The Politics of Poverty Measurement: The Chilean Case

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Abstract

Changing the poverty measurement methodology is a technical and political decision. In Chile, technical considerations have dominated the discussion so far. In this paper I argue for increased attention towards the politics of poverty measurement and present a model to explain the outcomes of a bargaining process towards methodology reform. Consequently, I test the model with 5 different configurations based on the current alternatives being discussed. This way I conclude that the chances of methodology contestation can be a variable affecting the outcomes of the political process.

I.   Introduction

Poverty measurement methodologies are on the rise. Increasing data availability, larger interest among policy makers and a growing stock of investigators in the area is expanding the available literature at a fast pace. This discussion takes special relevance in a region such as Latin America which has displayed sustained economic growth and decreasing levels of poverty and inequality during the past decade leading to the exhaustion of some poverty indicators. In Chile, the discussion about the advantages and disadvantages about different methodologies is starting to take-off, with the involvement of politicians, NGOs, think tanks and researchers. From Larrain (2008) updated absolute poverty line to FUNASUPO (2009) guaranteed social thresholds, and from GPS (2010) multiple measurements recommendation to Sanhueza et al (2010) dichotomic approach[1]which suggest either a multidimensional or a combined approach depending on the continuation of the current methodology, players are voicing their opinions and advocating their preferred technical solutions.

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[1] Sanhueza et al (2010) suggests implementing a multidimensional approach if the objective is to complement current measures and to implement a combined approach if the objective is to replace it.

Nevertheless, discussion about how to address the political process of adopting one or another methodology has lag. Glasinovic (2010) has argued that the selection of a methodology is not the only relevant decision and that more attention should be drawn to the institutional processes used to select it. He shows that the international experience displays diverse levels of internal support for enacted methodologies and argues that a larger degree of support that a methodology enjoys, the higher the chances of reaching consensus on effective poverty reduction strategies. The purpose of the paper is to initiate a discussion about the political considerations surrounding changes in poverty measurement methodologies, with a special focus on the Chilean case.

This paper is structured in four sections. In the second section after this one, I present a brief literature review on the most used poverty measurement technologies, relying mainly in the Group of Rio definitions. This comprehends the poverty line approach, the multidimensional poverty approach and the combined approach. Then I review the degree of internal support that different poverty methodologies enjoy across countries to stress the importance that political processes have in the level of support achieved. Consequently, I elaborate a simple political economy model to explain the bargaining logic among a ruling party and its opposition in the process of changing the poverty measurement methodology.

In the third section, I analyze the political forces that emerge from applying 5 different technologies to the Chilean scenario and assess the chances of seeing each methodology implemented as a result of a political bargaining game. The first case analyzed represents the status quo, meaning that the outcome of the political process results in the continued implementation of the current technology. The next 4 cases analyzed the implementation of different sets of technologies: i) an updated absolute poverty line ii) a relative poverty line iii) a multidimensional poverty index and iv) a combined approach between poverty lines and multidimensional poverty measurement.

In the fourth section, I present a table summarizing the results of the case study analysis and some conclusions. I finalize elaborating on potential areas of further research.

II.   Technologies, Experiences and Politics

In this section I review the literature on three specific issues. First I do a general overview of the poverty measurement technologies. Secondly, I present the findings of Glasinovic (2010) about the international experience on poverty measurement. Finally, I elaborate a political economy model to explain the politics of poverty measurement.

Poverty Measurement Technologies

This literature is full of different notations. Across this paper I use the Rio Group (2006) notation of poverty measurement approaches which divides them in three large groups:

First, the poverty line approach which is subdivided in absolute poverty lines, relative poverty lines and subjective poverty lines. This approach relies on the definition of a monetary amount that divides people in 2 groups: poor and non poor. The absolute poverty line is associated to the cost of buying an essential basket of goods with the minimum amount of calories needed to sustain life. Chile currently uses an absolute poverty line approach as its official poverty measurement which is calculated by the Planning Ministry MIDEPLAN (2010). Larrain (2008) has proposed and updated poverty line methodology which is also used in this paper. The relative poverty line is calculated using a certain level of life as a reference. In this paper I use EUROSTAT (2010) most used measures which are 40%, 50% and 60% of the median income.

Second, the multidimensional poverty approach which relies on the definition of deprivation indicators across different dimensions such as education, health or housing. A crucial aspect under this approach is the aggregation criteria. This paper uses mainly Alkire & Foster (2011) dual cutoff methodology: one within each dimension to determine whether a person is deprived in that dimension, and a second across dimensions that identifies the poor by ´counting´ the dimensions in which a person is deprived.

Third, the combined approach which uses both, the poverty line approach and the multidimensional poverty approach to divide the population in four segments. To achieve this, both, the poverty line and the multidimensional poverty approaches are applied to the research subject. If the household[2] is poor under both methodologies, it is classified as multidimensional poor. If it is non poor under both methodologies, the subject is clearly non poor. When the household is poor under the poverty line approach, but non poor under the multidimensional approach it is classified as ´rising´. When the household is non poor under the poverty line approach, but poor under the multidimensional approach it is classified as ´vulnerable´. To

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[2] This methodology can be applied over households or individuals. For simplicity, I will refer to the subject in question as a household.

calculate poverty rates under this approach, this paper follows the methodology of the Mexican National Council of Social Development Policy - CONEVAL (2010).

