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Social rifts *in Colombia*

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This article analyses the levels and evolution of social inequalities in Colombia over the last 25 years, describing the main recent trends in Colombian social development, comparing them with past periods, and contrasting them with those of other countries. First of all, a recent estimate of income distribution and the rest of the social indicators is given. Next, trends in the distribution of monetary income over the period 1938-1993 are analysed, the impact of social expenditure on secondary income distribution is examined, and on this basis trends in the distribution of income effectively received by individuals are evaluated. The evolution of poverty and other indicators of well-being is then described and compared. Finally, some reflections are presented on social prospects in Colombia. It is concluded that while the country has undergone enormous changes in distribution and well-being which have gradually reduced inequality and poverty, there has been a shift in the dominant social problems of the country, since shortcomings and inequalities in the field of education and the deterioration in young people's life expectancy have begun to play a leading role.

I

Introduction

Colombia is a country of paradoxes. Its economic growth rate over the last 50 years has been the most stable of the whole Latin American continent. It has the most long-standing democracy in the entire region. Its production structure has changed twice as fast as most of the Latin American countries. Its economy has avoided the outbreaks of inflation which have marked almost all the other countries of the region at some time or other. Yet Colombians and analysts of Colombia abroad clearly perceive that this is a country with enormous social tensions whose most evident manifestation is violence. In every one of the recent years there have been some 25,000 homicides in Colombia: much more than the 15,000 in the whole of Europe or the 23,000 in the United States (United Nations, 1995). The Colombian guerrilla movement is the oldest in the continent, and the people's anxiety about their society is enormous.

The widespread upsurge of violence is often interpreted in analyses of the country as an expression of deterioration in social conditions. In the 1960s, Colombia had one of the worst income distribution patterns in the world (Urrutia and Berry, 1975), and even today many international analysts still see the country as being a structurally unequal society.¹ Since the late 1980s, Colombia has made adjustments in its economic model in order to promote increased openness and competitiveness of the economy (Colombia, National Planning Department, 1991), and some Colombian analysts,² as well as quite a

number of experts in international academic circles,³ have expressed the view that these economic policies – simplistically termed “neoliberal” – contributed to a process of serious social deterioration.

Unfortunately, most of the recent debates on the effect of economic policies on income distribution or the social situation have had pretty weak empirical bases. The arguments are not always based on convincing evidence that permits these variables to be checked over time and compared with those of other nations. The lags in the processing of the information prevent satisfactory identification of trends, and every new government – with the aim of boosting the novelty of its policies in the eyes of the public – interprets the social progress made in previous periods in a manner which is not always complete.

This brief essay, describing the levels and evolution of social inequalities in Colombia over the last 25 years, leads to two conclusions.

Thus, it may be concluded from the article that unequal income distribution and absolute poverty are gradually ceasing to be the dominant social problems in Colombia. The progress made in these respects over the last 25 years has been well-nigh spectacular. The dizzy pace of economic growth has given rise to enormous changes in income distribution and well-being, reducing inequality and poverty, and the higher level of social expenditure on the poorest sectors of the population generated by the Constitution of 1991 has further strengthened this progress in terms of distribution, which has been further accelerated in the 1990s.

The recent evolution of indicators of well-being probably reflects a new scale of priorities in the leading social problems of the country, however, with inequalities in the field of education and the deterioration in young people's life expectancy now occupying a leading place. The dynamics of income distribution in the most recent period indicate that the shortage of human capital in Colombia is beginning

□ I should like to express my thanks for the valuable collaboration of Hernando Moreno Guerrero, Olga Lucía Jaramillo, Alejandro Mateus, María Cristina Peñaloza and Martha Sánchez of the National Planning Department (DNP), and for that of Jairo Urdaneta of the National Department of Statistics (DANE) in the processing and interpretation of the information used.

¹ See Berry (1995a), Cardoso and Helwege (1992) and Palacios (1995). The last-named author, for example, asserts: “Colombia presents one of the worst pictures in terms of income distribution in Latin America and hence in the whole world” (p. 289).

² Especially E. Sarmiento (1993 and 1995) and L. Sarmiento (1993 and 1995).

