

**BRAZIL**

**EXPERT GROUP ON POVERTY STATISTICS**

by

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## **Expert Group on Poverty Statistics**

### **Background**

The Working Group of the United Nations Statistical Commission, in its last session in April, 1996, approved the recommendation to establish an Expert Group on poverty statistics to be chaired by Brazil, through the Brazilian Institute for Geography and Statistics - IBGE, with the U.N. Economic Commission of Latin America - ECLAC - acting as a Secretariat. Australia, Mexico, South Africa, the United States of America, the UNDP and the World Bank manifested their interest in participating, and representatives of other countries and institutions are welcomed to join. The Statistical Commission, during its Twenty Ninth Session held on February 10-14, 1997, took note of this initiative, under the expectation that the expert group could provide the Commission with specific suggestions for guidelines on this matter.

The Working Group, in the same session, approved also the recommendation to hold a seminar on poverty statistics at the ECLAC headquarters in Santiago, Chile, during the first semester of 1997. With the support of the statistical divisions of the other Regional Commissions, ECLAC will be the Secretariat of the meeting.

The Seminar on Poverty Statistics is scheduled for May 7, 8 and 9, and it was agreed that this would be also a convenient time to hold the first meeting of the Expert Group. A provisional agenda for the seminar was prepared and included in the invitation sent to statistical offices and international organizations.

### **The ECLAC Seminar**

The main goal of the ECLAC seminar will be to compile the different measurements of poverty now being used in different countries of the world. A reference document, "Poverty Measurement - Present Status of concepts and methods" was prepared by ECLAC, reviewing the main methodologies used by different countries in the measurement of poverty, and highlighting their strengths and limitations.

### **The Expert Group meeting**

The expert group meeting will convene on the last day of the ECLAC Seminar, and the first subject of the agenda will be to discuss whether the constitution of such expert group is really justified, on the light of the discussions occurred during the ECLAC seminar. If it is agreed that the expert group should be maintained, it will necessary to define its goals and a time schedule for its activities; the end product of its work should be a written recommendation to the United Nations Statistical Commission about recommended practices and standards for the improvement of poverty statistics. Participation in the meeting and in the expert group is open to countries present or not at ECLAC's event, and representatives of international organizations. The Brazilian Institute of Geography and Statistics will be

pleased to host a meeting of the expert group in Rio de Janeiro later in 1997, if considered useful.

### The issues

The condition of poverty is as old as mankind, but the way it is perceived by society, and the ways governments and policy makers have strived to deal with it has changed enormously. In the past, poverty was often considered a natural and unavoidable condition of large parts of the population. The tendency, today, is to consider poverty as an unacceptable condition, requiring positive action to eliminate it.

Poverty is a relatively new subject in the realm of public statistics, or rather a renewed one, since it was a central concern in the earlier days of the European statistical offices in England and other countries<sup>1</sup>. More recently, however, the issues of poverty came to be treated in terms of income distribution and unemployment, and also as a condition derived from personal handicaps, rather than as poverty as such. The assumption was that in a well organized and modern economy everybody should have a stable employment and a "satisfactory" income, and it was the task of statistical agencies to monitor deviations to this general expectation, in order to prompt for the necessary corrective measures. For the developed countries, social welfare policies were called for; in the poorer parts of the world, economic development was to be the answer.

The renewed interest on the subject of poverty started already in the 1950's with the severe problems of famine afflicting large population groups in Asia and Africa, and studies showing the worldwide problems of malnutrition and their long-term consequences. The relevance of poverty as an issue increased as it became clear that economic development was not being successful in many countries, and, even when it was successful, it often left large groups at the margins, suffering the impact of social, economic and political change on traditional patterns of social and economic organization. Finally, it became clear that the exclusion of significant segments of the population from the benefits of a modern economy was not something limited to the less developed economies, but a something that occurred at the very core of highly industrialized and developed societies.

Whatever the determinants and explanations of poverty, it is always associated with income deprivation, which, in extreme conditions, has direct and observable consequences for the health, life expectancy and quality of life of specific groups, which could be compared and monitored through time and space. The standard procedures are either to make a direct evaluation of the population's health conditions, or to measure the number of people who are above or below a minimum income threshold, considered necessary for the satisfaction of

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<sup>1</sup>For the surveys of Charles Booth, Seebown Rowntree and Arthur Bowley in 19<sup>th</sup> Century England, see Hennock, E. P., "The Measurement of Poverty: from Metropolis to the Nation, 1880-1920", *Economic History Review* 2<sup>nd</sup> series, XL, 2, 1987, p. 208-227, quoted by Alain Desrosières, "Les pauvres: comment les décrire, qu'en faire?", *La politique des grands nombres* (Paris, La Découverte, 1993), 271 ff.

basic needs. Income inequality is also amenable to fairly straightforward measurements, if income data are available.

The technical problems associated with the measurement of poverty are well analyzed in ECLAC's paper, but it is worth stressing two complicating factors which might be relevant for the consideration of the expert group. The first is that income in monetary terms may not be an adequate measurement of living conditions of poor populations. Besides the known problems with the measurement of household income, there is often a significant amount of non-monetary transactions, out-of-the-market transfers, access to public services and production for self-consumption which may become more important than straightforward income, as measured in standard household surveys. Secondly, access to specific products and services can be associated with extreme levels of poverty in one place, but not in others. For instance, to live in a shanty-town in a big Latin American city is not necessarily an indication of extreme poverty, in contrast to the absence of a heated living place in cold regions. Distance from clean water wells may be a measure of poverty in some areas, equivalent in others to the presence or absence of tap water in households. Cultures vary in the way they value specific conditions, like clothing and living standards, access to education for women, exposure to violence, or access to public transportation, public health and public justice. The issue here is whether some of these "cultural variations" should be taken as such, or measured against some "objective" (and often value-loaded) standard.

