Breve Reseña teórica sobre la medición de la Pobreza

Brief Theoretical Review on the Measurement of Poverty

Erick Pablo Ortiz Flores
Universidad de Guadalajara
pablo@valles.udg.mx

Resumen

El presente trabajo representa la aplicación de los conceptos, técnicas e información teórica adquiridos en la materia de Políticas Económicas de Combate a la Pobreza. El documento se divide en tres partes, la primera trata de explicar los conceptos generales de pobreza, desigualdad, principales enfoques de medición. La segunda aborda el marco legal y las políticas de combate a la pobreza en México, por último se incluye una evaluación de la política social y algunas acciones para el combate a la pobreza a manera de conclusiones.

Palabras Clave: Pobreza, políticas económicas, desigualdad, México.

Abstract

This paper represents the application of the concepts, techniques and theoretical information acquired in the field of Economic Policies to Combat Poverty. The document is divided into three parts, the first attempts to explain the general concepts of poverty, inequality, main measurement approaches. The second addresses the legal and policy framework to combat poverty in Mexico, finally includes an assessment of social policy and some actions to combat poverty as conclusions.

Key words: Poverty, Economic Policies, inequality, México.

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Poverty Concept

The conception of poverty varies according to the country and the political culture in question. Criteria for distinguishing the poor from the non-poor reflect national priorities, normative concepts of well-being, and individual rights.

Poverty can be defined as “need, narrowness, lack of what is necessary for life. Lack, scarcity and scarcity of goods.”

In addition, for Soto this phenomenon can also be appreciated from various angles, for example: from the point of view of the economy, poverty is the opposite of wealth or one of the forms of expression of imbalance in its distribution; For sociology, the poor make up a social stratum that constitutes an obstacle to personal and collective development; For its part, the law has understood poverty as a form of “capitis deminutio”, that is, a way of limiting the exercise of subjective rights.

Soberanes (1993), represents the poor as a subject and poverty as a social phenomenon are categories of exception for certain legal modalities and institutions. In the face of poverty, the principles of equality and equity are transformed to make room for the recognition of the different forms of inequality, thus promoting the birth of the so-called social right, whose purpose is social justice.

We see then that, for the law, the poor become a state that requires legal protection, and a personalized framework of legal norms is created that tries to save inequalities, which does not solve the underlying problem.

On the other hand, the multidimensional approach in light of the International Bill of Human Rights, through which poverty can be defined as: "a human condition characterized by the sustained and chronic deprivation of resources, capacities, options, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights." Definition that will be used by this document.

The measurement of poverty

There are several reasons that illustrate the importance of measuring poverty, one of the most important is that it has a political purpose, because it leads to motivating actions and promoting policies that lead to overcoming this phenomenon, that is, it is not about only an academic exercise, but a true analysis that reveals the complexity of accurately knowing the magnitude of poverty and therefore, the difficulty involved in proposing solutions.

Poverty cannot be combated if it is not known precisely what it is, how many poor people there are, where they are located and why they are poor. If the answer to the above questions is not known, there is a risk of making the wrong political decisions.

Although this issue is currently being openly discussed, until recently, in Latin American governments there were no actions to venture into the issue of poverty, they were mistrustful and reluctant to know the magnitude of the phenomenon. Currently, poverty is no longer just a moral problem, but an imperative of an economic nature, to which governments and international organizations seek a solution.

Graciela Sede, in her document "Considerations on poverty from the ESCR", provides a historical overview of the international declarations and agreements that state the importance of human rights with respect to poverty. She mentions that the phenomenon of poverty is on the agendas of practically all social and political actors in the world, that it is present on the political agendas of governments, multilateral organizations and, without a doubt, on the agendas of civil society. . However, she mentions that the approach and analysis of this phenomenon are diverse: they can vary in nuances or completely contrast. The way in which what it is to be poor is conceptualized is the subject of arduous discussions. More at the base of these conceptual debates, different paths of political action are at stake for the achievement of a decent life for all human beings.

Poverty is defined in terms of lack of well-being or resources to opt for a good quality of life, so it is necessary to take into account dimensions such as the availability of free time, citizen security, protection from public and domestic violence, protection against catastrophic situations, gender equity and others. It also involves other non-material or symbolic dimensions and the management of elements to avoid exclusion, such as various codes of modernity, among which the analytical disposition, the information processing capacity and the communication and management skills stand out in order to to be able to participate fully in the globalized world and to adapt to new forms of work and production. Hence the need to involve human rights with the phenomenon of poverty.