³ For example, Berry (1995b).

to manifest itself with unprecedented force in the light of the demands of a rapidly growing economy and an international context in which educational levels are constantly rising, while the spiralling

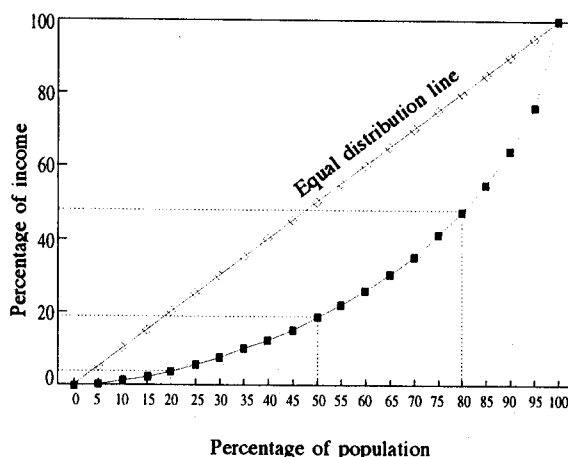
violence of the last decade means that young people in Colombia now have the lowest life expectancy of all Latin America, which causes anguish and uncertainty and saps the country's social capital.

II

The current social situation

In the mid-1990s, Colombia is still a country with a great deal of inequality and poverty, and the disparity in income distribution is very marked. The simplest way of illustrating this is through the Lorenz curve for income distribution in 1993 (figure 1). In that year, the poorest quintile of the population received 4% of national income, the poorest half received 18.7%, but the richest quintile received 52.5%. Thus, the richest 20% of the population received 13 times more income than the poorest 20%. The lowest average incomes were those of peasants and agricultural day-labourers, and 60% of the poorest quintile was made up of peasant families and own-account workers (table 1).⁴

FIGURE 1
Colombia: Lorenz curve, 1993



⁴ For more details, see Annex 1. For comparable data, see also Londoño (1995b), Statistical Annex.

⁵ According to ECLAC (1991), these basic family needs are decent housing (not overcrowded), basic drinking water supply, basic education for the children, and employment for at least one of the adult members of the household.

At present, nine and a half million Colombians are living in poverty, whatever the definition used to identify this. Some 27% of the population have a daily income which puts them below internationally accepted poverty lines or are unable to satisfy at least one of their basic needs⁵ (table 2). Overall life expect-

TABLE 1
Colombia: Income distribution, 1993

Aggregate indicators		
Gini coefficient	0.47207	
Theil's coefficient	0.39303	
Atkinson's index	0.55977	
Logarithmic variation	0.9950	
Disaggregated indicators		
	Gini coefficient	Average income (US\$ per year)
Labourers	0.3037	1 616
Peasants	0.5283	1 370
Rentiers	0.5334	4 721
Wage-earners	0.3827	2 963
Own-account workers	0.5465	2 636
Capitalists	0.4737	7 561
Total	0.472	12 781

TABLE 2
Colombia: Social indicators, 1993-1995^a

Inequality	
Gini coefficient	0.472
Share of poorest 20%	4.0
Share of poorest 40%	12.6
Share of richest 20%	52.5
Poverty	
In terms of insufficient income (1993)	27.2%
In terms of unmet basic needs (1994)	27.1%
Human development	
Human Development Index	0.836
Years of schooling (1994)	5.9
Life expectancy (1995)	69.1
Child mortality (1993)	20
Lack of health coverage	25%
Lack of basic educational coverage	5%

^a These indicators are the most recent ones available.

tancy is 69.1 years, but this figure conceals big differences among social groups. Twenty-five per cent of the poorest members of the population have no access to health services if they fall sick, while 21% of all children are born without any assistance from health personnel, 13% suffer from malnutrition and 2% die before the age of 5. The average schooling of the labour force is 5.9 years, and this too conceals big social differences. Although 95% of children begin basic education, only 83% of all children between 6 and 11 attend school, and the 44% poorest of the child population do not complete their fifth year of primary education.

These indicators are well known and generally accepted among Colombian analysts, and rightly provide arguments for critics of Colombian society and its economic and social policies. What is surprising is

that these same figures have also been used by the last four governments to back up their claims that their respective development plans had a social orientation: "Development with Equity" (Betancur, 1982-1986), "A Plan to Combat Absolute Poverty" (Barco, 1986-1990), "The Peaceful Revolution" (Gaviria, 1990-1994) and "A Social Leap Forward" (Samper, 1994-1996).

The real significance of the present indicators may be appreciated much better, however, when they are analysed dynamically –with regard to their previous evolution in the country– and comparatively, with respect to other countries in similar development conditions. This is what we shall see in the following sections, where we shall look at the changes in income distribution, poverty and the main human development indicators.

