Poverty and gender in Latin America

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Motivation

- The neglection of intrahousehold inequality in the measurement of individual poverty may lead to wrong generalizations about the size of the gender poverty gap, and it may also have implications in terms of public resource allocation (generally targeted on household basis).

- Scarcity of studies for Latin America about misclassification of individual poverty with respect to household's traditional poverty classification.

Intrahousehold decision making and individual well-being

- Traditional approach to poverty measurement based on two crucial assumptions (Ponthieux,2013): **full income pooling** that justifies the use of total household income and **equal resource allocation** between household members, justifing the use of per capita income. Consistent with unitary model of household behavior.

- Literature does not find strong evidence for these assumptions (see Bourguignon et al, 1993; Browning, 1995; Lundberg et al, 1997; Ward Batts, 2008; Attanasio and Lechene, 2002; among others).

Intrahousehold decision making and individual well-being

- Higher probability of pooling resources: presence of children, traditional division of labor and the need to monitor low resources (Ponthieux and Meurs, 2015).

- In a study for 21 European countries, around 47% of adults living in multiperson households declared holding back at least some of their income from the pool (represents around 38% of total households, Ponthieux, 2013).

- Anthropological and sociological evidence has questioned the pooled income hypothesis both in developed and developing countries (Cuesta, 2006).

Previous departures from traditional measures

- Analysis of poverty status of female vs. male headed households (Bradshaw et al., 2018; Fukuda Parr, 1999; Liu et al, 2017; among others). Mixed evidence (Buvinic and Gupta, 1997; Quisuming et al, 2001)

- Analysis of specific populations: men and women living alone or only one adult households (Wiepking and Maas, 2005; Barcena and Moro, 2013; among others). 'Single' women most likely to become poor than 'single' men.

- Exploration of gender differences in poverty under different assumptions about pooling and sharing rules (Fritzell, 1998; Gornick and Jantii, 2010; Ponthieux, 2010; Ponthieux and Meurs, 2015).

Previous departures from traditional measures

- More recent strand of literature, based on structural collective models and using household surveys in which some items can be "assigned" to individuals, estimate demand functions (comparison between different types o household) (Browning et al, 2013). This allows indirect estimation of resource allocation between individuals within a household.

- In Bangladesh, this model predicts well the allocation between parents and children, suggesting the robustness of the identification based on adult exclusive goods (Bargain et al, 2018).

Previous departures from traditional measures

- Significant intra- household differences in consumption and poverty in Bangladesh and Malawi (World Bank, 2018). Women and children are allocated a smaller share of the households' resources. Inequalities in resource allocation more pronounced for nonfood.

- For Chile, Cuesta (2006) finds that individual poverty and inequality worsen under cooperative allocation rules dominated by gender discrimination.

- For Argentina, Echeverria et al (2018) finds a positive gender bias in expenditure when children are females, children fare better when mothers have a higher bargaining power.

- Iglesias and Cohelo (2018), for Brazil, find that the share of household resources is slightly larger for men than for women.

In this paper:

- Compare the traditional poverty measure with other measures such poverty by sex of the household´s head and male and female poverty in single adult households

- Depart from the income pooling assumption and consider earned income (Ponthieunx 2010) and a minimal pooling assumption (Fritzell, 1998).

- Compare female and male poverty magnitudes and overlapping under different strategies, and of the changes in the ordering of countries

Methodology

- Latin America: poverty measurement based on per capita household income

- ECLAC (2018) absolute poverty thresholds: selection of the reference group as the population that covers nutritional and other basic needs. Orshansky coefficient emerges from each country data set.

- The ECLAC lines are relatively similar to national thresholds, and are generally higher than the threshold used by the World Bank for upper and medium income countries (5,5 USD PPP, middle income countries).

