

A New Perspective for Multidimensional Poverty: An Income-based Approach with Applications to China's Rural Poverty

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Abstract

This paper provides a new perspective for monitoring the multidimensional poverty. Considering the mismatch between income poverty and the multidimensional poverty measured by A-F method (Alkire 2007; Alkire & Foster 2011), the income-oriented approach is proposed for focusing on the income poor who are also deprived in other non-income dimensions. The income-oriented multidimensional poverty indices can be constructed by modifying the counting rules of deprivation score in A-F approach. Then, the income-oriented method is used for estimating the multidimensional poverty in rural China, based on the data from China Family Panel Studies (CFPS) 2010, 2012, and 2014. The income-oriented overlapping deprivations are observed from the micro survey data, and the results show that poverty issues had been improved from 2010 to 2014. Additionally, the income poor can be effectively identified and tracked through income-oriented approach, and the observation of the poverty mobility shows that income poor that are deprived in other dimensions are less likely to jump out of poverty. At last, compared with A-F method, income-oriented approach is more sensitive to the changes of income poverty line, and the poverty indices measured by income-oriented approach are consistent among different weighting schemes, and the measures are also robust to the fluctuations of income.

Keywords: Multidimensional Poverty, Poverty dynamics, Poverty reduction policy

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