

Analysis of the Impact of Inflation on Multidimensional Poverty: A Case Study of Qom City, 2005-2019

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Abstract

This study aims to investigate the effect of inflation on multidimensional poverty levels in Qom during the period 2005-2019. The Alkire-Foster Multidimensional Poverty Index (MPI) was calculated, and the impact of inflation on each dimension was analyzed using the logit model and Vector Autoregression (VAR). The findings indicate that the macro-level inflation rate from the second to the tenth period explains about 61% of the variance changes in the MPI, while more than two-thirds of the inflation changes are explained by the inflation itself. The logit model showed that inflation affects each poverty dimension and increases the probability of seven out of eleven poverty dimensions. The Gini index has the highest probability of contributing to each dimension of poverty, whereas economic growth, despite its significant effect, has the lowest probability. Additionally, the unemployment rate increases the likelihood of poverty in children's and household heads' education, internet access, and housing size. The results demonstrate that inflation has exacerbated multidimensional poverty in Qom in recent years. Effective economic policies should be designed to control inflation and reduce income inequality, which is the most probable cause of poverty dimensions, to improve living conditions across various dimensions.

Keywords: Multidimensional Poverty; Alkire-Foster Method; Inflation; Poverty Dimensions; Qom City.

JEL Classification: I32, E31, D63.

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