International experiences in poverty measurement

Adopting any approach for poverty measurement is far from being just a technical problem. The political process that is followed to adopt a certain methodology can produce different outcomes in terms of the legitimacy that the poverty measurement will have. Glasinovic (2010) distinguishes three groups of countries, characterizing the different levels of support that poverty measures have.

First, there is an important group of countries where society has not reach a consensus in a definition of poverty. In some cases, the government does not have an explicit definition, but regular statistics are published that are usually interpreted by the media as the poverty indicators. This is the case of Canada for example. In other cases, the government has an official definition that lacks social legitimacy and is contested by alternative measurements from independent think tanks such as in Australia.

A second group of countries comprehends the cases where the degree of consensus is partial. In some cases, this is because the incoming administration imposes its own poverty definition setting it as its framework and benchmark for assessing progress on social and economic policies. An example of this situation is the United Kingdom where conservatives started with a poverty line approach which was changed by a multidimensional poverty approach when labourism arrived to power.

A third group of countries involve the ones where the definition of poverty is shared by most of the actors having a large degree of legitimacy. This consensus can be reached either by broad base agreements in both technical and political terms and might be institutionalized by a bill defining the key aspects such as definition, measurement methodology, timeframe of measurement and organisms in charge of implementing the process in a transparent way. A good example of this is Mexico, where the General Social Development Bill defined the CONEVAL as a public agency with technical independence with the mission of regulating and coordinating the evaluation of public policies including the measurement of the poverty rate.

In summary, it is not only relevant the chosen approach to measure poverty, but also the institutional process followed to adopt the approach that can produce diverse levels of support. It appears to be evident that the larger the degree of consensus and legitimacy the selected methodology enjoys, the larger would be the level of support that poverty reduction strategies could achieve.

A model to analyze the politics of poverty measurement

    To analyze the politics of changing the poverty measurement, I will borrow (Drazen) useful distinction among two kinds of interests' heterogeneity. Ex-ante heterogeneity refers to the different policy preferences that political actors have as they approach to the political arena. In my model, there are two actors, a center-left coalition (Concertación) who has a policy preference for approaches that emphasize redistribution and a center-right coalition (Alianza) who has a policy preference for approaches that emphasize the importance of economic growth. I did an educated guess about the ex-ante policy preferences that is presented in the Figure 1. Proximity to the redistribution label represents a higher preference by Concertación and proximity to the economic growth label represents a higher preference by Alianza.

Figure 1: Ex-Ante policy preferences
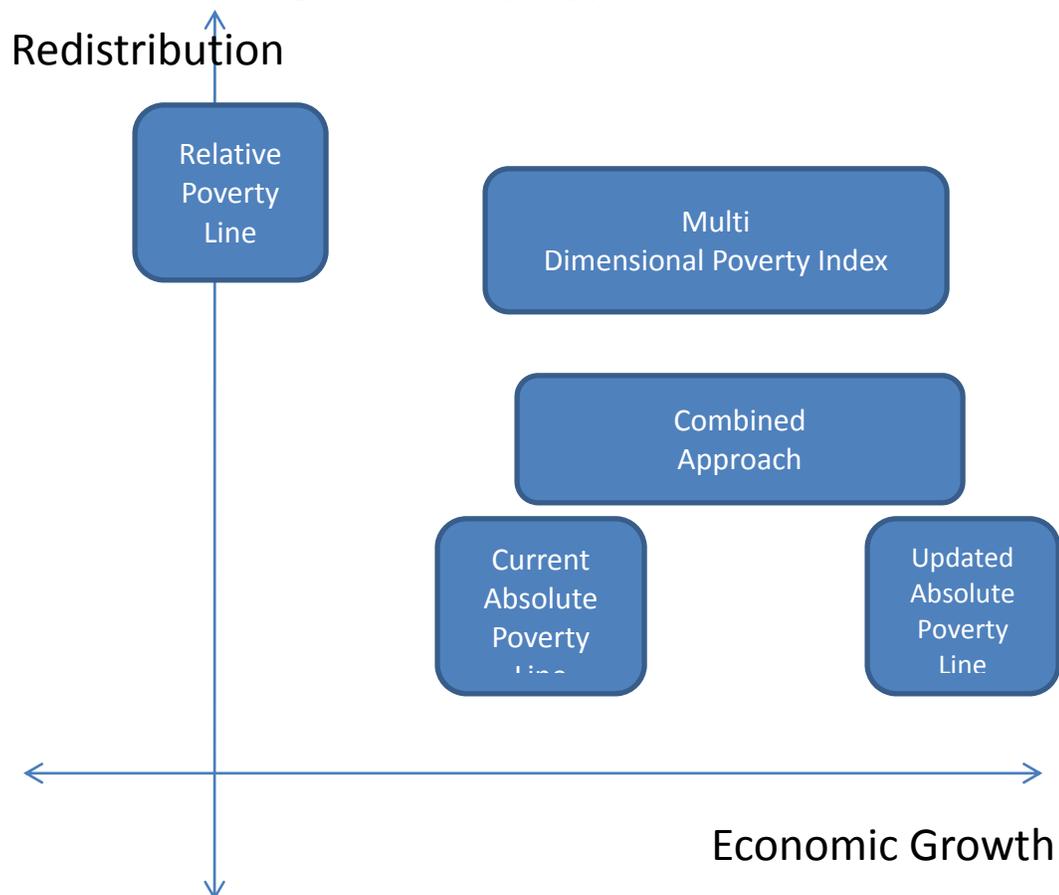
Source: Authors calculations

    Ex-post heterogeneity refers to the costs and benefits associated with implementing a certain policy through a collective choice mechanism. In my two actor model, we can assume a

zero sum scenario, where both actors have the incentives to maximize their relative gains or minimize their relative costs.

