rural areas, as three quarters of the world’s poor live in rural areas (or about .9 billion people).

The report asks what poverty is and responds with the following descriptions (p. 18):

- Poverty has physical and psychological characteristics.
- When most define poverty, they settle for an over-simplified definition because it can easily be compared among persons, groups, places, and times.
- People can be poor on some definitions and not on others; these definitions are not necessarily inter-dependent (a low income is not always reflective of poor education and vice versa).

The report offers three ways to measure poverty:

- Scalar, using a single indicator (often income or consumption)
- Multiple Dimensional index approach
- Vector multi-dimension- where overall indicators classify people on each indicator

The report also discusses four major factors of poverty:

- **Assets** – Assets (or lack there of) are poverty indicators. Land and water rights are the most crucial assets and the most difficult to change and they will continue to become more problematic. Human capital (defined as the capacity to work) is also crucial. Enhancing skills has a positive effect on economic productivity and human dignity. While the report discusses assets in more broad terms than specific indicators, it does offer several specifics for two of the assets:
  - **Water** – water resources below 1,000 m$^3$ per head per year is defined as severe constraint, while between 1,000 and 1600 m$^3$ per head per year is defined as water-stressed.
  - **Human Capital** – Education, Nutrition and health
- **Technology** can address lack of assets and obstacles to assets if the technology is relevant to the conditions and if the people have access to it.
- **Markets** play an increasing role in livelihoods of the poor. Poor farmers are becoming more vulnerable to demands of the market and its volatility.
- **Institutions** – Defined as organizations and rules, these are the relationships between society and the poor; they are the intermediate between competing demands of different social groups. An accompanying issue is that of how we enable the poor to exercise a stronger role, especially at local institutions. Decentralization to local institutions can be good if poor groups are sufficiently organized to effectively take part in them.

Like several other reports, the Gini coefficient is used in the report’s discussions (see glossary).

Target Population/Area: Uganda

Relevant Terms: Absolute and relative poverty, basic needs as essential indicators reflecting deprivation, capability and ability to function in society, traditional livelihood sustainability.

Indicators Mentioned: Assets

Ranking: ****

Johnson’s essay does not focus on defining poverty alone but also proposes six “poverty domains” in which development interventions could focus:

♦ Conflict Resolution
♦ Land-Tenure Security
♦ Community Based Organizations (formal and informal groups)
♦ Taxation Issues
♦ Labor and Market Access
♦ Physical Infrastructure

The population with which Johnson is most familiar and uses as her primary examples is the people of Uganda. In this definition, poverty is not simply a void in need; rather it is a lack of assets and/or lack of convertible assets. If there is no access to convert basic assets that humans have - human labor, skills, and social networks – households or individuals are more vulnerable to poverty. Johnson also notes that there are dangers in creating categories of people; doing so affects how we address poverty, especially as agencies.


Target Population/Area: General

Relevant Terms: Traditional livelihood sustainability, absolute and relative poverty, capability and ability to function in society at large.

Indicators Mentioned: Capability, creativity in lifestyle

Ranking: ****

This book seeks to conceive poverty in a way that is consistent with the premise that if we respect individual freedom, we cannot know in advance what makes any particular individual’s life worthwhile; what makes life worthwhile in a society of individuals remains to be determined by those individuals themselves (the authors note that this approach assumes a society or population that is committed to freedom). It asks if we can define poverty in a way that respects self-determination and argues that the more relative poverty becomes, the more impossible it is to eliminate it since someone is always relatively less well-off than someone else. However, they do not argue for an absolute definition either, citing many European countries in which poverty lines have been abandoned; purely distributional methods are now used.
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The authors offer two definitions of subsistence in relation to poverty. The first is a biological definition and one that addresses physical and natural needs associated with a natural order. The second defines subsistence as a cultural and historical way of determining life. The way subsistence is defined affects the way poverty is addressed. The book also explores Winnicott’s expansion on Amartya Sen’s work of exploring creativity in livelihood and creative lifestyles.

Levine and Rizvi equate poverty policy to development policy and argue that it misses the point if it is aimed at groups – it has to be addressed to individuals. They also expand upon group and individual identity ascription versus avowal and their roles in how poverty is addressed. The authors explore poverty as a matter of injustice and maintain that any effort to define poverty is a matter of norms and ideals.


Target Population/Area: General
Relevant Terms: Absolute and relative poverty, income and consumption poverty, basic needs as indicators of deprivation, social isolation and exclusion, lack of well-being, capability and ability to function in society
Indicators Mentioned: Income, basic needs, and human capability, governance, access to assets, inequity
Ranking: ****

This paper is a general overview and introduction to poverty measurement. Topics covered include absolute and relative poverty, objective and subjective perspectives, physiological and sociological deprivations, inequality, vulnerability, social exclusion, and underdevelopment. The paper also elaborates on different ways to approach the evaluation of poverty, including ends vs. means and qualitative vs. quantitative measurement techniques. Different indicators of poverty are discussed at length, and include income, basic needs, and human capability, governance, access to assets, and inequity. The authors recommend a methodology for measuring poverty in this and other countries. They emphasize that whichever poverty measure is chosen will be reflected in the results and subsequent poverty alleviation efforts. Guidelines for selecting poverty indicators are outlined, and include recommendations to use consistent definitions, decide specifically what should be measured, and determine for what purpose results will be used. Additionally, the authors encourage researchers not to attempt oversimplification of measurement or confuse the existence of indicators with the existence of poverty itself. They also suggest combining a manageable range and number of indicators, to be wary of composite indicators, to be conscious of differences among individuals within households, and to be aware that measuring some indicators is more costly than others.

