

EarthTrends Featured Topic: Life on a Dollar a Day

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To be officially poor in international terms is to live below the World Bank's poverty line of US\$1 per day. In actuality, the incomes of poor people vary by nation and by region, but by definition always add up to less than what is needed to make ends meet. To be poor is to have to choose among a range of necessities, not all of which you can afford. Food, shelter, health care, clothes, fuel, transportation, and tools or equipment needed for work are all basic expenditures vying for the limited family budget. Social obligations such as weddings, funerals, and gifts add to these basic needs. With little means and many needs, what do you spend your income on?

The Necessities

Food is the primary and immediate concern, and by far the major expense, for poor households. Studies show that the poorer the household, the greater the percentage of income spent on food. This is in spite of the fact

WHAT CAN YOU BUY FOR A DOLLAR?

Country	\$1 buys
Bangladesh (Chittagong)	1 Dozen Eggs
Kenya	8 Cups of Milk
Ghana	2 1/3 Bottles of Palm Oil
Ghana	4 1/3 Bottles of Coke
Philippines	4/5 of a Big Mac
USA	1/3 of a Starbucks Tall Latte
Uganda	1/46 of a Bicycle
Bangladesh	1/3 of a Sari
Ghana	1 1/2 Pairs Rubber Sandals
Bangladesh	7 Bars of Soap
Ghana	87 Tablets of Penicillin
India (Andhra Pradesh)	1/2 Unit of Blood for a Transfusion
USA	1/150 of the Average Daily Cost of Nursing Home Care
Tanzania (Nzanza)	1/3 of a Liter of Pesticide
Ghana	4 1/3 Rolls of Toilet Paper
Ecuador (Quito)	1/500 of a Washing Machine
India (Andhra Pradesh)	2-3 Pieces Bamboo for Building
Uganda (Mbale)	1/1500 of the Cost of Building a New Home
India (Mumbai)	1/3 of a Regular Price Evening Movie Ticket

A family of four interviewed in rural Bangladesh calculated that they spent roughly 80 cents a day on food and fuel, allowing them to buy and cook two meals of rice and beans, as well as an occasional piece of meat. Medical costs came to 3.3 cents a day (\$12 per year), mainly on medicines for the husband's coughs and colds. Other family expenses included 4.1 cents per day on clothes (\$15 per year), 1.6 cents on school books (\$6 per year), and 2.2 cents (\$8 per year) visiting and giving presents to relatives. Family health and food costs thus accounted for more than 90 percent of the household's basic expenses (Rutherford 2002:10).

that the poor often grow some of their own food. In Tanzania, the average rural household survived on just 32 cents a day in 2001, with 21 cents—65 percent—going for food (National Bureau of Statistics of Tanzania 2002:68-70). Food spending among the poor shows similar patterns in other regions: food purchases account for 60 percent of household spending in rural Morocco (\$0.37/day) (World Bank 2001:4, Table 5) and 75 percent (\$0.50/day) in Georgia (Yemtsov 1999:15, Table 5, 42). By comparison, a family in the United States spends an average of 14 percent of the household budget on food (U.S. Dept. of Labor 2004:4).

With food accounting for so large a share of daily finances, other critical necessities must receive proportionately less—often only pennies a day. Housing and the fuel or electricity to heat and cook with, for example, account for only 12 percent of spending among Argentina's poor (Lee 2000:8, Table 2). Health care, another priority for low-income families, receives only three cents of every dollar spent by Morocco's rural poor, the same amount spent in rural Georgia (World Bank 2001:9, Table 17; Yemtsov 1999:15, Table 5). Clothing

and transportation costs account for a similarly small share of the daily dollar.

What You Can't Afford

When income does not fully cover even daily necessities, everything else becomes a luxury. Thus there are a great many things that the poor cannot afford to buy. Tools, materials, and upkeep for income-generating assets like transportation or farm equipment are all expenses that are routinely left out of the family budget. To cover gifts, dowries, and funerals—expenses at the heart of many social structures and customs—the poor must often sell what little land or livestock assets they have (Narayan et al. 2000a:149-150). Furniture, stylish clothing, or appliances—all items taken more or less for granted in

the developed world—are largely an extravagance. Investments in hard assets or insurance to cushion against future hardships are even more difficult to afford. With no insurance or provision for emergencies, an already marginal income becomes an even more precarious foundation for the future.

Poverty often means not being able to take advantage of opportunities and investments that are open to others with more secure incomes. Education is a good example. Although the benefit of an education can dramatically increase a child's chance of leaving poverty, a poor family's budget does not always permit this. School costs can include tuition, supplies, and the loss of labor that the child could have contributed had he or she stayed home (Narayan et al.

2000b:242-244). Other investments that require savings or start-up capital are also out of reach, such as launching a small business, buying fertilizer or a fishing boat, or advertising to reach a wider market. Lacking such investment ability, the poor are often confined to subsistence activities and low-value wage labor that make it hard to get ahead.

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WHAT THE RURAL POOR SPEND IN MOROCCO		
Daily Per Capita Expenditures of Rural, Low-Income Individuals in Morocco 1998/99 (US\$)		
	Amount Spent	% of Total
Food	\$0.35	61.4
Housing	\$0.13	22.8
Clothing	\$0.02	3.2
Health	\$0.02	3.2
Transport and Communications	\$0.01	2.5
Leisure	\$0.01	1.8
Other	\$0.03	5.1
TOTAL	\$0.57	100

Adapted from World Bank 2001:9, Table 17

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