Because of these problems, the notion that the international statistical community should attempt to develop cross-national, comparative poverty measurements, which could be used to rank countries in terms of their poverty levels, is often questioned, and should be the subject of an evaluation. The same question should be raised about the establishment of "poverty lines", not only for international comparisons, but even for national studies. The usefulness of reliable and internationally comparable poverty figures seems unquestionable, but this usefulness should be weighted in relation to the loss of information and reliability which are implied in the sequence of ad hoc and arbitrary decisions which are taken during this process, and also in terms of other possible alternatives to respond to the need to quantify and monitor the conditions of the poor.

### **Poverty levels and poverty syndromes**

An alternative approach to the issues of poverty is to consider it not just as a matter of a position in a continuum of income, needs satisfaction or deprivation, but as a condition deriving from complex social conditions that are specific of some groups and societies, requiring specific policy actions and well differentiated social policies. Standard multivariate analysis can be used to measure the impact of specific variables in the conditions of poverty, and to generate policy recommendations. For instance, Ricardo Paes e Barros and José Márcio Camargo have shown that education and productivity are the most important variables explaining poverty levels in Brazil, which places educational policies at the top priority in the poverty reduction agenda<sup>2</sup>. This kind of study requires complex data sets

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<sup>2</sup>"As causas da pobreza no Brasil", in João Paulo dos Reis Velloso and Roberto Cavalcanti de Albuquerque, eds., *Modernidade e Pobreza*, Rio de Janeiro, Fórum Nacional, editora Nobel, 1994, 81-112.

combining information on poverty with other variables, and are different in scope and methods from the efforts to generate extensive and detailed poverty measurements.

Multivariate analysis may not be sufficient, however, to understand the full extent and implications of poverty conditions occurring in different social contexts, and to generate the corresponding policy recommendations. To think in terms of "syndromes of poverty", as complex conditions associated with the language, ethnicity, culture, economic institutions, education and history of the affected communities and their social environment and afflicting specific groups, can be more useful from a policy point of view, and closer to common sense. For instance, although it is true that lack of formal education is associated with poverty everywhere, the impact of investing in educating the unskilled urban worker can be greater than the same investment, with the same approach, on the education of rural ethnical minorities. This is not to deny the importance and relevance of multivariate analysis, but only to stress that it should be combined with other ways of organizing, interpreting and presenting the information.

A list of such conditions and contexts, or poverty syndromes, would necessarily include, among others:

- Poverty associated with low salaries in an organized economy. This is the classic condition of economic exploitation, and it is relatively easy to identify and measure, since it is above all a matter of income distribution.
- Poverty associated with traditional social and economic conditions. This is the situation of the Brazilian poor in the Northeastern region, and applies, more generally, to the rural poor; it also applies, more forcefully, to the native, rural populations in countries like Bolivia, Paraguay and Peru. A special and aggravating condition occurs when the social and economic organization of these sectors are shattered in the contact with the modern side, or with conditions of local violence, generating extreme cases of social deprivation and potential conflict.
- Poverty associated with lack of access to the organized economy. This is a very broad category, which can affect special groups and conditions. It includes, for instance,
  - the inner-city ghettos;
  - specific age groups, like the old age cohorts in societies with inadequate provisions for social security;
  - non-educated, "unemployable" youths in modern, urban societies;
  - population living in the periphery of the large metropolitan areas.
  - women;
  - specific ethnic groups;
  - specially deprived groups, such as the physically handicapped, unwed mothers
  - economic and political refugees
  - professional groups displaced by the obsolescence of their professional skills.

- Poverty associated with chronic unemployment. Unemployment, measured according to the standards of the International Labor Organization, refers to a short-term condition (persons who had been recently laid off and are actively looking for a job). There are other conditions, however, which are not captured by these data - adults who have never entered the labor market, or who have ceased to look for jobs, or who are marginally or "under-employed".

The analysis and measurement of complex social conditions require specific approaches and methodologies which are usually not part of the working tradition of statistical offices, or may resemble a step back in the direction of old, qualitative studies of an anthropological kind. The Living Standards Measurement Survey, supported in many countries by the World Bank, gathering a large amount of information on a limited sample of households, and applying user-friendly data processing procedures for their interpretation, is an attempt to analyze complex situations making use of modern survey and data analysis facilities. Other governmental agencies and research institutions may have approaches of which statistical offices may not be aware, and should be taken into consideration. Whatever the approaches, the end result of this effort to develop better poverty statistics could be the publication of typologies of poverty situations, associated with the usual figures on income, employment, education, household conditions, demographic characteristics, and so forth.

### **Issues for the expert group**

If the expert group agrees to continue its work, it should take a long-term view of the current efforts to measure inequality along the lines described in ECLAC's "state of the art" paper, and take into consideration other approaches which might be closer to the typological perspective suggested here. After this examination, it should prepare a document making recommendations about what the countries should do to improve the quality and the policy relevance of their poverty statistics. The Santiago meeting should identify countries, persons or organizations willing to prepare review papers of these and similar topics, for discussion in the group's next meeting in Rio de Janeiro.