

Multidimensional Poverty in Colombia: Explaining Improved Well-being Despite Economic Recession and Violence

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Abstract

Despite suffering the worst recession of the last century (1998) –which increased poverty, back to the level of 1988- and, putting up with persistent levels of violence and insecurity, Colombians experienced unambiguous improvements in well-being between 1997 and 2003. This paper tries to explain the observed changes in well-being with alternative multidimensional poverty indexes of three variables that Colombians identified as public policy priorities during that period: violence-security, unemployment-income poverty and education, in order of importance. A battery of three bi-dimensional poverty indexes –in nine standard functional forms- renders inconclusive evidence, that is to say two indexes contradict perceptions of improved well-being, and only one income-education poverty moves in the same direction. Moreover a three-dimensional poverty index does not provide unambiguous evidence supporting well-being perceptions. These findings suggest that two very relevant dimensions might be missing: the inter-temporal dimension of security and a proper measurement of consumption. That is, the anticipated improvements in the security trend associated to the 180° change of security policy after the presidential elections of 2002; and, the increasing redistributive impact of social programs -that were more than doubled as percentage of GDP during the 1990's-.