Methodology

- *Household level*
  -**Traditional measure**: based on per capita income, total   population
  - **Poverty by headship**: based on per capita income, total   population, by sex of household head
  -**Poverty for single adults**: based on per capita income, one-adult household, by sex

- *Individual level*
  - **Earned income poverty**: based on personal earned income, total population, by sex (Ponthieux 2010, 2018)).
  - **Minimal pooling**: ᴇach adult of the household contributes a proportional part of their income to the support of children, and the rest is kept for their selves. The relative personal income of men and women remains unchanged after they contribute to children's welfare.   Children get the same amount of resources as in the traditional measure

Data

• Household surveys for 16 Latin American countries, circa 2016.

Country	Year	Coverage	Number of households	Number of observations
Argentina	2016	Urban	18.372	58.154
Bolivia	2016	National	11.062	38.549
Brazil	2016	National	151.284	459.718
Chile	2015	National	83.887	266.968
Colombia	2016	National	231.178	778.238
Costa Rica	2016	Nacional	11.335	37.006
Ecuador	2016	National	30.338	114.086
El Salvador	2016	National	20.609	76.264
Honduras	2016	National	6.211	27.297
Mexico	2016	National	70.311	257.805
Panama	2016	National	11.610	42.233
Paraguay	2016	National	10.219	37.814
Perú	2016	National	35.785	131.280
Dominican R.	2016	National	8.007	26.326
Uruguay	2016	National	45.158	118.591
Venezuela	2014	National	33.675	133.097

Data

- Sample restriction: people aged 25-59

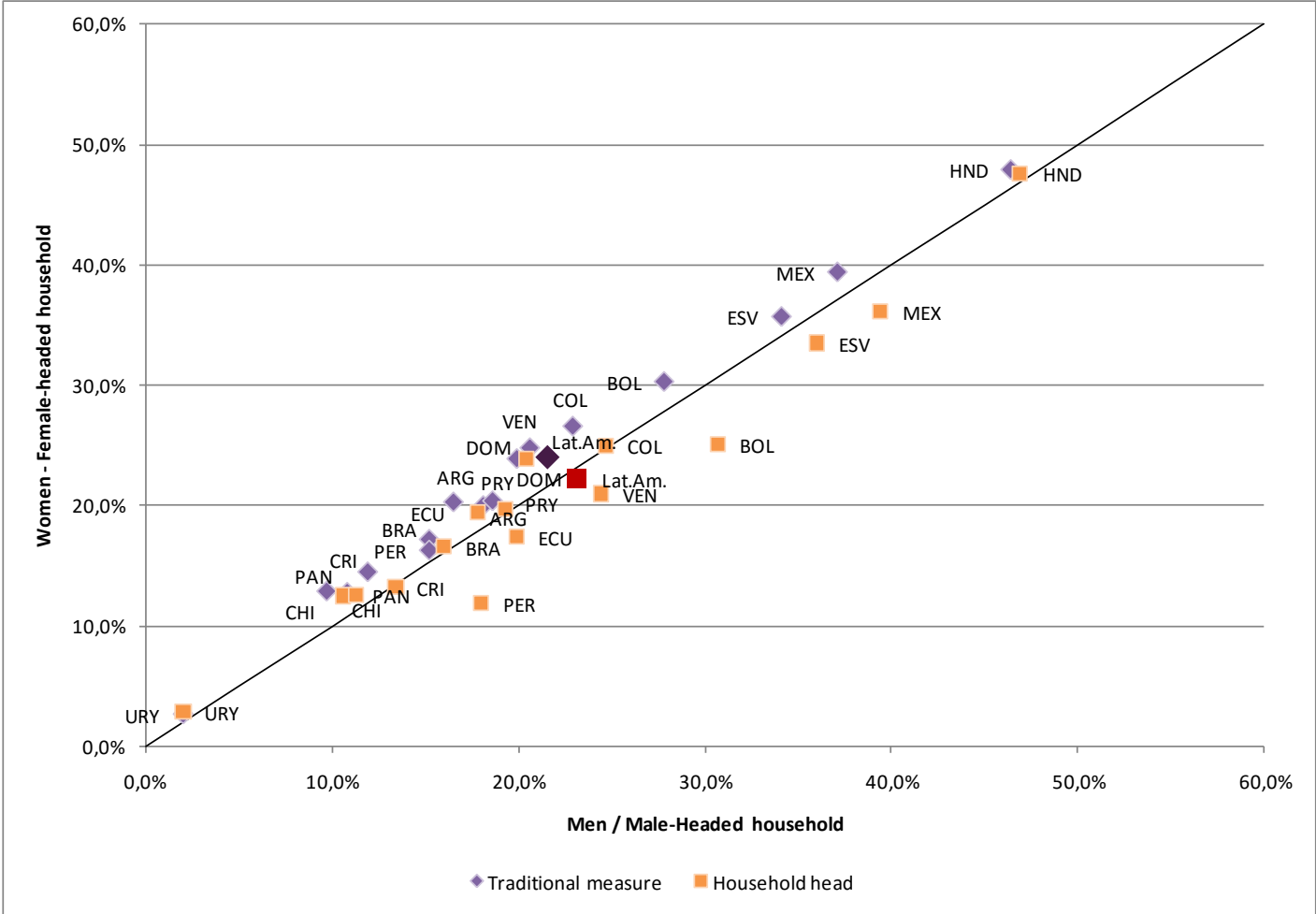|	% of hh with people aged 25-59	% of people aged 25- 59	% of single-adult (aged 25-59) households	% of people aged 25-59 in single-adult hh
Argentina	78,5%	43,9%	20,2%	9,2%
Bolivia	80,2%	39,7%	21,7%	10,9%
Brazil	83,1%	47,8%	18,3%	8,7%
Chile	80,4%	45,1%	18,1%	7,8%
Colombia	85,5%	45,0%	21,8%	9,8%
Costa Rica	85,1%	46,7%	18,2%	8,2%
Dominican Rep.	82,9%	41,7%	26,5%	13,0%
Ecuador	83,9%	40,6%	15,8%	7,2%
El Salvador	84,4%	40,1%	16,8%	7,6%
Honduras	87,4%	37,0%	11,7%	5,0%
Mexico	85,3%	43,2%	14,6%	6,5%
Panama	83,5%	41,0%	19,9%	8,7%
Paraguay	83,9%	40,5%	17,2%	7,8%
Peru	82,5%	41,5%	15,1%	6,5%
Uruguay	70,5%	43,7%	25,2%	12,8%
Venezuela	89,0%	43,8%	16,1%	6,4%
Latin America	83,2%	44,4%	19,1%	8,6%