There are various ways of measuring poverty, among which we can mention the following:

Direct Approach, Indirect Approach, Combined Approach, Unsatisfied Basic Needs, Human Development Index, Calorie Consumption, Cost of Basic Needs, Relative Method, Subjective Method, Integrated Poverty Measurement Method, Two-Dimensional Method. The author favors the use of a multidimensional measurement model.

In the case of Mexico, Cortes, et.al. He mentions that in the specification of the poverty line, the starting point is the quantification of the basic food basket. Poverty is then defined as the lack of consumption of calories necessary for a good diet.

Likewise, it mentions that in the methodology for measuring poverty, there are three thresholds that accommodate three poverty lines, the first is equivalent to 15.4 and 20.9 pesos of August 2000, per person, the second is equivalent to 18.9 and 24.7 pesos per day. person and finally, the third corresponds to 28.1 and 41.8 pesos per day per person in rural and urban areas.

Regarding the evolution of the phenomenon in Mexico for the referred period from 1992 to 2000, it shows a gradual increase with respect to the total population until 1998, showing a reduction in 2000. In the same way, it observes that the The highest incidence of poverty occurs in the rural population.

The characteristics of poor households are the existence of highly populated households that include relatives, the presence of a large number of children in the household under 12 years of age, illiteracy and dropout of primary school, low levels of schooling in the heads of the family, houses in poor condition, etc.

Causes and factors that affect the increase in poverty

It is interesting to note that some scholars on the subject believe that what is known about the phenomenon of poverty, both in Mexico and in other Latin American countries, is scarce and refers more to measurement and quantification problems than to the analysis of the causes that lead to it. generate. It is suggested that greater attention be paid to the study of various socioeconomic phenomena, such as, for example, the factors that determine the distribution of national income and wealth, which constitute two of the determinants of poverty.

On the other hand, it is sad to note that in several of the poor countries many of the resources necessary for development are at hand, wasted or poorly used. Among them, intelligence, ingenuity and the workforce itself stand out. There are regions where multiple cropping is not practiced and during certain idle seasons, people engaged in planting suffer from unemployment. Another large labor force may be unemployed in the sense that it is engaged in tasks with a very low level of productivity. Also other factors that influence this situation are poor motivation, poor health and injustice found in most of these countries, but especially in rural areas.

The exploitation and inequality to which these population groups are subjected breeds resentment and inhibits initiative and creativity. When inequality is so severe that poor children suffer from protein deficiencies, their intelligence is permanently affected and their creative talents are destroyed.

In some countries where material deprivation is less severe, the effects on initiative and innovation may be similar, due to the psychological consequences of the lack of incentives and social organization that allow a minority to concentrate wealth to the detriment of the majority. most.

Labor is not the only resource found to be misused; In many countries, the land and other natural resources that could serve to reduce poverty and promote development are not efficiently exploited.

Poverty vs Inequality: social programs in Mexico

In general terms, ECLAC reveals that there is a tendency to reduce poverty, between 1998 and 2005 there will be a level lower than that of the last 15 years. At the end of the 1980s there was a rethinking of social policy and an improvement in social spending is shown; an improvement in targeting and more redistributive programs are those that have been carried out in the past two six-year terms.

A culture of evaluation of public policy has also been created, there are programs that work relatively well, others are a waste of money and, without a doubt, Oportunidades is the one that has been best evaluated.

With regard to the evaluation of social policy in the current six-year term, we can mention that in general terms what was there has been deepened and broadened. But it is necessary to rethink what new can be done in social policy.

The problem of poverty is conceptually old, but the problem evolves and the one we face now is different from before. We live with a segmented labor market and patches are being created, such as popular insurance and, as Oportunidades has worked, components such as pensions are being increased. It also causes many programs to be created for specific clienteles. This inefficient social spending diverts spending on infrastructure that could help economic growth and competitiveness.

If we see how much the wealth of the Forbes rich has grown and how much the wealth of Mexicans has grown, that of Mexicans has grown more than that of the Forbes rich. Inequality is one more fundamental issue in political economy, as politics is being captured by the elite. The influence of these rich in politics perpetuates inequality.

On the other hand, the premium for belonging to a union in energy, telecommunications, is a 50% premium on the hourly wage; this is an appropriation of income by the elites that are the unions. In the case of teachers, the impact that the state union has on the quality of state education is very high. Public policy may be being distorted by elites, which reduces the impact of public policy.

Although poverty has been reduced in recent years, poverty rates are not very different from the rates of 12 years ago, and it remains to be seen whether the reduction is attributed to economic adjustment or to policies to combat poverty.