For my model, I assume that reporting an increasing level of poverty is a relative ex-post political cost for the coalition in power or a relative gain for the opposition and vice-versa when reporting decreasing levels of poverty. I also assume that only the government coalition has the power to change the poverty methodology and that only the opposition coalition has the power to contest the legitimacy of the methodology. From the social planner points of view, the only relevant variable is the level of support that an implemented methodology has, where the higher the support of the policy the more optimal it is.

III.   Case study analysis

In this section, I analyze different paths that Chile could take with regards to its official poverty measurement methodology showing the trends in poverty rates that each would display and elaborating on the political implications of the results. I divide these different paths in 5 cases that are based on the main alternatives that are being discussed. Case 0, represents the status quo, assuming that the current absolute poverty line methodology is kept unchanged. Case 1, shows a scenario where the current absolute poverty line methodology is updated following Larrain (2008) proposal, incorporating recent data and more detailed consideration on the calculation of the essential basket of goods but keeping in general terms the framework proposed by ECLAC. Case 2, reflects the incorporation of relative poverty lines following the measures that are most used by EUROSTAT (2010). Case 3, departs from the current poverty line approach, incorporating multidimensional poverty measurements following Alkire & Foster (2011). Case 4, elaborates on a combination of the poverty line approach and the multidimensional poverty approach following the methodology defined by CONEVAL (2010).

Case 0: Status quo

The current way of measuring poverty in Chile fells under the poverty line approach, specifically, an absolute poverty line, and it has been kept without significant changes during the last 20 years. It was implemented during the last years of the Pinochet's dictatorship, and was kept unchanged by the Concertacion when it took power in 1990.

This absolute poverty line is calculated with respect to the costs associated to buy an essential basket of goods. As in most places, two poverty lines are defined. The first one, which is called the extreme poverty line, is based on the cost of buying a basket of food goods that contain the minimum amount of calories that the human body requires to function in good

conditions. A second poverty line is calculated multiplying the former amount by a coefficient to take into consideration the consumption of other non food related goods that are considered essential as well. Figure 2 shows the official absolute poverty measurement under the current methodology from 1990 to 2009.

Figure 2 : Offical Absolute Poverty in Chile (1990 - 2009)
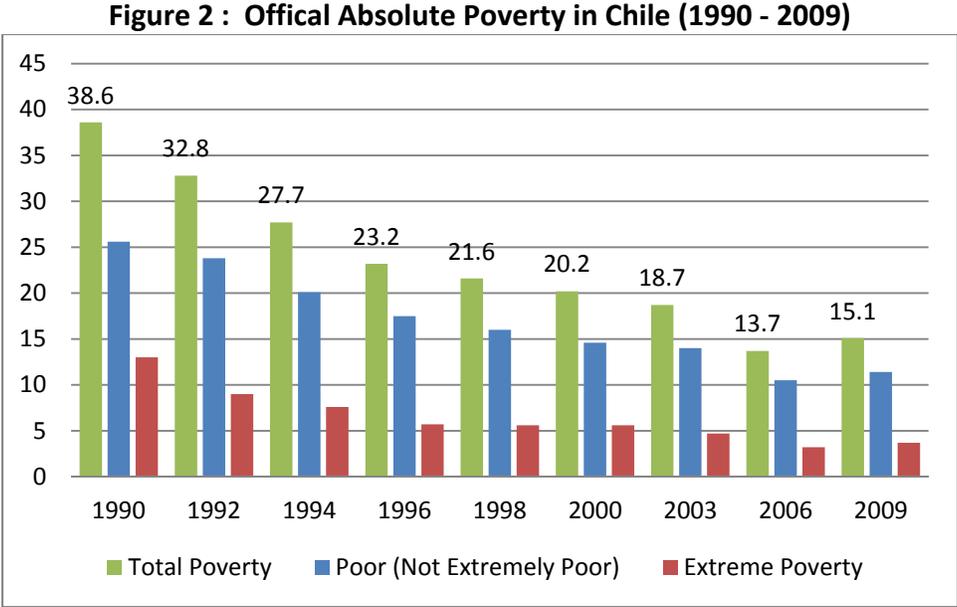
Source: Authors calculations using CASEN Series

The trends presented on Figure 2 show a consistent decline in both, the total poverty rate as well as the extreme poverty rate. . In almost 20 years, from 1990 to 2009, total poverty rate declined from 38.6% to 15.1% and extreme poverty from 13% to 3.7%. The slight increase of poverty rates between 2006 and 2009 are mostly associated to the economic crisis during 2008 and is not considered as a change in the trend for my analysis.

Because of its transparent methodology and the public release of data, the current poverty measurement methodology is well respected by the academia and policy makers across the political spectrum. Doubts about the veracity of the data or the processing of it have not been raised among serious actors. Nevertheless, some actors such as Larrain (2008) have argued that the measurement is becoming obsolete since the low levels of poverty that is currently presenting does not provide useful information for policy makers looking to understand and address the problems of a larger share of the population.

