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Editorial

Magnitude and implications of poverty in Colombia

Poverty is an important concept in the social sciences and its interpretation generally depends on the school of thought on which it is based. However, most of its scholars consider that poverty is the deprivation or deficiency of a condition or the obtaining of income in relation to a predetermined threshold.

Poverty is classified into two types: unidimensional and multidimensional. The latter occurs, according to National Administrative Department of Statistics (DANE, by its acronym in Spanish) when households show conditions of structural poverty, which consists of determining several factors to be able to conceptualize whether or not a household supports this type of poverty: the conditions in which the minors live, the employment situation of adults, their level of education, access to health services and home public services, and some characteristics of the dwellings. If households show deficiencies in at least one third of the above factors, they are considered poor (Lora, 2019).

In this writing, reference will be made to one-dimensional poverty and for this purpose we refer to the definition of the Economic Commission for Latin America (ECLAC), according to which, “poverty means the lack of sufficient income with respect to the absolute income threshold, or poverty line, which corresponds to the cost of a basic consumption basket”.

When it comes to poverty, the most pertinent thing is to analyze the situation of households. For this reason, Juan Daniel Oviedo, director of DANE, affirmed that according to this entity’s methodology at the national level and for 2020 (it is appropriate to clarify that DANE establishes differences by area of residence and by cities according to the cost of living), a household is considered poor if the total income (wages, rents, pensions, among others), when divided by the number of members of that household (parents, children, grandparents) is less than 331,688 Colombian pesos monthly per capita, and extremely poor, if that amount is less than 145,004 pesos monthly per capita. In other words, a four-person household is classified as poor if its income is less than 1,326,752 per month, and those households whose income is less than 580,060 pesos per month are classified as being in extreme poverty.

According to DANE, and due to the pandemic, poverty in Colombia in 2020 increased notably. Currently, 42.5% of the population lives in poverty, that is, 21 million people. In 2019 it was 35%, that is, approximately 17 million citizens, which means an increase of 6.8%, which is equivalent to 3.6 million more people who entered this category. Similarly,

according to the same source, extreme poverty in the national context increased substantially and went from 9.6 to 15.1% between 2019 and 2020; therefore, 7, 4 million people are part of the population in extreme poverty or indigence.

As stated by DANE, ordinary and extraordinary transfers from state social programs, such as VAT compensation, “Jóvenes en Acción” (Youth in Action), “Familias en Acción” (Families in Action), among others, as well as solidarity income and different local subsidies for facing the pandemic and alleviating the situation of the neediest, were important so that poverty was not higher. Without these transfers, this would be more worrying, and the results could be like this: monetary poverty would be 46.1% and extreme poverty would be 19.8%, which means that these disbursements avoided an increase of 3.6 percentage points in the first, and 4.7 percentage points in the second.

On the other hand, both poverty and extreme poverty in rural areas were reduced: in the case of poverty, it fell by 4.6 points, since in 2020 it fell to 42.9%, while in 2019 it was 47.5%. For its part, extreme poverty fell from 19.3 to 18.2% between 2019 and 2020.

In the rural sector, the decrease in poverty is explained, according to DANE, because the contagion of COVID-19 was stronger in urban areas and the confinement was more intense in these, while in the rural sector the contagion did not have the same scope and, therefore, even though both production and rural employment, although they fell at the beginning, later rebounded until reaching levels like those before the crisis. Similarly, as recognized by Roberto Angulo, member of the DANE expert committee on poverty issues, the fall of this scourge in the rural sector is also explained by the rural coverage of the “Familias en Acción” program.

Undoubtedly, the pandemic affected poverty levels in Colombia as it did throughout the world, but it is also evident that state aid to the most vulnerable population was insufficient, when compared to that granted in other countries. In this regard, several analysts, such as José Antonio Ocampo, Salomón Kalmanovitz and Aurelio Suárez, among others, agree in stating in some periodical publications that the resources allocated for this purpose were very scarce.

Ocampo argues that the expenses to fight the pandemic should be higher. According to him, aid to poor and vulnerable households must be increased and evolve towards a basic income. Suárez considers that the money from the Emergency Mitigation Fund (FOME), for 7 million beneficiaries, does not reach 1.5 dollars a day and, on the other hand, the payroll stimuli through the PAF program –that finances the 40 % of the monthly payroll of workers with minimum wage–, only protected a maximum of 1.4 million workers out of a total of 11 million formal workers, and of the latter, 7 million works in SMEs. This leads Suárez to conclude, taking information from the IMF, that Colombia spent, in proportion to its GDP, less than Chile, Peru, Bolivia and Brazil.

Kalmanovitz reached the same conclusion, arguing that the government's economic team acted very stingily, since spending to face the pandemic did not reach 3% of GDP, while Chile allocated 10%; even Bolivia, a country poorer than Colombia, allocated more resources.

In sum, the pandemic accentuated poverty in Colombia, although it was already high before the crisis, because this has been and continues to be one of the country's structural problems.

Now, the best way to mitigate the current situation is not only with state subsidies, but with sustained economic growth, generation of quality employment for young people and women, and greater educational coverage. If the necessary resources are allocated and there is political will to promote these programs, greater inclusion in living conditions can be produced, so that the claims and demonstrations of the last days are reduced. If the requests are not resolved, especially those of young people and women –the most affected in this crisis–, discontent will continue, because although it is true that due to the increase in cases of infected and dead by the coronavirus, popular demonstrations calmed down, problems persist, which does not rule out a worsening of social unrest.

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