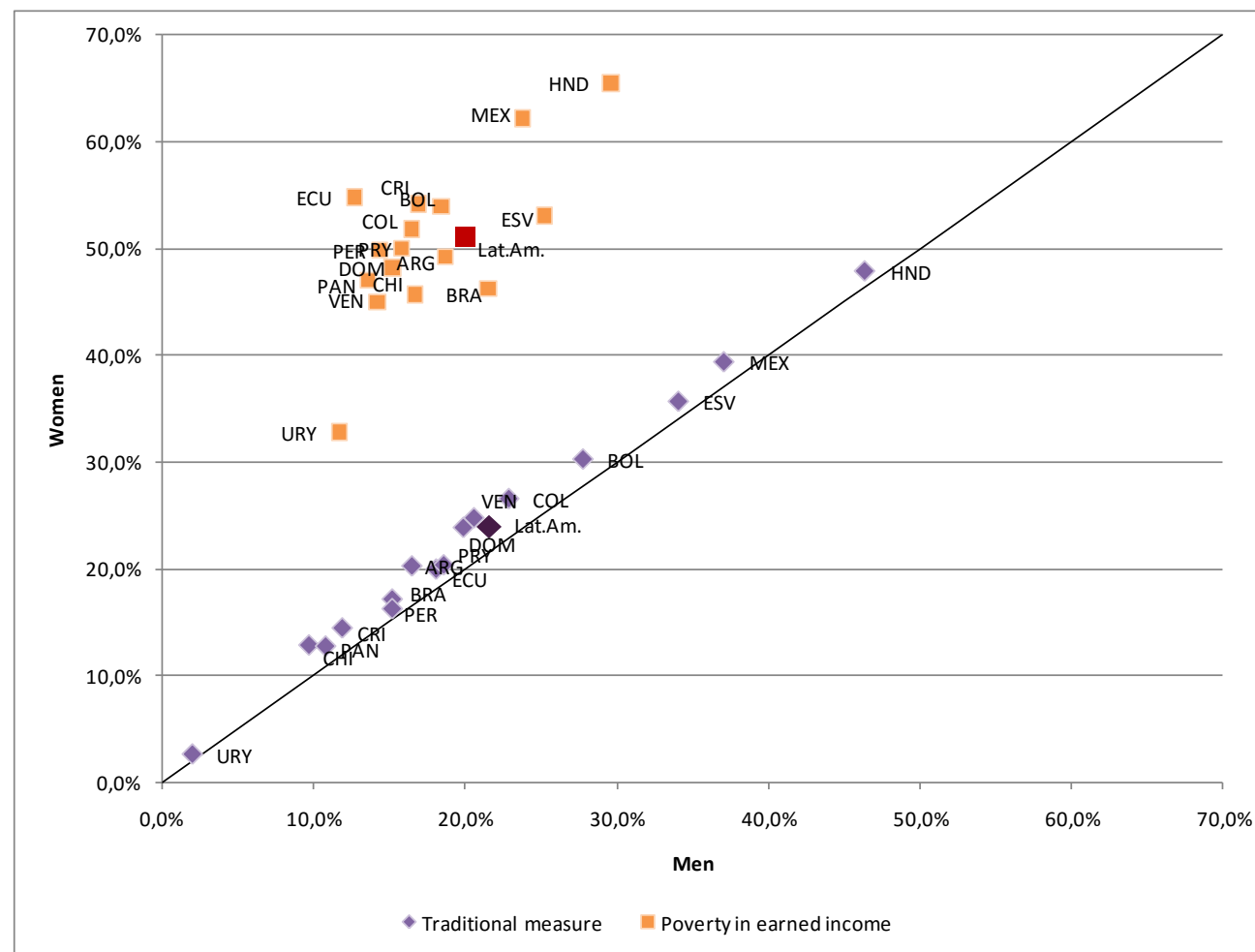# Results: household level poverty measurement