Political analysis

When trying to explain why the Concertación maintained the status quo during its time in government, the most important explanations lies in the ex-post heterogeneity. Changing the current methodology would have implied to give up the gains of keeping a methodology that was consistently showing decreasing rates of poverty. From the point of view of Alianza, contesting the current methodology presented few benefits for two reasons. First: it was implemented by its political predecessors and contesting it would be an indirect critic to them. Secondly, the current methodology was up to a large degree consistent with its policy preferences reducing the incentives to criticize it.

Once the Alianza took office in 2010, ex-ante policy preferences favored a change towards a more pro growth methodology, but ex-post political costs of reporting higher levels of poverty favored the status quo predicting an ambiguous outcome as a result of the bargaining process. Nevertheless, It is possible to argue Alianza´s "honey moon" condition could have ameliorated the costs to a certain degree in comparison to the cost that Concertacion could have faced.

Case 1: Updating the Absolute Poverty Line

An updated absolute poverty has been proposed by Larrain (2008) an economist from the Alianza who is the acting Finance Minister. His methodology follows in general terms the framework used by ECLAC incorporating among other significant variations that it:

- Uses the V Household Budget Survey from 1996-1997 as opposed to the IV Household Budget Survey from 1987-1988.
- Uses 2001 FAO-WHO-UN nutritional recommendations as opposed to 1985 recommendations.
- Uses price quintilization, incorporating how food prices differ according to its point of sale.
- Uses a utilization factor to acknowledge that it is not effective to assume that a 100% of the nutrients and calories considered in the essential basket of goods are consumed, given that some portion (depending on the food) is lost during preparation or cooking.
- Uses equivalence of scale, attending to differences in consumption across ages and gender[3].
- Domestic work adjustment, to take into consideration that people that work on houses usually gets their meal in their place of work.

The result of incorporating all this changes produces an absolute poverty line that is 51% higher than the one calculated by MIDEPLAN. Figure 3 shows that even though both measures

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[3] A complete revision of equivalence of scales is provided by ECLAC (2001)

display a similar downward trend, Larrain (2008) measures are approximately twice than the measures from MIDEPLAN

Figure 3: Comparative Absolute Poverty Rates in Chile (2000 – 2009)
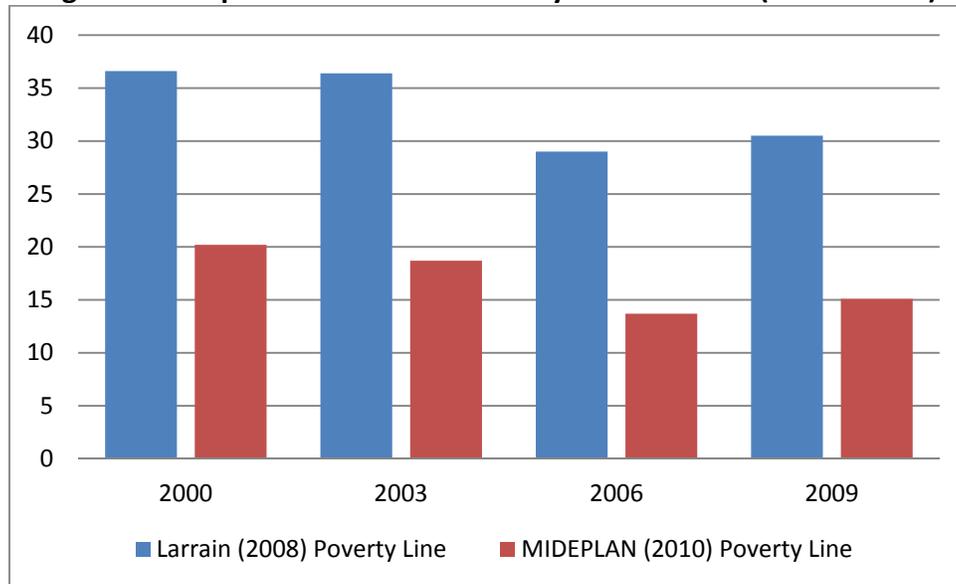
Political analysis

When the Concertación was in office, two forces prevented the implementation of this approach. Ex-ante policy preferences opposed a change towards a more pro-growth methodology and great ex-post political costs also acted against this direction of reform which altogether suggests that this is a very unlikely direction of reform.

Once the Alianza took office, ex-ante policy preferences represented a force supporting change in this direction, given that an updated absolute poverty line would seem to better reflect its policy preferences. Nevertheless, ex-post political costs remained equally high. The chances that Concertación contested this new approach, where also high, given that this policy is farther away from its policy preferences. Hence, in this case, the result of this path is ambiguous given that ex-ante and ex-post forces opposed each other.

Case 2: Incorporating Relative Poverty Lines

Relative poverty lines fall in the poverty line approach. In this case, the monetary amount that defines who is or not poor is defined in relation to certain standard of life. The

relative poverty lines most used by EUROSTAT (2010) are defined as 40%, 50% or 60% of the median income. Median income is used as opposed to average income given that the former tends to be more stable and less dependent on the fluctuations on higher incomes.