Program evaluation should serve to weed out programs that are not working, improve those that are doing well, and make programs respond to these incentives. Many programs have been evaluated, with very critical results, and after years the programs remain the same. Even the programs that have been well evaluated have served for complacency, for example Oportunidades, and the expansion of this program. The evaluation is justifying its programs, its resources, without translating into an improvement of social programs. Oportunidades does not go to the most remote areas, which are the poorest and have not been served by programs such as Microregions.

It has not been possible to reduce poverty due to the great wear and tear on the population to survive on the land and the wear and tear on the environment. There are problems such as the centralization of the design of social policy and that there is no regional design. Social policy is not generating capacities for development and improvement. It is not clear that public policy is influencing the reduction of poverty, it is raising the capacity of some families, but not all.

On the subject of inequality, it is known what generates it, there are studies on the decomposition of inequality. Clearly there is inequality of results and access and there are countless units to measure it. More emphasis should be placed on inequality of access to the acquisition of certain assets that will ultimately have an impact on income. Education and health have an impact on the performance of human capital, it is the prize of human capital that determines income inequality. Here there is a very important role of the State, in health and education

The idea was added that inequality originates in access to the quality of education, that is, which school one goes to. Urban private schools have the highest performance, which is still low by international standards. The difference in access to quality education and how to solve that problem is a very complicated issue, because in the end we would find that it has to do with the teachers' union. Opportunities encourages demand for the educational component, but an offer that does not have the best quality has grown. The secondary TVs have the worst performance; education seen from the quality issue can be regressive. The fragmentation of programs and public policies is also a concern, as some policies often compete with each other.

Politics is co-opted by the elites and inequality is not seen as a problem. In the country's problems, it has been seen how to end poverty and not insulting wealth. It is necessary to put more money into the structure of the State, but the question is to know where that money is going to come from. There are not enough services that the State should be providing. Some economic groups are generating altruism and social responsibility in this country, but we must look for a true economic redistribution in the country.

Approaches for poberty rates

To “identify” the poor, it is necessary to compare the well-being of different people, to assess whether any of them has a level below the “reasonable minimum” socially set. Each way of measuring poverty has an implicit indicator of well-being, and the results obtained will probably be very sensitive to the chosen indicator.

The first part of this section summarizes some commonly used well-being indicators.

Then, once an indicator of well-being has been chosen, it is necessary to choose a method that allows answering the question: "From what level of well-being is a person considered to be not poor?" In this regard, there are different approaches, depending on whether they consider poverty as an absolute or relative phenomenon, measure "consumption capacity" versus "effective consumption", or consider that the concept of poverty can be better defined by the same people surveyed than by the researcher. .

Indicators of "well-being", Income vs. consumption

The welfare indicators most used in the analysis of poverty are income and consumption expenditure. This is because, in general, standard economic analysis defines poverty as “standard of living”, and further narrows this concept by restricting it to the material sphere. However, even under this definition, it is not possible to declare one variable as "superior" to the other to represent people's well-being.

If it is considered that the "utility" of people depends exclusively on their current consumption, then it would be possible to say that current consumption is the most appropriate indicator of well-being from a theoretical point of view, regardless of the form of financing that consumption, and that income is only an approximation of the standard of living.

Household income (or consumption) vs. per capita

The measurement of poverty is usually done through income (or consumption). This, in turn, can be expressed in household terms (total income) or in individual terms (income per capita). According to the first option, two households with the same total income have the same level of well-being, even though one of them is made up of six people and the other of two. However, it is reasonable to think that the needs of a household increase as the number of its members grows, so an indicator that considers the size of the household would be preferable to total income.

Per capita income accounts for the size of the household, dividing its total income by the number of members. Thus, since the measurement of poverty aims to quantify people's well-being, the object of study becomes the individuals themselves, rather than the households in which they live. In this sense, per capita income would be a better indicator of individual well-being than household income.

However, it is clear that individual needs are not adequately captured by the size of the household, since these also depend on certain characteristics, such as age, gender, etc., of each person. For example, a child needs to spend less than an adult to meet the same clothing needs, just as an elderly person needs less spending to cover their minimum caloric requirement compared to a young adult. Therefore, compared to per capita income, it would be preferable to use an indicator that considers the determining characteristics of individual needs.

Income (or consumption) adjusted by “equivalence scales”

As indicated, to study poverty through income or consumption, the ideal is to correct the variable used by means of an “equivalence scale”, which adequately reflects the needs of each of the household members. An “equivalence scale” is an index that shows the relative cost that a household must incur to enjoy the same well-being as a reference household, given its size and composition.

The concept of equivalence scales groups two elements simultaneously. On the one hand, the scale considers the different needs of household members, according to their age, gender or other demographic characteristics or type of activity. On the other hand, this index makes it possible to take into account the existence of “economies of scale”, characterized by decreasing marginal costs to reach the same level of well-being when a new member is added to the household.