Traditional poverty incidence by sex and poverty incidence by sex of the head of household. People aged 25-59. Latin America. 16 countries. Circa 2016

Results: household level poverty measurement

Traditional poverty incidence by sex, total population and households with one adult between 25 and 59 years-old. People aged 25-59. Latin America. 16 countries. 2016

Legend: ● Traditional measure ● Single adult
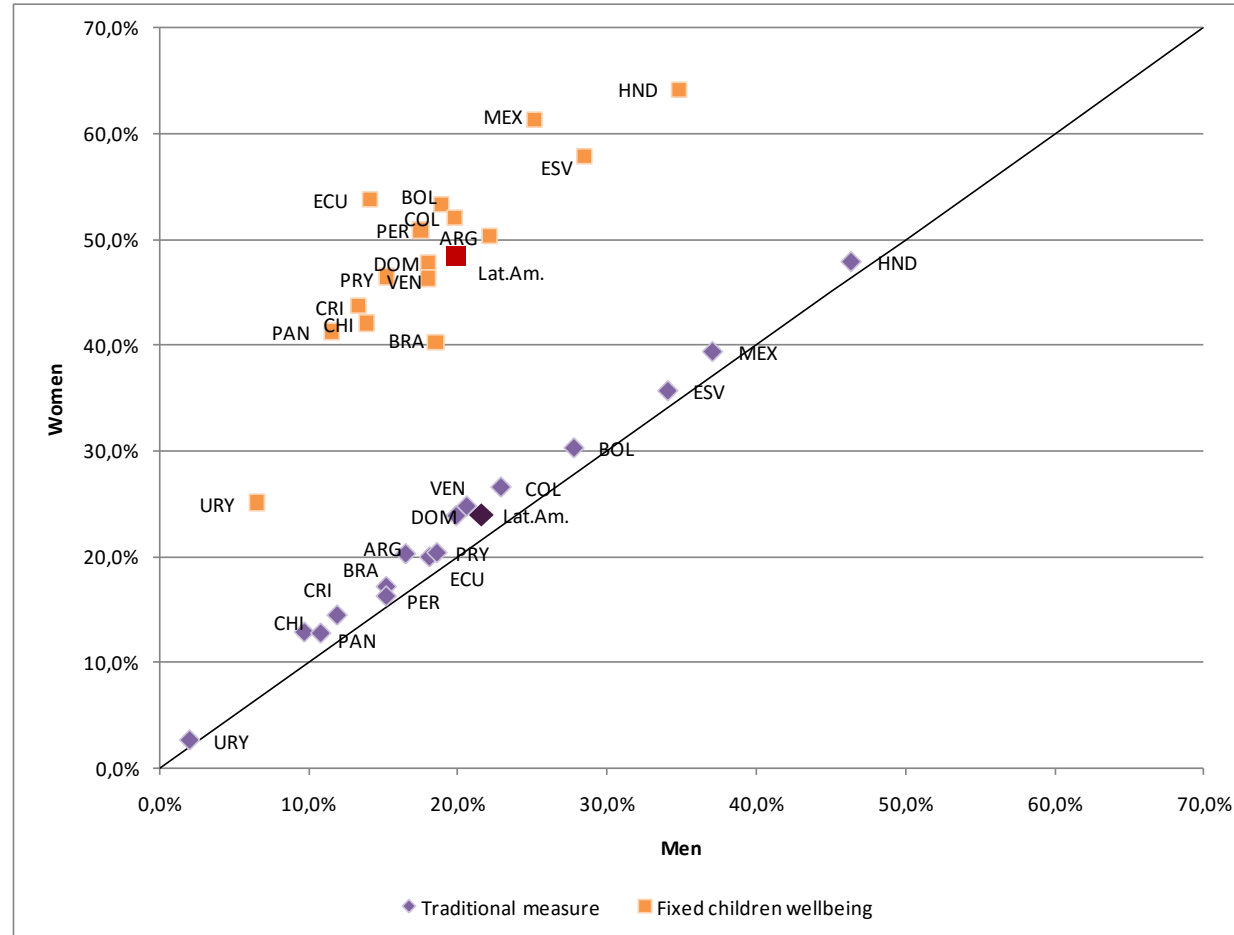
Results: individual level poverty measurement

Traditional poverty incidence and poverty in earned income. People aged 25-59.
Latin America. 16 countries. Circa 2016

Results: individual level poverty measurement

Poverty incidence for complete pooling (traditional measure) and minimal pooling. People aged 25-59. Latin America. 16 countries. Circa 2016