Figure 4 shows the observed trend of relative poverty in Chile. When incorporating these measures, it is possible to observe that relative poverty in Chile would have increased slightly between 1992 and 1998 and decreased in the same way lately between 1998 and 2006 to return to levels similar to the ones of 1992. Year 2009 represents the first time that relative poverty rates are below the measures observed in 1992.

Figure 4: Relative Poverty Rates in Chile (1992-2009)
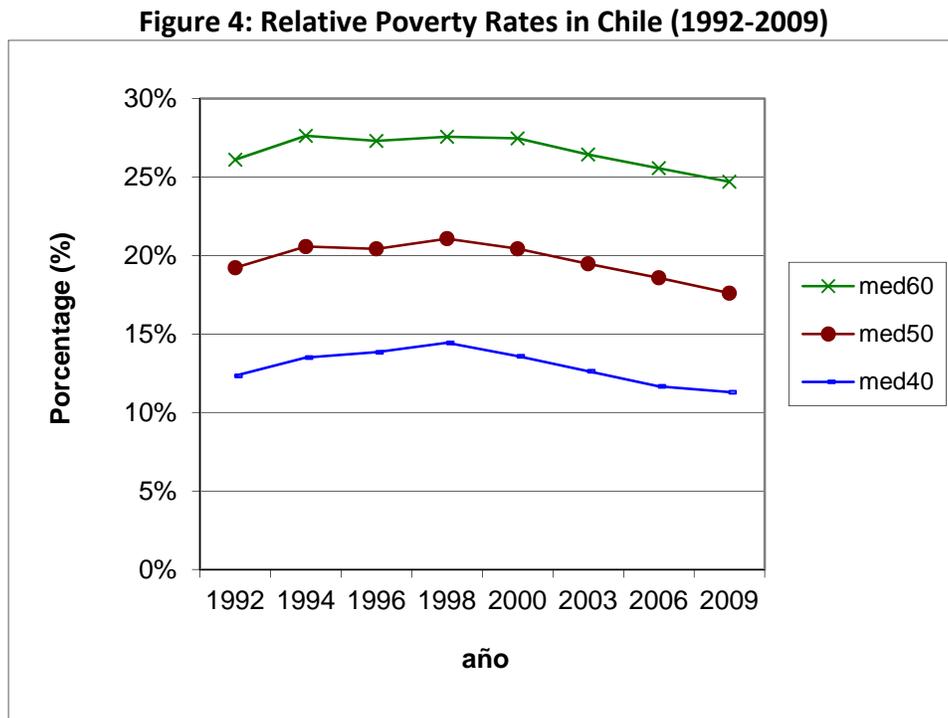
Source: Authors calculations using CASEN Series

In general, it is possible to observe that the different measures of relative poverty tend to be consistent among them. This is, when one measure moves in a certain direction (downward or upward trend) most of the other measures move in the same direction. What is not consistent are the trends displayed among absolute and relative poverty lines. The former, display a continued decrease in poverty in Chile since the 90s, while the latter show that poverty rates have only started to decline recently.

Political analysis

When the Concertación was in office, ex-ante political preferences favored change in this direction but ex-post political costs acted against because it would have implied giving up

the current methodology which was displaying consistent ex-post political benefits in the form of steady decline in poverty measurements. The conflicting directions of the forces suggest that this is not a likely outcome. Furthermore, the possibility that Alianza contested this path of reform can also be included in the balance of forces.

Once the Alianza took office, ex-ante political preferences opposed change in this direction and in the same way that ex-post political cost, configuring a very unlikely path of evolution.

Case 3: Introducing Multidimensional Poverty Index

A multidimensional poverty measurement relies on the aggregation of deprivation indicators. This method measures different dimensions of the household (health, education, nutrition, etc) and contrasts them again a predefined set of thresholds for each of these dimensions to asses if the household is or not deprived in each dimension. The main difference with the poverty line approach lies in the multidimensionality of the assessment. While under the poverty line approach a subject is always either poor or non poor, the multidimensional approach allows for different levels of deprivation depending on the number of dimensions in which the household is poor or not.

The introduction of a Multidimensional Poverty index, requires the definition of the dimensions, the thresholds and the aggregation criteria. Sanhueza (2010) does this for the Chilean context considering 5 dimensions: i) Education[4], ii) Health[5], iii) Housing[6], iv) Work[7] and v) Income.

For the income dimension, 3 different thresholds are considered. i) The current absolute poverty line used by MIDEPLAN (2010), ii) the updated absolute poverty line proposed by Larrain (2008) and iii) a relative poverty line defined as 50% of the median income.

As for the aggregation criteria, Sanhueza (2010) calculates the results for the union criteria (deprived in 1 or more dimension), intersection criteria (deprived in 5 dimensions), and

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[4] i) Children between 4 and 5 that do not assist to school because of lack of access, children between 6 and 16 that do not assist school that do not assist to school or haven´t achieved the 12 years compulsory education. ii) People requiring special education that is not assisting to school or don´t know how to read and write. Iii) People economically active which haven´t reach 12 years of compulsory education. iv) Seniors without minimum level of schooling and that don´t know how to write.
[5] i) People without health coverage. ii)= People that consulted with regards AUGE sickness during last 12 years and people with health problems in the last 30 days, except those that did not consult because it didn´t seem necessary.
[6] i) Housing lacking toilette or ii) suffering from overcrowding.
[7] i) Unemployed or inactive by involuntary reasons or ii) Working under informal conditions

an arbitrary criteria requiring deprivation on 3 or more dimensions.   Figure 5 shows the results of applying this methodology for the Chilean context.

