Regional Poverty PPPs in China: Experimental Estimation and Application[*]

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Abstract

Accurate measurement of the incidence of poverty is essential for monitoring the performance of countries against poverty. In poverty measurement, the global poverty line (GPL) is usually converted to national equivalents in local currencies, with the available purchasing power parities (PPPs) from the World Bank's International Comparison Program (ICP), instead of the exchange rate. This approach is often criticized for various limitations, and the poverty PPPs are recommended to be estimated from modifications of the ICP framework as a conversion factor of the GPL. This study employs a sample of price data in 2015 and the approximate expenditure budgets of poor households to estimate the regional poverty PPPs in China. The results show that the estimates of regional poverty PPPs with different aggregating methods are very similar, and the price levels for the poor in the more-developed regions are usually high, while those in the less-developed regions are relatively low. The urban poverty PPPs of 4 regions are greater than 1 (with Beijing=1), while the rural poverty PPPs of 7 regions are greater than 1. The series of regional poverty PPPs are obtained by extrapolation and reveal that there is a price converging phenomenon among regions during the period. With the regional poverty PPPs, the urban and rural regional poverty lines (RPLs) across China are estimated, based on the World Bank's GPL.

Key words: Spatial Price difference; Poverty Purchasing Power Parities; Weights; Regional Poverty Line