**Target Population/Area:** General

**Relevant Terms:** Absolute and relative poverty, income versus consumption poverty, basic needs as essential indicators reflecting deprivation, social isolation and exclusion, lack of well-being, perceived or actual, capability and ability to function in society at large.

**Indicators Mentioned:** Various (see details below)

**Ranking:** ****

Though a bit outdated in some of its specific information, this report is an excellent outline of many of the challenges still present in defining poverty. In a section devoted to explanation, Maxwell describes various methods and measurements, explaining differing schools of thought on various aspects of methods and measurements. The essay concludes by applying contemporary thinking to some of the challenges in order to help simplify their relationships and usefulness. Maxwell also discusses various indicators and their role in outcomes of measurement, including individual vs. household measures; private consumption and private consumption plus publicly provided goods; monetary or monetary plus non-monetary components of poverty; snapshots versus timelines; actual versus potential poverty; stock or flow measures; input or output measures; absolute versus relative poverty; and objective or subjective perceptions.


**Target Population/Area:** Two surveys of the British population in 1995

**Relevant Terms:** Basic needs as indicators of deprivation; self defined hardship or financial stress;

**Indicators Mentioned:** 54 items and activities (i.e. beds and bedding for everyone, refrigerator, attending weddings and funerals, two pairs of all weather shoes, car, access to the internet, etc.)

**Ranking:** ****

This article is a criticism of commonly used measures of material hardship. Deprivation indicators are criteria formed using survey data that produce a standard of living measure based on what most people believe are necessary and acceptable living conditions. Examples of indicators are possession of household goods such as dishwashers and refrigerators, or the ability to purchase food, housing and clothing. This article found, however, that oftentimes people have things that are classified as luxuries, while they still lack items that are classified as necessities. This leads to the conclusion that there may be people who are classified as poor when in fact they simply make different purchasing decisions from the norm. The author also finds that different groups of people are more apt to say that different things are necessity than others. Therefore forming a true measure of poverty that conforms to societal norms may be impossible. The survey leads to the conclusion that deprivation indicators may be difficult and unreliable to interpret,
and that it is essential to ascertain whether families lack items by choice or because of limited means alone.

Included in the appendix of this article is a list of the 54 items and activities that are deprivation indicators ordered from most necessary to least necessary, which may be useful in forming an alternate similar study of deprivation indicators.


Target Population/Area: U.S. population
Relevant Terms: Basic needs as indicators of deprivation; Lack of well-being; social isolation and exclusion
Indicators Mentioned: Food security, housing, unmet medical need, and access to consumer durables, other indicators (Many conflicting indicators are used; see full report for more detail)
Ranking: ****

This report summarizes and evaluates different techniques used to measure material hardship in an attempt to advance its study. The authors believe that this kind of measurement is an important and necessary supplement to income poverty measures. The look at nine studies of material hardship including Bauman (1998), Beverly (1999), Federman (1996), Lerman (2002), Rector (1999), Short and Shea (1995), Dansiger et al. (2000), Edin and Lein (1997), and Mayer and Jencks(1989). Each study uses different definitions and indicators of material hardship. From these studies, the authors of this report synthesize a standard measure and definition of material hardship. Income poverty measures and deprivation measures, including consumption, material hardship, and social isolation and exclusion are defined and compared. Four indicators of material hardship are chosen based on past work. They include food security, housing, unmet medical need, and access to consumer durables. These four categories are examined in detail, and differences in their definition among previous research are resolved. Material hardship indexes are also studied, and the researchers determine that in most instances, one hardship condition denotes a home is experiencing material hardship.

The compilation of material hardship studies would be a useful tool in developing a material hardship measure for rural Alaska. The extensive work in the study provides justification for or against using different indicators, and shows the results of past studies, which might indicate the type of result certain indicators would produce.


Target Population/Area: Developing countries, specifically Nepal and Jamaica
Relevant Terms: Absolute and relative poverty, consumption versus income, lack of well-being, traditional livelihood sustainability.

Indicators Mentioned: Schooling, housing, clothing, health care, food consumption.

Ranking: ****

This study attempts to merge both the subjectivity/objectivity and income/consumption dialectics in poverty measurement. Rather than an objective income line below which people are determined poor, Pradhan and Ravallion measure poverty based on perceived adequate consumption. The population upon which they focus is developing countries, specifically Jamaica and Nepal. They argue that the rural poor in these areas are unable to objectively estimate an adequate income but are better able to articulate the goods and services they need to consume. One of the most interesting findings of the study suggests that people in designated or assumed poor areas see themselves as even poorer than they are deemed by more conventional objective measurements.


