Estimating Absolute Poverty for China: What Do the New Data Tell Us?

Zhongshan Yang *
Dongbei University of Finance and Economics, Dalian, China – yangzs@dufe.edu.cn

Yan Wang
Dongbei University of Finance and Economics, Dalian, China – ofse@163.com

When assessing the extent of absolute poverty for china from the global perspective which is essential for monitoring the Millennium Development Goals (MDGs), four sources of data are needed. The first data source is global poverty line. The second data source is International Comparison Program (ICP) which provides Purchasing Power Parities (PPPs) for consumption to transform global poverty line into national poverty line. Considering the large price differentials across regions in china, the third data source is subnational PPPs for consumption which transforms national poverty line into regional poverty lines. The fourth data source is household survey data. A newly released data on global poverty line combined with new PPPs data from ICP 2011 and subnational PPPs data and also latest available household survey data make the need for re-estimating china's absolute poverty compelling. In this paper, we provide the new estimates of absolute poverty for china over the period 2000-2015 and systematically investigate what on earth do these new data sources change our previous estimates of absolute poverty for china using counterfactual methods.

Keywords: absolute poverty; poverty line; PPPs.