Figure 5: Multidimensional Poverty Rates in Chile (2007)
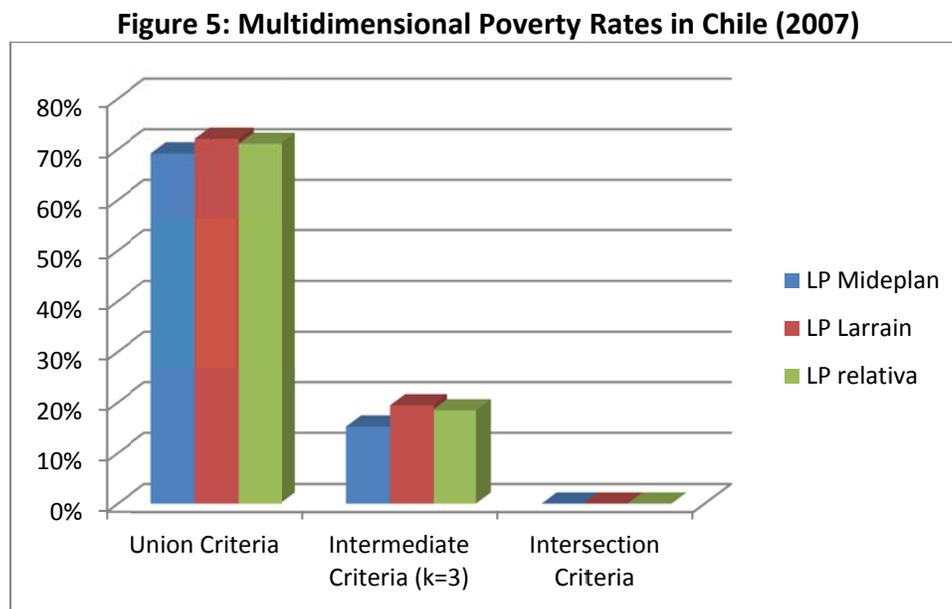
Looking at the results, it is fair to conclude that the union criteria and the intersection criteria are not very helpful for policy considerations. In the case of the intersection criteria, the headcount of poverty is below 1% for all three cases of poverty line selection, arguably sub estimating the incidence of poverty in the country. On the opposite side, the union criteria gives results near a 70% of poverty incidence which most observers of the country would agree it overestimates the prevalence of poverty in Chile. The 3 dimension criteria appears to be a reasonable one in the sense that it gives percentages ranging from 15,1% with the current absolute poverty line to 19,3% using the updated poverty line.

Political Analysis

Following the 3 dimension criteria presents a political scenario with moderate costs and potential gains for the implementing administration. When Concertación was in office, ex-ante political preferences favored change in this direction but moderate ex-post political forces opposed with an ambiguous outcome result. On the costs side, the headline poverty rate would be around 15% and 20%, which is higher than the status quo scenario, but considerably lower than the measures that an updated absolute poverty line will give (29%)

Once Alianza took office, ex-ante policy preferences favored this change direction of reform but political ex-post political forces opposed configuring an ambiguous result. Nevertheless, it is possible to argue that the costs associated with this change are lower than the costs that Concertación faced because of the "Honey Moon" effects that new incumbents enjoy.

Case 4: Introducing a combined approach to poverty measurement

The objective of a combined approach is to improve the assessment capacity of the methodology with respect to the poverty line approach and the multidimensional poverty approach. Mexico has recently adopted this approach as its official methodology to measure poverty. A combined approach to poverty measurement uses deprivation indicators separated from an income poverty line, in order to divide the population in four distinctive groups as Figure 6 shows.

Figure 6: Combined Approach
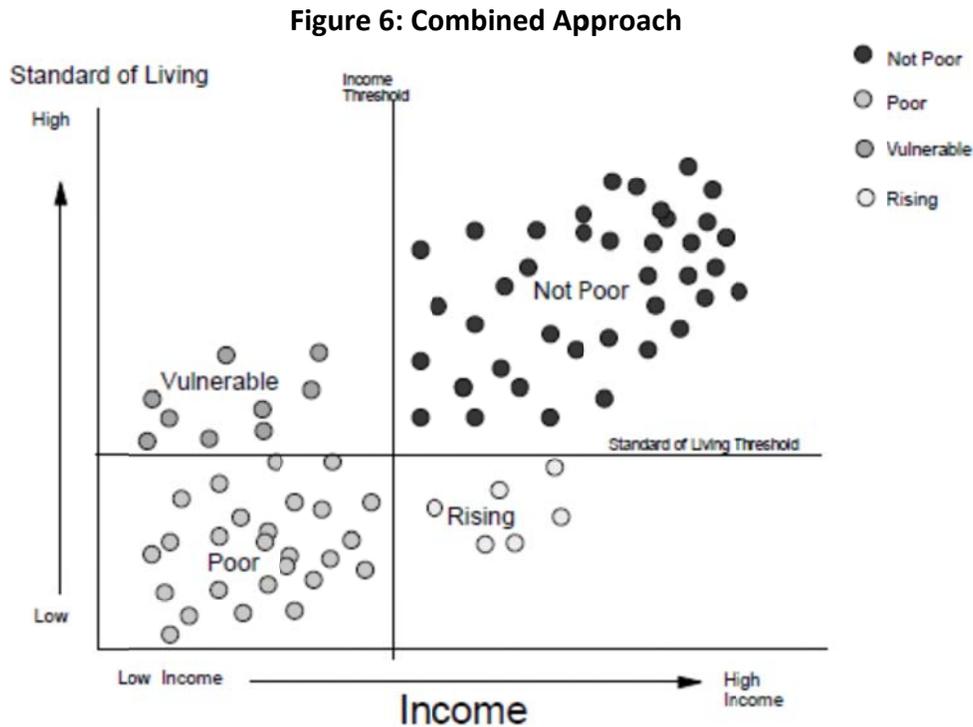
Source: Rio Group (2006)