Target Population/Area: General, gives specific examples of several countries

Relevant Terms: Absolute and relative poverty, lack of well-being, social isolation and exclusion, traditional livelihood sustainability

Indicators Mentioned: Specific indicators under the categories of monetary, capability, social exclusion, and participatory measures (see details below)

Ranking: *****

In this essay, the authors acknowledge the simultaneous global agreement on the importance of reducing poverty and the lack of an agreed upon and consistent definition of poverty. Before suggesting alternative measurements of poverty, they articulate some of the issues and questions that arise when establishing a definition of poverty:

- The space and what is captured by indicators (for example: material, social, cultural, political components)
  - Is the definition measuring resources? Or is it measuring freedoms and/or values?
  - Is it a measurement of a group’s or individual’s *ability* to do certain things or what is *actually* achieved?
- The universality of a definition – should it apply to all societies?
- Objectivity vs. Subjectivity – Are poverty definitions based on asserted value judgments?
- Poverty Lines – There needs to be justification for the line. To what extent is it relative to context or absolute standards?
- Unit of measurement – is it by individual, family, or geographical area?
- Multidimensionality – well-being manifests itself in different dimensions.
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- The time horizon of the definition needs to be defined since it has a significant affect on the measurement.

The essay’s authors suggest four different approaches to measuring poverty:

- The Monetary Approach simply measures poverty at a shortfall of some poverty line. Complications and needs for clarification are expanded in the essay. Consumption indicators are arguably better indicators than those that are income based.

- Capabilities Approach – Poverty is failure to achieve certain minimal or basic capabilities (capability is defined as the ability to satisfy important functionings at an adequate level). People can have poor physical condition, but desires are value based; basic capabilities must be defined. When looking at capability indicators, they are often similar to basic needs. Ruggeri and Ruhi cite Martha Nussbaum’s list of features essential to full human life (for Nussbaum’s list with expanded definitions, see her article in Poverty and Inequality, ed. Grusky & Kanbur):
  - Life: Normal length of life
  - Health: good health, adequate nutrition and shelter
  - Bodily integrity: movement; choice in reproduction
  - Senses: imagination and thought, informed by education
  - Emotions: Being able to have attachments to things and people outside ourselves
  - Practical reason: critical reflection and planning life
  - Affiliation: Social interaction; protection against discrimination
  - Other species: respect for and living with other species
  - Play
  - Control over one’s environment, politically (choice) and materially (property)

- In the Social Exclusion Approach, social exclusion is defined as a process through which individuals or groups are wholly or partially excluded from full participation in their society for reasons beyond their control and in which they would like to participate. Monetary income is an outcome and cause of social exclusion, and this is a relative approach. In defining Social Exclusion (SE), and thus creating the indicators of what determines it, there is an extremely wide variety of approaches. Ruggeri and Ruhi provide five examples from five cultures:
  - A study in India defines SE as exclusion from health services, education, housing, water supply, sanitation, and social security.
  - A study in Venezuela defines first social and political rights and then defines SE as a lack of these rights.
  - A study in Tanzania defines those who are socially excluded as the rural landless and those having very poor urban occupations.
A study in Tunisia looked at the perceptions of different groups to define SE; the different groups had different characteristics. Conclusions were that social integration requires employment and a guaranteed source of income.

Studies in Cameroon and Thailand determined ethnic minorities to be socially excluded, given the prevalent reconstruction of citizenship. Other categories included poorly educated farmers, informal sector workers, and the homeless.

- Participatory methods are also known as participatory poverty assessments (PPAs). PPAs grew out of Participatory Rural Appraisal (PRA), which is defined as “a growing family of approaches and methods to enable local people to share, enhance, and analyze their knowledge of life and conditions, to plan, and to act” (Rugger and Ruhi, 260). There are types of participatory methods:
  - Those associated with self-determination and empowerment;
  - Those associated with increasing the efficiency of programs;
  - Those emphasizing mutual learning.

The report does not specifically outline indicators for this method. However, it does list the issues that were part of a PRA in Zambia, which could be understood as indicators:

- Perceptions and indicators of wealth, well-being, and poverty.
- Assets of rural communities—including access to services, common property resources, and other natural resources.
- Assets of rural households.
- Coping strategies in times of crisis.
- Community-based support mechanisms for the rural poor.
- Long-term environmental trends, e.g., declining soil fertility, declining rainfall.


**Target Population/Area:** General  
**Relevant Terms:** Absolute and relative poverty, capability and ability to function in society at large, social isolation and exclusion  
**Indicators Mentioned:** Capability  
**Ranking:** ****

In this essay, Sen discusses relative poverty, as the title suggests. He makes an important distinction, however, in noting that when discussing relative poverty there is a difference between achieving relatively less than others and achieving absolutely less because of falling behind others. Relativism has to be kept in the context of the society’s standard of living. The dispute over absolute versus relative conceptualizations of poverty can be addressed by determining more explicit spaces (like commodities, incomes, or capabilities) upon which the definition is to be based.

Like in much of his work, Sen focuses on the capabilities approach to measuring poverty, concentrating on meeting the need of self-respect rather than either the pleasure from
having self-respect or the social basis of self-respect. The issue of capabilities is important for poverty public policy; more than a failure to rise to an absolute line of income, it is a line of capabilities. Absolute poverty can then become relative in the space of commodities, resources, and incomes in terms of some capabilities, like avoiding shame from failure to meet social conventions, participating in social activities, and retaining self-respect.

While inter-country and inter-community differences are important, more attention needs to be paid to differences within countries and within communities because there are interpersonal variations in converting commodities into capabilities.