This last point is related to the existence of public goods in the home, which can be "shared" without reducing people's well-being.

Share of spending on food

It is common to use the proportion of expenditure on food in a household as an indicator of its well-being. This is based on the well-known Engel's Law, according to which the proportion spent on food tends to decrease as income increases. Therefore, the welfare indicator is the proportion of spending on non-food goods.

nutritional indicators

The quality of life of a household can be approximated, for example, through the caloric consumption of its members. This makes sense since, especially for extreme levels of poverty, malnutrition is a fundamental part of the phenomenon. However, malnutrition is only one aspect of the "standard of living", and not a synonym for poverty. This reason, as well as the questioning that it is not always possible to identify appropriate nutritional requirements, has made this well-being indicator subject to criticism..

anthropometric methods

Indicators such as "height-for-age" and "weight-for-height" can serve as proxies for nutritional indicators, or as health indicators, and are often used when these are not available.

Basic needs

This approach classifies households as poor if they are unable to cover any of their needs in the areas of food, clothing, housing, health, education, or others; that is, well-being is directly related to the ex-post satisfaction of basic needs. In a certain sense, this has the advantage of characterizing poor households more adequately than income or other indicators, since it offers detailed information on the type of deficiencies they present, an important issue, for example, when it is required to identify target groups for policies that specifically alleviate those needs.

However, identifying the poor based on the satisfaction of basic needs also has some disadvantages.

poverty lines

To determine if a person is poor, it is possible to take a “direct” or an “indirect” approach. In the “direct” approach, a poor person is one who does not satisfy one or more basic needs, such as adequate nutrition, a decent place to live, basic education, etc. The “indirect” approach, on the other hand, will classify as poor those people who do not have sufficient resources to satisfy their basic needs.

It could be said then that, while the first method relates well-being to actual consumption, the "indirect" method evaluates well-being through the ability to consume. Therefore, by looking at different indicators of well-being, both methods can generate poverty classifications that are not necessarily compatible. Under the “direct” method, a person who has sufficient resources to meet her needs could be poor; under the “indirect” method, a person who has not satisfied several basic needs might not be considered poor.

The “indirect” method is characterized by using “poverty lines”, which establish the minimum income or expenditure that allows maintaining an adequate standard of living, according to certain chosen standards.

Various methodologies for constructing this line are presented below. While all of them share the notion of a “poverty line”, the theoretical underpinnings behind each approach differ considerably from each other.

caloric intake

Under this method, the poverty line corresponds to the level of income (or expenditure) that allows reaching a predetermined consumption of calories. Caloric needs are obtained from nutritional studies, making assumptions about the level of physical activity.

In this context, there are two ways commonly used in practice to calculate the poverty line. One of them is to select a subsample of households with a caloric consumption close to the required one, and use their average income as the poverty line. The other option is to run a regression between caloric consumption and income, and with the relationship found, evaluate the income necessary to consume the pre-established calories.

Cost of Basic Needs Method

Unlike the previous method, which is based on the explicit satisfaction of a single need, this method uses a basic consumption basket made up of various goods and services; the poverty line is the expense necessary to acquire that basic basket.

relative method

Although in Latin America the use of an absolute poverty line (as described in the previous points) is quite widespread, in developed countries there is a tendency to use a "relative" criterion, which sets the poverty line in relation to the average income of a country. In this way, poverty is considered as a situation of “relative deprivation”, in which an individual is more or less poor depending on how much others have.

The relative method, according to Sen (1984), originated as a response to the failed mid-century poverty studies, in which the poverty line used was absolute in terms of assets, and did not reflect the new needs of the population. people over time. By considering the condition of poverty based on what others have, this method does not require periodic readjustments at the level of the poverty line, since they are produced automatically with the variation in a country's income.

It should be noted that this way of moving the poverty line assumes an income elasticity with respect to mean (or median) income equal to 1; or, in other words, that people's perception of "relative deprivation" changes immediately with variations in average income. However, empirical studies based on subjective poverty lines have shown that this value is less than 1 (approx. 0.6 in the US, see Atkinson, 1991).

subjective method

The subjective method is not, by itself, an "indirect" method: it is possible to use the opinion of the respondents to establish minimum levels for each basic need, as in the "direct" method. However, in practice, the subjective method has been related almost exclusively to income, which is a proxy indicator of well-being.

direct method

The "direct method" is not only a methodological alternative to the poverty lines method, but it "represents a different conceptualization of poverty" (Sen, 1981). As seen above, the "indirect" method uses income (or consumption) as a proxy for people's standard of living. On the other hand, under the "direct" method, the living conditions of the population are observed directly. How far from social standards those living conditions are will determine a person's classification as "poor" or "not poor".

