

REVIEW OF A. PENA'S POVERTY & THE BINATIONAL POPULATION

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Overview

This study argues that traditional poverty measures are imprecise for migrant populations who spend considerable time abroad.

As public-aid-program eligibility is often a function of poverty status, precise poverty measurements are, obviously, preferable for the sake of efficient resource allocation.

Focusing on Mexican agricultural workers in the NAWS, the study suggests that U.S. poverty measures overstate the true poverty status of members of this group, when adjusting for the time they spend in Mexico.

This population is important to study because not only is it the largest immigrant group in the U.S., it has easier geographic access to the home country.

If immigrants are not as impoverished as currently identified, public-aid programs are overspending.

This study also notes that residents along international borders might have access to lower prices, again indicating that the “blanket” poverty thresholds over-identify the poor in certain regions.

At the same time, the author acknowledges that the binational workers who spend time in other countries with a higher cost-of-living than the U.S. might be under-identified as impoverished.

Implications and Suggestions

This study has important policy implications, particularly those related to public finances and efficient resource allocation.

Still, the study could go further by considering how inter-regional cost-of-living differences *within* countries also distort the identification of impoverished populations (beyond border regions).

For example, according to salary.com, the cost of living in Los Angeles is 91.5% higher than in McAllen, Texas—an area identified as one of the poorest in the U.S. (and it is located along the U.S.-Mexico border).

A two-person family with the income of \$14,366 (the poverty threshold) in McAllen has the same purchasing power as **\$27,509** in Los Angeles.

Two-person families in Los Angeles with a \$25,000 income would not be considered impoverished, and therefore would be ineligible for many public aid programs.

Yet they would be worse off in real terms than some families in low-cost areas like McAllen who are technically identified as poor.

Therefore, national poverty thresholds overstate poverty rates among residents of low-cost areas, and understate them for high-cost areas, independent of time spent residing abroad.

It would be of interest if the author could provide estimates of the mismeasurement of poverty (and the subsequent effect on public coffers)—for example, do the low-cost areas cancel the high-cost ones?

These estimates could be combined with those proposed in this study for binational populations to better gauge the true national levels of well-being.

I enjoyed this study and look forward to seeing the author continue with it! 😊