Target Population/Area: General, uses China as an example
Relevant Terms: Absolute and relative poverty, capability and ability to function in society at large, income versus consumption poverty, social isolation and exclusion
Indicators Mentioned: Capabilities
Ranking: ****

Nobel Prize laureate Amartya Sen integrates poverty measurements based on consumption, social aspects of poverty, and both of their relativity. In parts of this essay he focuses on China as a specific example, but Sen’s work is relevant and applicable to other populations. Sen’s prize-winning work is on approaching poverty by measuring individuals’ capabilities. He argues that focusing on income alone is not sufficient, as people place less importance on money than on being participating members of society. Income and material goods are an important factor in this analysis, however; people often need certain goods to be able to participate in society, though this is also relative. For example, what one needs to participate in New York City’s society is vastly different from what one needs to participate in Dhaka’s society, argues Sen.


Target Population/Area: Interview with 10 men in a homeless shelter in Melbourne, Australia
Relevant Terms: Self-defined hardship
Indicators Mentioned: Lack of opportunity, negative social relationships, personal and family problems, lack of self-esteem and meaning of life in addition to lack of food shelter and income
Ranking: ****

Subjective poverty measurement is the topic of this paper. The author argues that “experts,” academic figures, who traditionally develop poverty definitions and measures, do not have a complete understanding of poverty. The poor themselves are the best place to look for a complete definition and conceptualization of poverty. By looking to the poor to describe their own situation, we can come up with better solutions to the problems that
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are actually faced by this segment of the population, rather than solutions to the problems we perceive the poor to have. Indeed, in a small sampling of homeless Australian men who were asked to define and describe their own experiences of poverty, income was not the biggest factor. The men outlined their own definitions of poverty, which included lack of physical necessities, mental and physical distress, altered feelings, inability to do normal things, and lack of resources. This article includes direct responses from the interviewees, and sample questions from the surveys they were given.


**Target Population/Area:** General  
**Relevant Terms:** Absolute and relative poverty, capability and ability to function in society at large, social isolation and exclusion  
**Indicators Mentioned:** Capability  
**Ranking:** ****

An important component of Thornton and Wheeler’s research is providing a definition of subsistence. They discuss this definition in both the Euro-American and Alaska Native understandings. The former is often characterized by the bare minimum resources necessary to survive, while the latter encompasses broader, more social and cultural understandings. Alaska Natives define subsistence as a way of life, one that is dynamic, holistic, broad, and their culture. Other sections of the article discuss history of Alaska Natives and how it has affected how subsistence is defined, understood, and approached.

**OTHER RELEVANT SOURCES**


**Target Population:** Wind River Indian Reservation in Laramie, Wyoming.  
**Relevant Terms:** Traditional livelihood sustainability, rural/native populations.  
**Indicators Mentioned:** Income, employment, housing, health, education, transportation and basic needs, with particular attention given to the perceptions and felt needs of the Reservation residents.  
**Ranking:** ***

This report is a republication of an earlier report presented at the Joint Center for Poverty Research about the Wind River Indian Reservation in Laramie, Wyoming. While the research focuses on the population of the reservation, its relevance extends to other populations with similar histories and characteristics such as overcoming the dependency of a colonial past; variations in performance across endowments in natural and man-made resources, location, and human capital; varying outcomes of indigenous culture and tribal social organization; and differing forms of tribal governments. As a measurement, the
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authors compare income on the reservation to national incomes and the government’s poverty line. Poverty on American Indian Reservations is also compared to more global poverty trends and attributed to similar contributors like colonialism, exploitation, dependency theory, and paternalism.


**Target Population/Area:** Varied international examples, comparisons are made primarily based on U.S. measures

**Relevant Terms:** Social exclusion, absolute and relative poverty

**Indicators Mentioned:** Not very specifically – variations of income. Provides criteria measurements/indicators should meet.

**Ranking:** ***

This article discusses the methodological problems of sociological measurements of poverty. Brady is skeptical about absolute definitions of poverty, suggesting that such definitions convey an unwarranted objectivity and a standard cannot be established independently of social and economic context. On the other hand, relative poverty measurements cannot capture the absolute deprivation of households, though they do grasp the relative deprivation. Another distinction Brady makes between absolute and relative measurements is that absolute measurements are more appropriately applied in developing countries while relative measures are more appropriate in advanced capital democracies. Brady also explains that using a relative line does not amount to measuring inequality or imply that poverty is inevitably present.

According to Brady, measures of poverty should meet five criteria:

- Measures that effectively gauge comparative historical variation.
- Measures should be relative rather than absolute. Relative measurements frame poverty as social; their best feature is that they are entirely grounded in national and historical context, so poverty is always measured according to society’s cultural norms.
- Poverty should be conceptualized as social exclusion, which he defines as those who are disadvantaged in a way that cannot be reached by macro-policies and those difficult to reach with social policy.
- Indices should measure the depth and inequality among the poor.
- Measurements should incorporate taxes, transfers, and state benefits in calculating household resources.


**Target Population/Area:** Canada
**Relevant Terms:** Absolute and relative poverty, income poverty versus consumption poverty, lack of well-being, social isolation and exclusion

**Indicators Mentioned:** Income

**Ranking:** ***

In recognizing that “we are about to enter a world of multiple poverty measures,” this article addresses three poverty lines. The Canadian government does not have an official poverty measurement, but most government officials, agencies, and anti-poverty groups use Low-Income Cut-Offs as a common measurement. Summaries of the three discussed poverty lines follow.