It should be reiterated that this method relates well-being to actual consumption, while the "indirect" method relates it to the possibility of consumption. In this regard, Sen (1981) offers a particularly illustrative example: "The ascetic who fasts on his expensive bed of nails will be registered as poor under the direct method; instead, the income method will classify him differently by considering his income level, at which a typical person in that community would have no difficulty in meeting his basic nutritional requirements."

Unsatisfied basic needs (UBN)

In Latin America, the most widely used “direct” method is known as “Unsatisfied Basic Needs” or UBN. This method consists of verifying whether the households have satisfied a series of previously established needs and considers those who have not achieved this to be poor. In its simplest version, the UBN method uses only "ex-post" information, since it does not consider the capacity of the household to meet future needs.

The measurement of poverty through this method requires, first, the choice of household characteristics that "in addition to representing some important dimension of deprivation, are also sufficiently associated with situations of poverty to represent the other deficiencies that configure such situations” (INDEC, 1984).

Within this same logic of combining both methods, but with the aim of giving their results a greater scope, an attempt has also been made to develop a new measurement methodology based on them. Such is the case of the so-called “Integrated Poverty Measurement Method” (MIP). This proposal proposes to specify the aspects measured within the framework of each method, to avoid duplication of information. Duplication that occurs, for example, by virtue of the fact that the income used in the construction of the poverty line takes into account various items of basic needs also incorporated in the scope of the NBI. In turn, it is postulated that a complete application of the MIP would require a survey specially designed for that purpose, in which the “income and expenses in current consumption by items are measured; rights of access; assets that provide consumption services, including educational levels attained; time available for education, rest, recreation and work in the home; and assets that do not provide basic consumer services” (Boltvinik, 1990).

Human Development Index (HDI)

Since 1990, the United Nations Development Program (UNDP) has presented its Human Development Report. It assesses the state of "human development", defined as the process of expanding people's choice possibilities. The content of the Report is based on the Human Development Index (HDI), generated as an alternative to GDP per capita to measure progress in the living conditions of humanity. Although this index is not limited to the measurement of poverty, it has been considered appropriate to present it in this document, since it represents another way of evaluating well-being using a "direct method".

The Human Development Index encompasses three fundamental dimensions of human life: longevity, knowledge and a decent standard of living.

Longevity is measured from life expectancy at birth and is the only variable that has not changed during the existence of the HDI. To measure knowledge, the 1990 HDI uses adult literacy. The standard of living is measured by means of per capita income, previously modified in three aspects: a) it is considered in terms of the same purchasing power, using PPP (Purchasing Power Parity) factors; b) the logarithm function is applied, to account for diminishing returns to income, and c) the portion of income that exceeds a previously determined threshold is eliminated.

Conclusions and proposals

It is impossible to remain indifferent to the current panorama regarding poverty, however, proposing a solution is not easy either. It is not an achievable goal to achieve a level of growth and lasting recovery of the world economy that benefits all countries as a whole, whether industrialized, developing or poor, and that allows the creation of jobs and therefore takes place. the abatement of poverty. It is not possible to reach feasible agreements between the countries, and on many occasions there is no consensus among the political forces within each one of them about the measures to be taken to achieve it.

We can say that it is imperative that all countries, and especially the most economically developed ones, bear in mind, when developing their internal policies, the growing reciprocal dependence between countries in the world economic arena.

A growth strategy is needed that gives preference to employment and higher productivity of society as a whole, as a means to increase income, redistribute the fruits of economic growth and satisfy essential needs, thereby achieving a higher level of development.

The problem of unused or underutilized labor is a great waste of resources and an element that causes the disintegration of national societies and the disappearance of the important social and economic gains achieved in many countries in recent decades.

Therefore, it is appropriate to propose the following at the international level:

> 1. Seek mechanisms to increase aid to poor countries through international organizations, not only financial, but with new productive, organizational and legal paradigms to reduce poverty.
>
> 2. Implement domestic policies in poor and developing countries that include taking responsibility for their own development and lessening their vulnerability to economic shocks originating from abroad.

At the national level:

1. Provide the creation of productive employment and active participation of the poor in growth to seek development. This is essential in any economic and social policy, and must be accompanied by the necessary structural changes.
2. That the political, social, and structural conditions exist to seek an increase in the acquisition of skills and competencies necessary to guarantee active participation in the labor and productive market.
3. Use the funds used in social policy to formulate a capacity building framework and not an insignificant economic amount that undermines business initiative.

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