

LIS data and World Bank Global Poverty Monitoring

Few comments

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World Bank's role

- We must be very grateful to the World Bank for having started this regular monitoring – many have raised critiques but debate would be much more confused without the WB benchmark
 - Much gratitude to the leadership of Martin Ravallion
- Few points about poverty lines
 - Adjustments to new ICP rounds
 - Poverty in rich countries
- Before that a very general point
 - We need good quality and timely data: data infrastructure is essential → WB (LSMS) & LIS

Tony's Monitoring Global Poverty (1)

Recommendation 1: The global extreme poverty standard should be cited in general terms as “the International Poverty Line,” and expressed in each country in terms of the currency of that country.

Recommendation 10: The global poverty estimates should be updated up to 2030 on the basis of the International Poverty Line for each country set in local currency, updated in line with the change in the national CPI or, where available, national index of prices for the poor; the estimates would not be revised in the light of new rounds of the ICP.

- Global political legitimacy of WB extreme poverty line
- But favour internal (within-country) consistency over international comparability

Tony's Monitoring Global Poverty (2)

- Application to rich countries
 - Bring in relative dimension

Recommendation 16: The World Bank should introduce a “societal” head count ratio measure of global consumption poverty that takes account, above an appropriate level, of the standard of living in the country in question, thus combining fixed and relative elements of poverty.

Absolute vs. relative once more (1)

- Is the IPL absolute or relative?
 - Absolute because fixed and then updated only for inflation
 - Relative because it reflects poverty standards in poorest countries at a certain time

Absolute vs. relative once more (2)

- Unlike US, in Europe we tend to see poverty in relative terms (as Richard Blundell stressed yesterday)
 - True, in many different ways. But why?
 - One difficulty is drawing internationally comparable absolute line → brave but disappointing attempt at the European Commission level
 - Political problem: change in EU poverty map
 - Italian experience
 - once constructed, absolute poverty drives out relative poverty
 - relative poverty is problematic in recessions
 - territorial price indices matter but what about current cost-of-living crisis?
 - how to compare “real” incomes?

Thanks for your attention!