**Low Income Cut-offs (LICOs)**

LICO lines are calculated by adding 20 percentage points to the percentage of income spent by an average equivalent household on food, clothing and shelter. They are calculated for different sized families and communities and periodically recalculated to accommodate fluctuation in spending patterns.

**Low Income Measure (LIM)**

This is a model that is used across the world and is completely relative. The line is drawn at one half the median income of an equivalent household and thus defines poverty as being much worse off than average.

**Market Basket Measure (MBM)**

This measure is calculated for a four-person family and then adjusted to other family sizes. It attempts to calculate household income needed to meet basic needs – not just in subsistence terms, but in terms of “credible” community norms. The calculation includes rent, food costs, clothing, transportation, and recreation and entertainment.


**Target Population/Area:** Populations of Britain and Belgium using Panel Study on Belgian Households and British Household Panel Survey

**Relevant Terms:** Absolute and relative poverty; income poverty; basic needs as indicators of deprivation; social isolation an exclusion

**Indicators Mentioned:** Housing (lack of basic comfort, adequate heating facilities, shortage of space, housing problems), housing environment (noise, pollution, crime or vandalism), financial stress (difficulty making ends meet, payment arrears) and limited financial means (income poverty, inability to afford large and small purchases)

**Ranking:** ***

This article examines several aspects and measurements of poverty using a latent class model to determine where populations experiencing poverty overlap. The author’s definition of poverty is “multidimensional,” including many aspects of poverty such as income poverty, material hardship, housing, and relative poverty, and excluding education and employment, with societal norms as a guiding principle. The selected
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Indicators of deprivation used are both subjective and objective, and include physical housing deficiencies, housing environments, and financial problems. The article includes a brief introduction to the definition of poverty in the form of a literature review. The results of the research compare different indicators of poverty included in the author’s definition to each other to determine the scope of each. It was found that each poverty measure identified different parts of the population as poor.

Ghai, D. Poverty Reduction and the UN System: A synthesis of Six Country Studies
- **Target Population/Area:** Madagascar, Mozambique, Tanzania, Nepal, Vietnam, Philippines
- **Relevant Terms:** Absolute and relative poverty, income poverty, capability to function in society, basic needs as indicators of deprivation
- **Indicators Mentioned:** Life expectancy, infant mortality, child immunization, illiteracy, and primary school enrollments
- **Ranking:** *

This paper is a description and evaluation of United Nation efforts to reduce poverty in six countries including Madagascar, Mozambique, Tanzania, Nepal, Vietnam, and the Philippines from 1985 to 1998. Poverty, for the purposes of this study was defined as “income level inadequate to meet the essential needs of families and as lack of access to primary health care, basic education, clean water and decent shelter and sanitation. The report evaluates the performance of each country over 13 years using the human development indicators: life expectancy, infant mortality, child immunization, illiteracy, and primary school enrollments.

The report mostly details the achievements and shortcomings of UN efforts to alleviate poverty. There is little in the report that would be applicable to rural Alaska.

- **Target Population/Area:** U.S. population using data from the 1996 Survey of Income Program Participation
- **Relevant Terms:** Income Poverty; lack of well-being; basic needs as indicators of deprivation
- **Indicators Mentioned:** Possession of basic consumer durables, housing conditions, fear of crime, neighborhood conditions, material hardship, food insecurity
- **Ranking:** ***

The authors of this paper believe that poverty measures should extend beyond income levels, and should examine the well-being of people to determine who is in poverty. Income poverty measures do not account for certain things that are “intrinsically important to people.” Indicators of well-being are placed into six categories: possession of basic consumer durables, housing conditions, fear of crime, neighborhood conditions,
material hardship, and food insecurity. The author keeps these categories separate throughout the paper, and does not use an overarching measure of well-being. All comparisons are made against the six individual kinds of hardship. This paper tests the relationship of these individual well-being measures of poverty against traditional poverty measures. The findings indicate that income poverty and well-being, are “only moderately correlated,” although they are closely related. Those experiencing income poverty were more likely to experience material hardship than other people. The results also indicated that some well-being indicators were not as likely to be correlated with income poverty, such as crime and housing concerns. Additionally, this study revealed that there are factors besides loss or reduction of income that may lead to poverty, such as job loss, divorce or illness, among other things. The authors conclude that measures of well-being should be used in conjunction with income poverty measures to ascertain a clearer picture of poverty.


Target Population/Area: Alaska
Relevant Terms: Absolute and relative poverty, traditional livelihood sustainability
Indicators Mentioned: U.S. poverty lines
Ranking: **

This report provides useful baseline data on Alaska and Alaskan issues. It addresses the population, history, economy, and issues. While it does not go into much detail on defining poverty, it does offer information about Native populations, rural areas, poverty in the state (and within specific populations), trends, and other information that may prove useful.


Target Population/Area: General
Relevant Terms: Absolute and relative poverty, income vs. consumption poverty, capability and ability to function in society at large, lack of well-being
Indicators Mentioned: Various (see article)
Ranking: ***

This paper is an overview and introduction to many measurements of poverty that are commonly used today. It includes a definition and description of absolute and relative poverty, the poverty line, the functional and size distribution of income, the Lorenz Curve and the Gini Ratio, the Human Development Index, the Gender-Related Development Index, the Human Poverty Index, the Vulnerability Approach and the Capabilities approach. Each measurement captures a slightly, and sometimes dramatically, different segment of the population. The conclusion of the article recommends using multiple poverty measures to better understand the cause and scope of poverty.

