Measuring Chronic Non-Income Poverty

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An increasing interest in poverty dynamics has lately also led to an extensive literature on the analysis of chronic poverty. Based on Amartya Sen's groundbreaking work on capabilities and functionings static poverty measures have long used non-income indicators. In contrast, measures of poverty dynamics - including chronic poverty – have in general conceptualised poverty only in an income dimension. Hence, this paper first critically discusses the conceptual and empirical potentials and limitations of analysing chronic poverty from a non-income perspective. Second, it proposes methods to empirically measure chronic non-income poverty, with an exploratory application to panel data from Vietnam from 1992 and 1997, which demonstrates that a range of useful insights can be generated from such an analysis. In particular, we find that the correlation between chronic income and non-income poverty is rather low which is mostly due to a low correlation between income and non-income poverty in each period, while both move relatively closely over time. We also find a surprising amount of heterogeneity in static and dynamic non-income poverty within households.

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