Results: individual level poverty measurement

Percentage of people without any personal income. People aged 25-59.
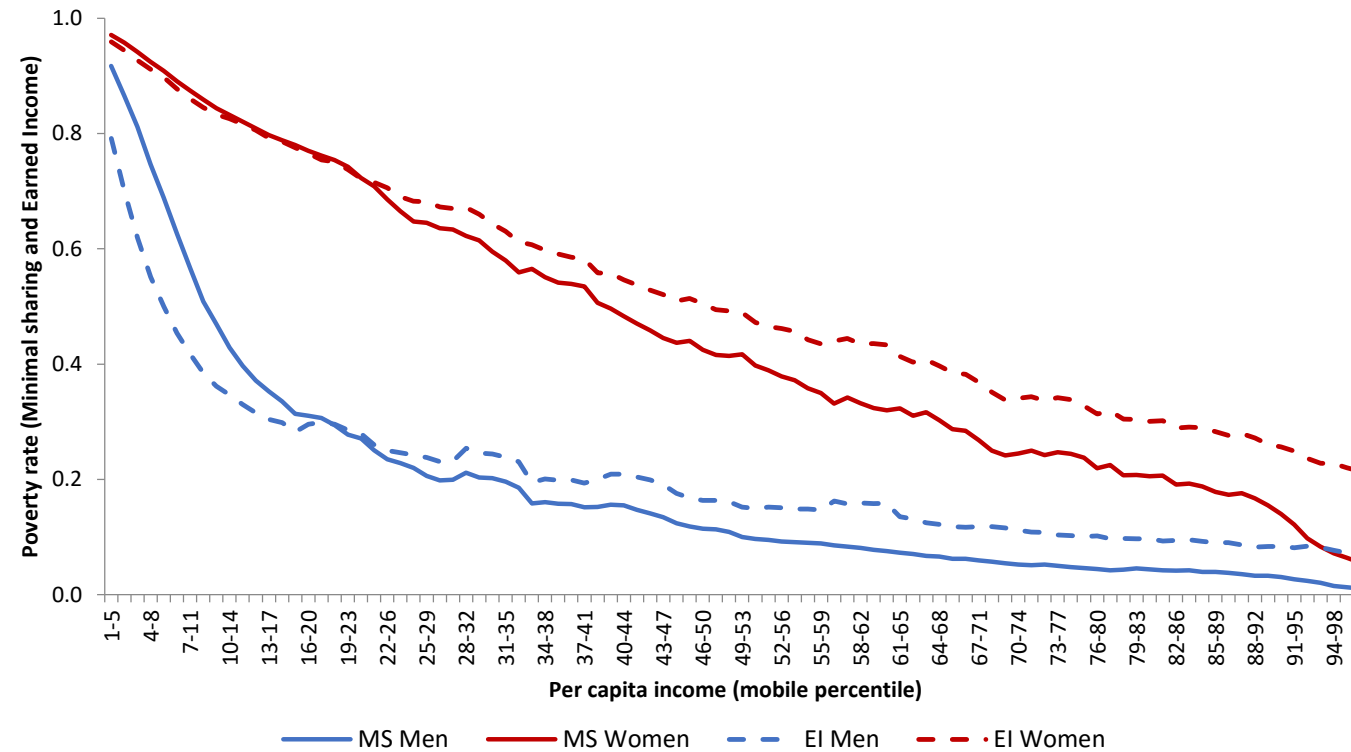Latin America. 16 countries. Circa 2016
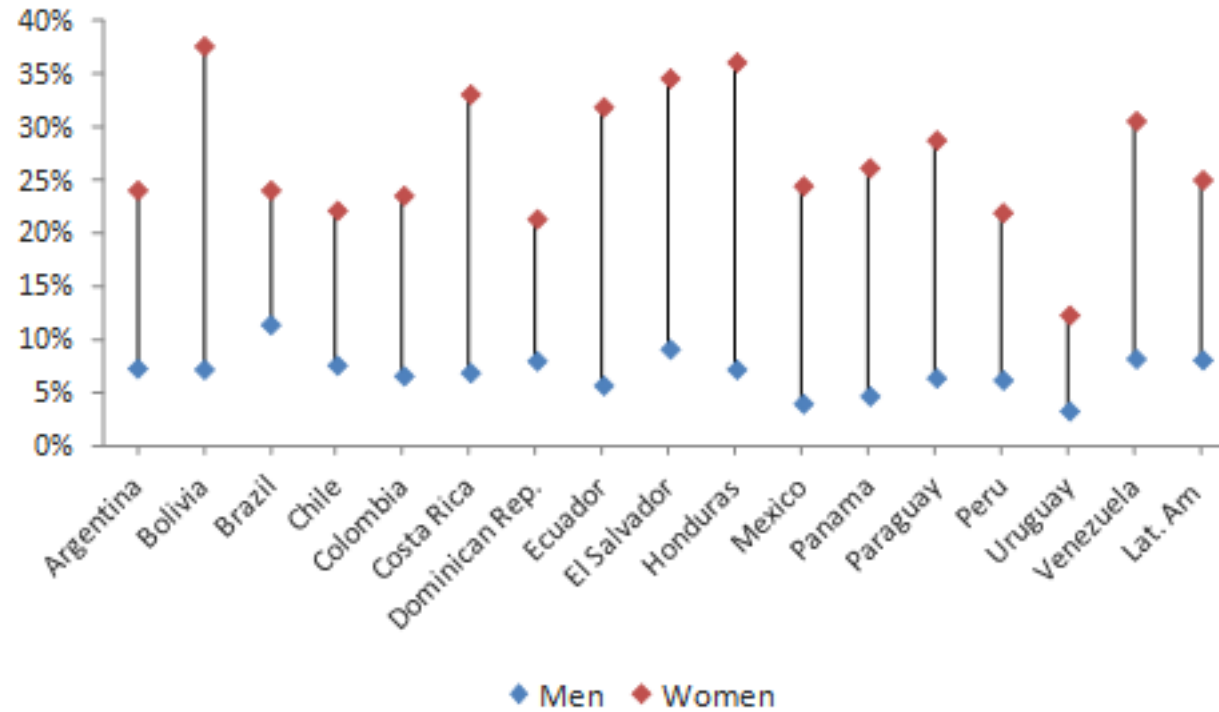
Results: identification consistency