Target Population/Area: Iñupiat and Yupiit Eskimos
Relevant Terms: Lack of well-being, capability and ability to function in society at large, traditional livelihood sustainability
Indicators Mentioned: Capabilities, income, resources, satisfaction
Ranking: ***

While Martin’s dissertation does not specifically seek to define poverty, it does directly address the relevant Iñupiat and Yupiit Eskimos of northern Alaska. The study attempts to define well-being particularly in terms of subsistence and its affect on well-being. Her research is based on that of Sen, which focuses on capabilities and choice and is also covered in this review. Martin’s findings conclude that subsistence (as well as other variables not as relevant to this study) does indeed affect well-being and that people who have a choice between cash and subsistence tend to choose subsistence.

[While this report is not completely applicable to this review, it could be of use as the project progresses]


Target Population/Area: U.S. population using Census Bureau Public Use Microdata Samples
Relevant Terms: Income poverty; basic needs as indicators of deprivation; lack of well-being
Indicators Mentioned: Crowded living conditions, incomplete plumbing facilities, incomplete kitchen facilities, no telephone service, housing costs at or above 30 percent of income
Ranking: ***

This article compares measures of material hardship deprivation to the current U.S. measure of poverty. Special attention is paid to variations of poverty rates that each measurement produces in different geographic areas. The article defines both alternative poverty measures, and cites work of other research in the field. This study chose to use five material hardship indicators specific to housing, about which “there is relatively high societal agreement,” including, crowded living conditions, incomplete plumbing facilities, incomplete kitchen facilities, no telephone service and housing costs at or above 30 percent of income. Three different models of poverty incorporated the above indicators into different thresholds. The first classified a family as poor if they lived in a home that displayed at least one of the indicators. The second classified a family as poor if they displayed at least one of the first four indicators, or the fifth indicator and had an income of less than 200 percent of the official poverty threshold. The third classified a
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family as poor if they displayed at least one of the first four indicators only. The third classification, which entirely excluded housing costs, captured by far the smallest percent of the population. The results of the study indicate that when poverty data is broken down into small geographic regions, people experiencing income poverty often also are experiencing hardship, however, those experiencing housing hardship are not necessarily experiencing income hardship. This is true using any of the three classifications. This indicates that measures of housing hardship may not be accurately reflected in the traditional poverty measure. Additionally, it was found that people living in central cities experience the most housing hardship, followed by people living in rural non-metro areas. The same pattern is seen when income poverty is measured, but not to the same degree. For instance, of people living in non-metro areas, 11 percent were reported to experience income poverty, while 20 percent were experiencing housing hardship. The study suggests using both hardship and income measures to obtain a more accurate and comprehensive representation of poverty in the U.S.


**Target Population/Area:** Interviews with working poor and welfare reliant individuals, couples and families in the Phoenix, Arizona metropolitan area in 2003

**Relevant Terms:** Lack of well-being, capability and ability to function in society at large, sequential costs

**Indicators Mentioned:** none (see details below)

**Ranking:** ***

A new and additional measure of poverty is examined in this research. The authors contend that, among other problems with the official poverty measure, it overlooks latent and sequential costs of poverty. Latent costs are defined as “hidden, underlying or unacknowledged costs” of poverty, and Sequential costs “come as a serial outcome of being low-income.” These costs may not be immediately apparent, but emerge in the long-run, such as poor health that stems from insufficient health care that results in decreased employment opportunities. The article gives examples of these costs in four different areas including health, housing, employment, and income maintenance. The authors conclude that these costs substantially reduce well-being in ways that other measures fail to capture. The article does not develop the theory of sequential costs into a quantitative model that could be directly applied to measuring poverty. It simply outlines the concept, and gives a few specific examples to illustrate the definition. The paper is simply an argument that sequential costs should be taken into consideration in the future by those developing poverty measurements.

**Target Population/Area:** U.S. population  
**Relevant Terms:** Income poverty, basic needs as essential indicators reflecting deprivation, lack of well-being, social isolation and exclusion  
**Indicators Mentioned:** Lack of sufficient income; debt that exceed twice the amount of income; self-defined inability to meet expenses; difficulty paying rent, difficulty paying utilities, did not see a doctor or dentist when needed, not enough food, and dissatisfaction with housing conditions.  
**Ranking:** ***

The author of this article, a research economist at the U.S. Census Bureau, summarizes the evolution of the debate surrounding the poverty measure, examining issues such as material hardship, social deprivation, and income poverty measures. This paper used data from the 1996 Survey of Income and Program participation in the United States to calculate poverty using six different measures. They include the official poverty measure, and experimental measure, a relative poverty measure, a material hardship measure, a measure based on respondents’ ability to meet expenses, and high debt. The experimental measure examined here is more inclusive than the official poverty measure, and takes into account taxes, everyday expenses and geographic differences, among other things. The indicator for the material hardship measure is the inability to meet at least two of the following conditions: difficulty paying rent, difficulty paying utilities, didn’t see a doctor or dentist when needed, not enough food, and dissatisfaction with housing conditions. The other material hardship measure simply asked if a family met their essential expenses, and was classified poor if they responded no. A family was considered poor under the debt measure if their debt was or exceeded twice their income. It was found that each poverty measure identified different areas of the population as in poverty. The experimental poverty measure failed to capture people that were experiencing material hardship, just as the original measure had. The conclusion of the study is that measures of income poverty alone cannot provide and complete picture of poverty, and recommend using a variety of measurements to rectify each measurements’ shortcomings.