The poor: households with a low income and with 1 or more deprivations. This group of households is poor as they do not have command of adequate resources, which has resulted in them becoming deprived.

The Non-Poor: households with a high income and no deprivation. This group of households is clearly not poor: they have adequate resources and an acceptable standard of living.
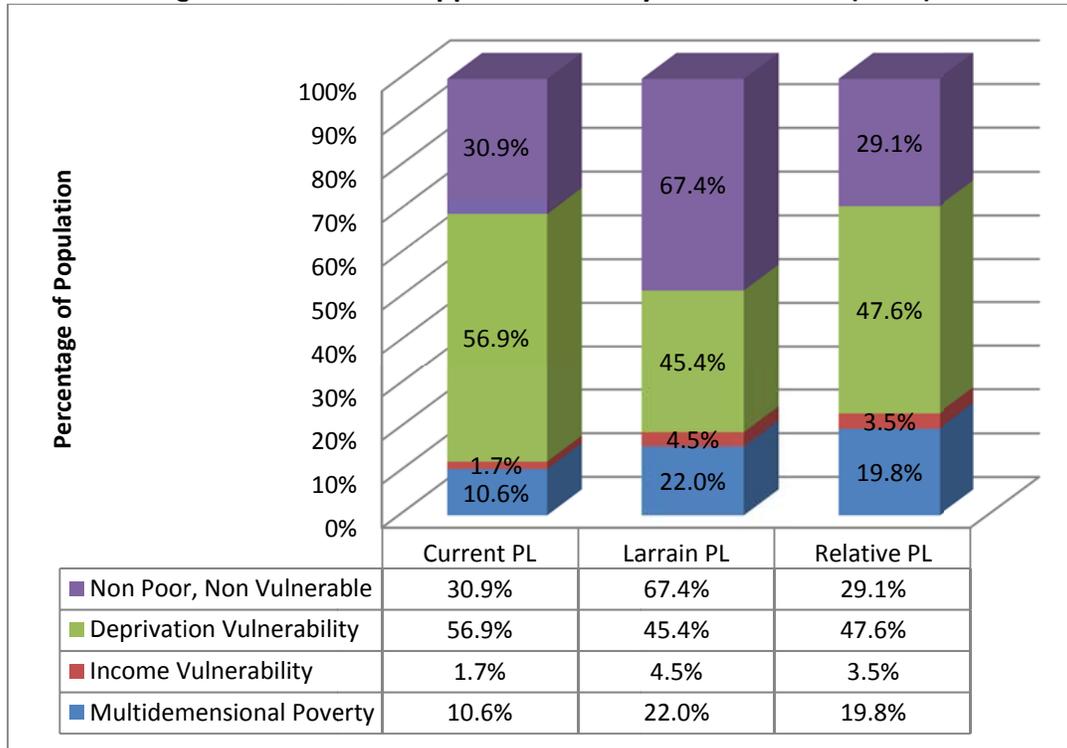
Vulnerable group are households with low income but no deprivation: This group is not currently poor, but if their income remains low they will become poor: they are currently sinking into poverty. This situation often arises when income fall rapidly (e.g. due to job loss), but people manage to maintain their lifestyle, at least for a few month, by drawing in their savings and using assets accumulated when income was higher.

Rising group are households with a high income but with 1 or more deprivations. This group is currently not poor, and if their income remains high their standard of living will rise escaping out of poverty. This group is in the opposite situation of the previous group. This can occur when the income of someone who is poor suddenly increases (e.g due to getting a job), but it takes time before they are able to buy the things that they need to increase their standard of living.

The application of CONEVAL (2010) to the Chilean context is displayed on Figure 7 and present a more complex description of poverty, especially because it reflects the large presence of a rising group[8]. The size of this group range from 45% to 57% of the population, and encompass households that have an income above the defined threshold but simultaneously present deprivation in 1 or more of the dimensions. The deprivations that rising group suffers range from inadequate education to lack of health coverage or serious illness in the past 30 days, to lack of toilette or overcrowded homes and to involuntary unemployment or working informally without contact.

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[8] The size of the Vulnerable group for the Chilean context is small ranging from 1% to %5. It is possible to argue that this group could represent to a large extent households that are non-poor but are experiencing a normal and average period of no income due to unemployment related to a shift from one job to another. The percentage of households without work related income in this group could suggest if this is a reasonable statement.

