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Transitions in Income Poverty and Multidimensional Wellbeing: An Empirical Exploration of Chile 2006-2009

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Motivation

- Chile has experienced strong income growth in recent decades, resulting in an impressive decline in income poverty.
- Yet income based measures do not provide a complete measure of wellbeing.
- Further little is known about how they relate to the so-called 'Missing Dimensions' of empowerment, psychological wellbeing and discrimination.

Objective

- To examine how shifts into and out of income poverty in Chile between 2006 and 2009, as well as no change, affect these objective indicators and subjective perceptions.

The data

- Chilean data set collected in 2006 through Chile's biannual household survey (CASEN) and in 2009 by OPHI. The 2006 survey contains data on income and on basic needs.
- 2009 survey was conducted amongst a nationally representative subsample of the 2006 sample. It repeated several CASEN modules alongside OPHI-devised modules on empowerment, psychological wellbeing and discrimination.
- Panel (65% of the 2009 sample) is composed of 1,432 households and 5,212 people.

Methodology I: Dimensions and indicators of Objective Wellbeing

Dimension	Indicator (with cutoff)
Command over resources	Poverty and Indigence using per capita household income. National lines.
Housing	Deprived in one or more of: water, electricity, floor, people per room
Health	Long-term health condition or illness that affects daily life OR effective or at risk of malnourishment
Education	Not having completed secondary school

Methodology I: Dimensions and indicators of Subjective Wellbeing

Dimension	Indicator (with cutoff)
Psychological Wellbeing	Deprived in Meaning in Life and Basic Psych. Needs (Relatedness, Competence, Autonomy) or Life Satisfaction. (Deprived in each indicator if average score is below third point in a 4 point scale).
Empowerment	Freedom and control over life (10 point ladder) (5 and below)
Social Integration	If experienced discrimination in the last 3 months.

Methodology II: Modelling approach

- Probit Models: Deprivation in each of the objective and subjective dimensions as a function of basic control variables and income poverty/indigence transitions.
- Focus on correlations, not causality.

Findings I:

Income or multidimensional?

- Although income is related to deprivations in the other dimensions, the correlations are not always strong, motivating a multidimensional approach.

Findings II: Poverty vs. Indigence

- Being out of **income poverty** at least in one period of the two significantly reduces the probability of being deprived in indicators of
 - Housing
 - Education
 - Psychological Wellbeing
 - Empowerment
 - (not in Health)

Findings II: Poverty vs. Indigence

- Being out of **income indigence** at least in one period of the two significantly reduces the probability of being deprived in indicators of
Housing
Health
(not Education, Psych. Wellbeing and Empowerment)
- Suggests that at this lower end of the income distribution larger income shifts would be needed to avoid deprivation in these dimensions. (Income threshold effect?)

Findings III: Discrimination

- Being out of income poverty or indigence at least in one period of the two increases the perceptions of discrimination.
- Discrimination may be unique because it is a **relational** variable. Transitions into and out of income poverty may shift their frame of reference. They may be more likely to perceive discrimination than people who stay poor.

Thank You!