**Target Population/Area:** N/A  
**Relevant Terms:** Social isolation and exclusion  
**Indicators Mentioned:** Financial difficulties in the household, unaffordability of some basic needs, unaffordability of consumer durables, disadvantageous housing conditions, poor health (life expectancy, self-perceived health status), infrequent contacts with friends and relatives, dissatisfaction with work or main activity.  
**Ranking:** ***

This paper documents the history of social exclusion in Europe and emerging trends surrounding it in the United States. The definition of social exclusion is elusive, and the only consensus reached is that it is “multidimensional.” It seems to encompass every
aspect of individuals’ lives, including economic, social and personal realms. Indicators of social exclusion include financial difficulties in the household, unaffordability of some basic needs, unaffordability of consumer durables, disadvantageous housing conditions, poor health, infrequent contacts with friends and relatives, dissatisfaction with work or main activity. The authors detail America’s resistance to embracing the measurement, while at the same time show that this definition of poverty would easily integrate into the framework of our systems. The authors believe that this measurement of poverty is superior to others because of its all encompassing nature, and recommend it’s implementation in the U.S.


**Target Population/Area:** U.S. population using Census Bureau Survey of Income and Program Participation  
**Relevant Terms:** Lack of well-being; income poverty; basic needs as indicators of hardship  
**Indicators Mentioned:** Possession of selected appliances and electronic goods, housing conditions, neighborhood conditions, the ability to meet basic needs, the availability of help if needed  
**Ranking:** ***

This paper outlines the Census Bureau’s definition of well-being, and measures its level in the U.S. population. The survey uses five criteria to indicate hardship, including possession of selected appliances and electronic goods, housing conditions, neighborhood conditions, the ability to meet basic needs, and the availability of help if needed. The report examines each indicator of well-being separately, and does not specify a summary threshold. So while the number of people who have adequate appliances is given, the total number of people that are experiencing material hardship generally is not given. The paper emphasizes that measures of well-being provide “a fuller, more complete, and detailed picture of living conditions…than income alone provides.” The study found that income poverty and measures of well-being did not always directly overlap. Some groups with more money had lower levels of well-being, and vice versa.


**Target Population/Area:** General  
**Relevant Terms:** Absolute and relative; income vs. consumption; basic needs as deprivation indicators; self-defined hardship; social isolation and exclusion; lack of well-being; capability and ability to function in society at large  
**Indicators Mentioned:** various (see article)  
**Ranking:** ***
Three categories of poverty are defined and outlined in this paper. It is a comprehensive introduction to measures that study economic well-being, capability, and social exclusion. The author explores the history of different measures in each category, and explains how they are used today. He also gives the criticisms that are commonly associated with each. He concludes his theoretical examination by stressing that all poverty measures are connected, and suggesting that poverty measures be integrated to better understand poverty. This paper is a brief introduction to poverty, giving competent explanations of many aspects.
Glossary

**Absolute Poverty:** A method of defining poverty in terms of a fixed level, usually of purchasing power (income). Typically, absolute poverty is identified using a fixed line based on the minimum amount of income needed to acquire basic necessities. The term is also sometimes used as a synonym for extreme poverty, but not in this report. Absolute poverty measures can be used across populations, like the UN measure of less than one U.S. dollar per day. (See relative poverty and poverty line)

**Assets:** A variety of tools a person or family has that can be used for their benefit. These can be measured as skills (convertible assets), material goods, savings, and social networks.

**Basic needs:** Factual satisfaction of needs; observed condition is compared, need by need, or satisfier by satisfier, with its normative threshold. Used in conjunction with a concept of deprivation that defines poverty as the deprivation of requirements. Often consists of access to necessities such as food, shelter, schooling, health services, potable water and sanitation facilities, employment opportunities and opportunities for community participation.

**Capability/Capabilities Approach:** This is usually used in reference to Nobel Prize laureate Amartya Sen’s work in defining poverty by examining the capabilities in terms of access to resources (income, commodities, assets) and freedoms to value rather than utility.

**Capacity building:** Skills, aptitudes, knowledge, and capabilities of individuals, organizations, and institutions to undertake activities to improve living standards, attain economic and social security, raise productivity, and achieve sustainable development.

**Consensual deprivation indicators:** Measures whether people can afford the kinds of items that wider society considers to be necessities. People are asked to judge which items all families should be able to afford, and those that cannot afford such items are then classified as poor. Lack of these essential items is an indicator of poverty. The threshold for quantifying an item as necessary is usually if 50 percent of the population surveyed considers it a necessity.

**Consumption measurements:** Methods of determining poverty by measuring such factors as the goods, resources, services, and human capital individuals consume. These are often more subjective and difficult to define than income and tend to be multidimensional. Consumption does not necessarily have a direct relationship to income, i.e. low income does not necessarily mean low consumption and vice versa.

**Direct measures of poverty:** Measure actual conditions of poverty, as opposed to more indirect methods, such as income or employment measures, which gauge potential causes or indicators of poverty. (See material hardship and social deprivation).

