

Difference Between Absolute and Relative Poverty

The differences between Absolute and Relative poverty have been discussed in the table below;

Absolute Poverty	Relative Poverty
It is a situation where a person fails to earn more than the financial resources required to survive. It is \$ 1.9 per person per day according to the standards of the United Nations.	It is a situation where people earn more than the basic income but 50-60% less than the average national income. Therefore, relative poverty measures poverty in a comparative sense.
Absolute poverty takes into consideration only the basic financial requirements. It fails to consider the people's recreational, psychological, social, and cultural needs.	Though they may be better off than people in absolute poverty, they are still not able to enjoy the standard of life that others enjoy.
Absolute poverty is determined using a poverty line.	Lorenz curve and Gini coefficient help to measure poverty in a relative sense.
It ignores living standards and overall socioeconomic disparity.	It takes into consideration the living standard and economic growth of the country.
In most cases, the poverty line remains the same for years.	Relative poverty levels change according to the change in economic circumstances of a country.
It is not possible to completely eliminate absolute poverty.	Relative poverty can, however, be eliminated to some extent.

People living in absolute poverty experience the worst living standards.

People living in relative poverty enjoy fairly better living standards than those living in absolute poverty. However, they are still unable to enjoy the same living standards as others in the country.

Define Absolute and Relative Poverty

Absolute Poverty

The international poverty line is a monetary threshold below which a person is deemed impoverished. The global poverty line is \$1.90 per day. Absolute poverty is when an individual or a family lives with an income below the poverty line.

Relative Poverty

A household experiences relative poverty if it earns 50% (or 60% in some countries) of the typical household income in its economy. They have some money to meet their basic necessities and nothing more.

Examples of Absolute Poverty and Relative Poverty

The examples of Absolute Poverty and Relative Poverty have been listed below;

1. **Absolute Poverty:** Debt, rising world population, natural disasters, armed conflict, and child labour are all causes of absolute poverty. A 12-year-old youngster who has never been to the doctor or attended school is an illustration of utter poverty.
2. **Relative Poverty:** Causes of relative poverty include unemployment, poor health, and inequalities within the labour market. An example of someone in relative poverty is a person who does not have a job and relies on government assistance to maintain.

Summary of Absolute and Relative Poverty: Absolute poverty results in the destitution of the people as they earn less than the liveable wage as decided by the economy. People living in absolute poverty can't afford basic necessities. Relative Poverty is when the person is earning above the poverty line but is still earning 50-60% less than the average person.

Major Difference between Relative Poverty and Absolute Poverty

The main difference between absolute and relative poverty is that the former is a situation where people live below the designated poverty line. The latter is a condition where people have access to the basic necessities of life but are worse off vis-à-vis others in the country.

Usually, the poverty line does not change with changing circumstances. The current degree of poverty and the historical baseline may differ substantially when using the absolute poverty method to determine the poverty level. Therefore, absolute poverty is becoming less relevant, especially in countries with thriving economies and growing living standards.