	Minimal pooling					
	Consistently poor (1)			Consistently non-poor (2)		
	Total	Men	Woman	Total	Men	Woman
Argentina	40,4%	49,4%	36,8%	94,2%	92,8%	96,2%
Bolivia	50,1%	62,9%	46,1%	83,7%	80,5%	88,7%
Brasil	45,9%	58,4%	40,2%	93,7%	92,3%	95,4%
Chile	26,3%	33,5%	24,2%	93,6%	93,2%	94,2%
Colombia	47,9%	57,4%	44,8%	89,7%	86,7%	93,6%
Costa Rica	31,4%	47,5%	26,7%	94,3%	93,6%	95,3%
Ecuador	41,2%	57,2%	36,6%	88,5%	85,8%	92,9%
El Salvador	60,5%	70,9%	56,1%	79,7%	76,0%	85,1%
Honduras	68,9%	78,2%	64,8%	74,3%	69,7%	81,2%
México	58,1%	71,8%	53,3%	79,3%	75,5%	86,3%
Panamá	34,1%	53,8%	29,2%	93,9%	92,6%	95,8%
Paraguay	44,3%	60,6%	38,4%	88,4%	87,0%	90,7%
Perú	37,5%	53,0%	32,3%	93,1%	90,8%	96,8%
Dominican Rep.	53,0%	64,8%	48,7%	87,9%	85,9%	91,6%
Uruguay	8,4%	15,7%	6,7%	98,8%	98,9%	98,7%
Venezuela	49,5%	58,1%	46,4%	89,3%	86,8%	92,9%
Latin America	43,6%	55,8%	39,5%	88,9%	86,8%	92,2%