**Engel Coefficient:** The economic relationship that as income rises within a given set of tastes and preferences, the proportion of income spent on food falls, even if the actual expenditure on it rises.
Environmental resources: Environmental goods and services that households may rely on to sustain their welfare through the provision of both productive inputs and consumption goods. Includes wild fruits and vegetables, wild small and large animals, other wild foods, wood for heating and construction, mats, woven baskets, pottery, wild medicines, livestock browse and graze, thatching grass, and gold.

Gender-related Development Index (GDI): Poverty measure used by the United Nations that depicts gender-biased inequities in achieving these capabilities. Includes measurements of life expectancy at birth, adult literacy rate, combined gross enrollment ratio, ratio of female to male non-agricultural wage, ratio of female to male average wage, male and female share of earned income, male and female share of economically active population. (See human poverty index and human development index)

Gini Coefficient: A measure of inequality of distribution: A number between 0 and 1, where 0 corresponds to perfect equality and everyone having the same income and 1 corresponds to perfect inequality and one person has all the income while the others all have zero.

Headcount index: Base on a poverty line (or set of lines) that are established by costing a minimum basket of essential goods for basic human survival, using income, consumption or expenditure data of non-poor households. Poverty is calculated as the percentage of population whose incomes fall below that threshold.

Human capital: The capacity to work; enhancing skills has a positive effect on economic productivity and human dignity.

Human Development Index (HDI): Poverty measure used by the UNDP to capture human capabilities, such as acquiring knowledge, longevity and access to the resources needed for a decent standard of living. Includes measurements of life expectancy at birth, adjusted real GDP per capita, adult literacy rate, and combined gross enrollment ratio. (See gender-related development index and human poverty index)

Human Poverty Index (HPI): Poverty measure used by the United Nations that shows deprivations of living standard because of inaccessibility of health, water, and unhealthy children. Includes measurements of the likelihood of dying before age 40, adult literacy rate, percentage of people without access to safe water, percentage of people without access to health services, and the percentage of underweight children under five. (See gender-related development index and human development index)

Income poverty line: A threshold based on income alone, below which persons or families are deemed poor.

Indigence: Refers to those who do not have access to the basic necessities of human survival; the group of those in poverty in the most dire situation.

Institutions: Composed of organizations and rules. They form the relationship between society and the poor and intermediate between competing demands of different social groups.

Latent poverty costs: Hidden, underlying, or unacknowledged costs of having low-income. For example, children living in neighborhoods with poorly funded schools may receive sub-standard education. (See sequential poverty costs)
Material hardship: A state of poverty in which individuals or households lack certain material needs and consumption items, which are closely equated with physical necessities; inadequate consumption of very basic goods and services such as food, housing, clothing and medical care, among others. (There is no consensus in field on definition)

Millennium summit: The 191 member nations of the UN signed under the Millennium Development goals to reduce, by one half, the number of people living with less than one U.S. dollar a day, reduce by half the proportion of people who suffer from hunger, and increase the amount of food for those who suffer from hunger.

Multidimensional poverty measure: Poverty can manifest itself on one or more life domains; most people who are poor at one moment in time are poor only for a short period in their life.

Objective poverty measures: Normative judgments as to what constitutes poverty and what is required to move people out of their impoverished state are used to develop this type of measure. Also known as the welfare approach. This type of measurement dominates the study of poverty. (See subjective poverty measures)

Poverty gap index: Measures the degree to which the mean income of the poor differs for the established poverty line (a.k.a. depth of poverty).

Poverty line: An indicator, usually used to determine absolute poverty, based on the minimum amount of income needed to acquire a basket of basic goods and services. Official indicator used in U.S. to measure poverty. (see absolute poverty)

Relative poverty: A way of measuring poverty, often – but not always – monetary, that is based on a level in the relevant society and accounts for changes over time. Relative poverty is the comparative inequality of welfare of different groups. Relative poverty measurements are population specific. (See absolute poverty)

Sequential poverty costs: Those costs that come as a serial outcome of being low-income, may result in lost opportunity, and have subsequent cost implication. They are consequential. For example, low education levels that stem from living in a poorly funded school district may lead to fewer job opportunities, which will reduce lifetime earnings and access to opportunities. (See latent poverty costs)

Social exclusion: A process through which individuals or groups are unable to fully participate in their society when they would like to and for reasons beyond their control. The definition varies in different countries, and there is little consensus within the field.

Social indicators: Examine choice in spending of an individual or household. For example, a family may choose to spend a bulk of their income on nice clothing and live in inadequate housing.

Subjective poverty measures: A participatory poverty measurement that uses input from the population being studied to determine preferences regarding the value of goods and services. The standards that are derived from this process are used to determine poverty levels. (See objective poverty measures)
Subsistence: Can hold a variety of definitions: 1) The resources needed to maintain basic physical integrity, refers to natural needs of a human being; 2) encompassing how cultural and historical needs determine lifestyle needs, which often includes physical needs but is not limited to them 3) traditional activities often participated in by Native Alaskans such as hunting, gathering, etc.

Wealth poverty: Refers to a household’s ability to draw on assets; most poverty measurements do not include this component.

Well-being: Access to certain goods and services that are necessary, such as food, shelter, and good health, for example. Often used in conjunction with deprivation and material hardship measures, among others.