Figure 7: Combined Approach Poverty Rates in Chile (2007)

	Current PL	Larrain PL	Relative PL
■ Non Poor, Non Vulnerable	30.9%	67.4%	29.1%
■ Deprivation Vulnerability	56.9%	45.4%	47.6%
■ Income Vulnerability	1.7%	4.5%	3.5%
■ Multidemensional Poverty	10.6%	22.0%	19.8%

Source: Sanhueza (2010)

Political analysis

Given that this case present 3 variations of implementing this methodology, I will assume that ex-ante policy preferences towards any of this variations is desirable for both coalitions but in different orders. For Concertación the order of preferences is first the Relative Poverty Line version, then the Current Poverty Line version and then the Larrain Poverty Line. For Alianza I will assume the exact opposite. First, the Larrain Poverty Line, then the Current Poverty Line, and then the Relative Poverty Line.

The ex-post political cost will also vary depending on the version. Here, I will assume that the headline poverty rate reported would be the poor, which implies that implementing the version that uses the current poverty line measurement will result in political benefits since the poverty rate reported would be decreasing (10,6%) while implementing the version with the Larrain poverty line or the relative poverty line would carry ex-post political costs given that poverty rates are larger (22% and 18,9%).

For both, Concertacion and Alianza, ex-ante policy preferences supported this path of reform. Ex-post effects where different depending on the poverty line approach selected. The use of the current poverty lines, presented ex-post political gains for both given the lower levels of poverty that would have been reported (10,6%). This configured a case where ex-ante and

ex-post forces point in the direction of reform, suggesting that this outcome is likely. On the contrary, the use of a relative poverty line or an updated poverty line presents moderate ex-post political costs, representing an ambiguous case where political incentives point in opposed direction with the result of an ambiguous outcome.

IV.   Conclusions and Future Research

Adopting a poverty measurement approach is a technical and a political decision. Different technical considerations will imply different levels of poverty and will emphasize certain problems of the population. These diverse outcomes will imply different incentives for political actors in the bargaining process. This paper used a political economy model to analyze analyzed the likelihood of 5 different scenarios. The construction of this scenarios relied on the different poverty methodologies that has entered the discussion in Chile. A summary of the results is presented in Table 1. A green color represents a force towards change while a red color represents a force against change. The yellow color reflects ambiguous cases where the conditions does not allow to suggest the likelihood or unlikelihood of reform.

Table 1: Summary of Results from Case Studies

		Ex-Ante Preferecences (1=first, 7=last)	Ex-Post Preferences (1=first, 7=last)	Reform Chances	Contestation Expectations
Case 0	Concertación	6	2	Ambiguous	No Contestation
Case 0	Alianza	6	2	Ambiguous	No Contestation
Case 1	Concertación	7	7	Unlikely	No Contestation
Case 1	Alianza	1	7	Ambiguous	Contestation
Case 2	Concertación	1	6	Ambiguous	Contestation
Case 2	Alianza	7	6	Unlikely	No Contestation
Case 3	Concertación	2	5	Ambiguous	Ambiguous
Case 3	Alianza	2	5	Ambiguous	Ambiguous
Case 4 with Current Poverty Line	Concertación	4	1	Likely	Ambiguous
Case 4 with Current Poverty Line	Alianza	4	1	Likely	Ambiguous
Case 4 with Larrain Poverty Line	Concertación	5	3	Ambiguous	Ambiguous
Case 4 with Larrain Poverty Line	Alianza	3	3	Ambiguous	Ambiguous
Case 4 with Relative Poverty Line	Concertación	3	4	Ambiguous	Ambiguous
Case 4 with Relative Poverty Line	Alianza	5	4	Ambiguous	Ambiguous

Source: Authors calculations

From the analysis of Table 1, it is possible to conclude that cases 1 and 2 are the most unlikely to happen. In case 1 (updating the poverty line) political costs are either unbalanced with positive policy preferences or there is an evident risk of contestation. Case 2

(incorporating relative poverty lines) represents the parallel situation from Case 1 but inverting the situation of Concertacion and Alianza.

Case 3 (introducing a multidimensional poverty index) presents ambiguous results without the possibility of suggesting that this is either a likely or unlikely outcome. For both actors, ex-ante policy preferences are positives but balanced agains by negative ex-post political costs.

Case 4 (introducing a combined approach to poverty measurement) present diverse chances depending on the poverty line method that is used to combine with the multidimensional approach. When using the updated and the relative poverty lines, the outcome is ambiguous as ex-post political costs balance against the positive ex-ante policy preferences.

Nevertheless, when using the current poverty line, the outcome is likely due to favorable ex-ante policy preferences and positive ex-post political gains associated to reporting a lower level of poverty. According to this model, this outcome is even more likely than the Case 0 (status quo) rising the question about why this path was not followed by Concertacion or haven't been pursued by Alianza. One possible explanation could be that the expectation of ambiguous contestation in this case balances against its likelihood meanwhile the expectation of no contestation in Case 0 balances in favor of this case. This result suggests that the expectations of contestations can play a role in determining the bargaining process and that increased attention to the politics of poverty measurement should be undertaken to further understand its dynamics.

Future research should test if the assumption that poverty measurements methodologies that enjoy higher levels of support have higher chances of producing successful poverty reduction strategies. It is also important to further understand the main determinants of successful processes of reform in the sense that final outcomes enjoy high levels of support. A better understanding of the political process in Mexico leading to the adoption of CONEVAL (2010) should be of great help in this sense.

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