Results: identification consistency

Male and female poverty rate under minimal sharing (MS) and earned income (EI), by veintiles of per capita income. People aged 25-59. Latin America. 16 countries. Circa 2016
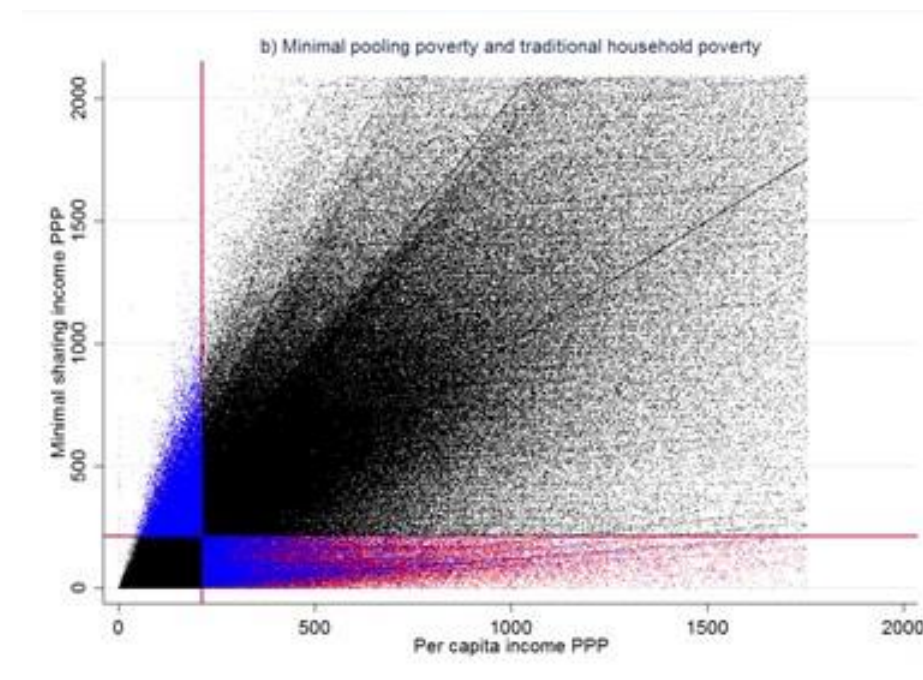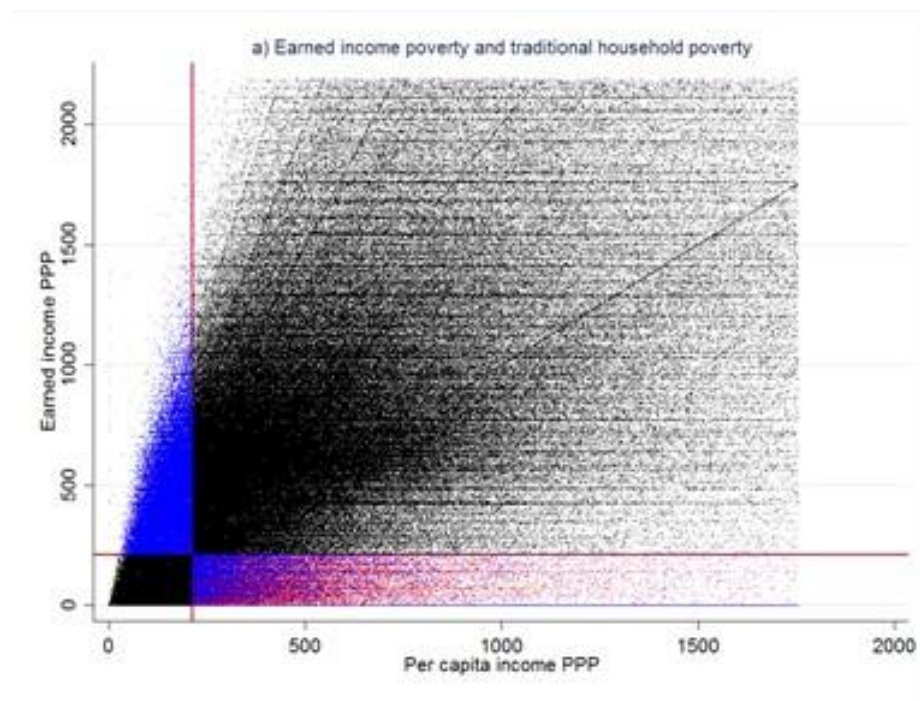
Identification consistency

a) Earned income poverty and traditional household poverty

b) Minimal pooling poverty and traditional household poverty

Final comments

- In Latin America no significant differences between men and women under the traditional poverty measure or the female headed measure

- The restriction of the sample to one adult household results in higher female poverty rates, bringing to the surface the incidence of household composition

- Individual level poverty measures result in important differences in gender gaps in well being in the region. Female poverty multiplies by two or more in all countries, whereas male poverty is, in most countries, reduced.

Final comments

- Results suggest that households are crucial venues for income support for low income partnered women and for women with no access to any income (around a quarter of Latin American women)

- Women are the main winners from household formation, but also this restricts their autonomy

- Better information/data, reflecting women's control over hh resources is required to understand pooling and sharing strategies within households in Latin America.

- Open line of research for identification of individual shares of resources in Latin America