III

Primary income distribution trends, 1938-1993

Income distribution among families may be visualized as taking place in two rounds (Okun, 1975). In the first round, the income flows from production activities to the factors participating in them, in the form of payment for work, returns on capital, and rents: this is the primary income distribution, which we will be examining in this section. In the second round, the external sector and the State intervene to redistribute the income generated among the various agents: this is the secondary income distribution through social expenditure, which will be analysed in section IV.

In most countries, comparison of income indicators over time usually presents enormous methodological difficulties. Household surveys almost always display differences in coverage and definitions, and interpretations based on them are almost always hotly disputed.⁶ The present study follows a line of research which takes the greatest care to try to construct indicators on income distribution and poverty which are comparable over time and between countries. The essence of the methodology is to ensure that the information on employ-

ment and on the population-specific dispersion of the various types of income (such as wages, rents and profits) provided by the household surveys is compatible with the factoral distribution of household income provided by the national accounts,⁷ after deduction of capital consumption.

⁶ In Colombia, the biggest debates on changes in distribution have taken place in the 1970s and 1990s. In the mid-1970s, many authors believed that there had been a serious deterioration in income distribution (a good summary of the arguments put forward may be found in Samper, 1976 and Eastman, 1979), while others held that there was evidence indicating the contrary (see in particular Urrutia, 1985; Londoño, 1989; Carrisoza and Urdinola, 1990). The 1990s have also been a period of extensive debate: E. Sarmiento (1993 and 1995) and L. Sarmiento (1993 and 1995) claimed that there had been serious deterioration, while Urrutia and Ramírez (1993) and Urrutia, Misas, Ramírez and Rodríguez (1994) presented evidence to the contrary.

⁷ This methodology was designed by the author for his Ph.D. thesis at the University of Harvard. It is fully explained in the Statistical Annex to Londoño (1995b) and in chapter 1 of DANE (1994b).

1. The factoral distribution of national income

The most notable development in income distribution in Colombia during the twentieth century has been the changing share of labour in national income (net of depreciation). Leaving aside some cyclical fluctuations, the share of labour over the long term has formed a clear U-shaped curve (figure 2): after having represented more than 60% of national income in the late 1930s, it went down to 50% by the end of the 1950s but then rose over the next 35 years to amount to 70% of national income in the mid-1990s.

Income distribution may be broken down still further among its various factors. Income from labour is made up of remuneration for pure labour and remuneration for human capital. Non-labour income, for its part, consists of profits on capital invested in urban activities and land rents from agriculture and mining⁸ (for the evolution of the share of each of these factors in national income between 1938 and 1993, see figure 3).

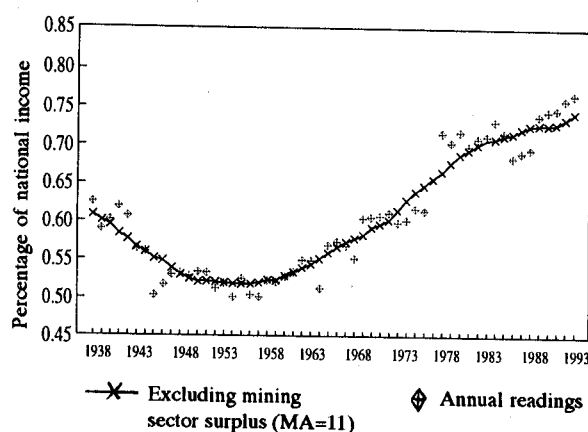
The changing share of labour in national income is clearly the result of three overlapping trends. Firstly, the contribution of pure agricultural labour has gone down steadily: after representing 30% of income in the 1930s, its share went down with increasing rapidity in the 1960s and sank to only 10% in the 1990s.⁹ Secondly, the share of remuneration for non-agricultural labour in national income rose from 30% in the 1930s to 55% in the 1990s, as a result of the process of migration and the trend towards increasingly urban production activities. Finally, within remuneration for urban labour, the share of human capital steadily increased, rising particularly fast with the progress in education in the 1960s.

⁸ The remuneration for pure labour is determined by assigning to all those declaring themselves as having a job the basic wages declared by workers without education. Human capital is the difference between the average income from labour (wage-earning and self-employed) and the remuneration for pure labour. Urban earnings are determined by deducting income from labour and capital depreciation from non-primary added value. Land rents are obtained by deducting wages and capital remuneration from the agricultural and mining added value.

⁹ The present national accounts, which concentrate on wage labour in agriculture and incorporate very little information on the employment dynamics observed in household surveys, are not capable of reflecting the evolution described here.

FIGURE 2

Colombia: Share of labour in national income, 1938-1993

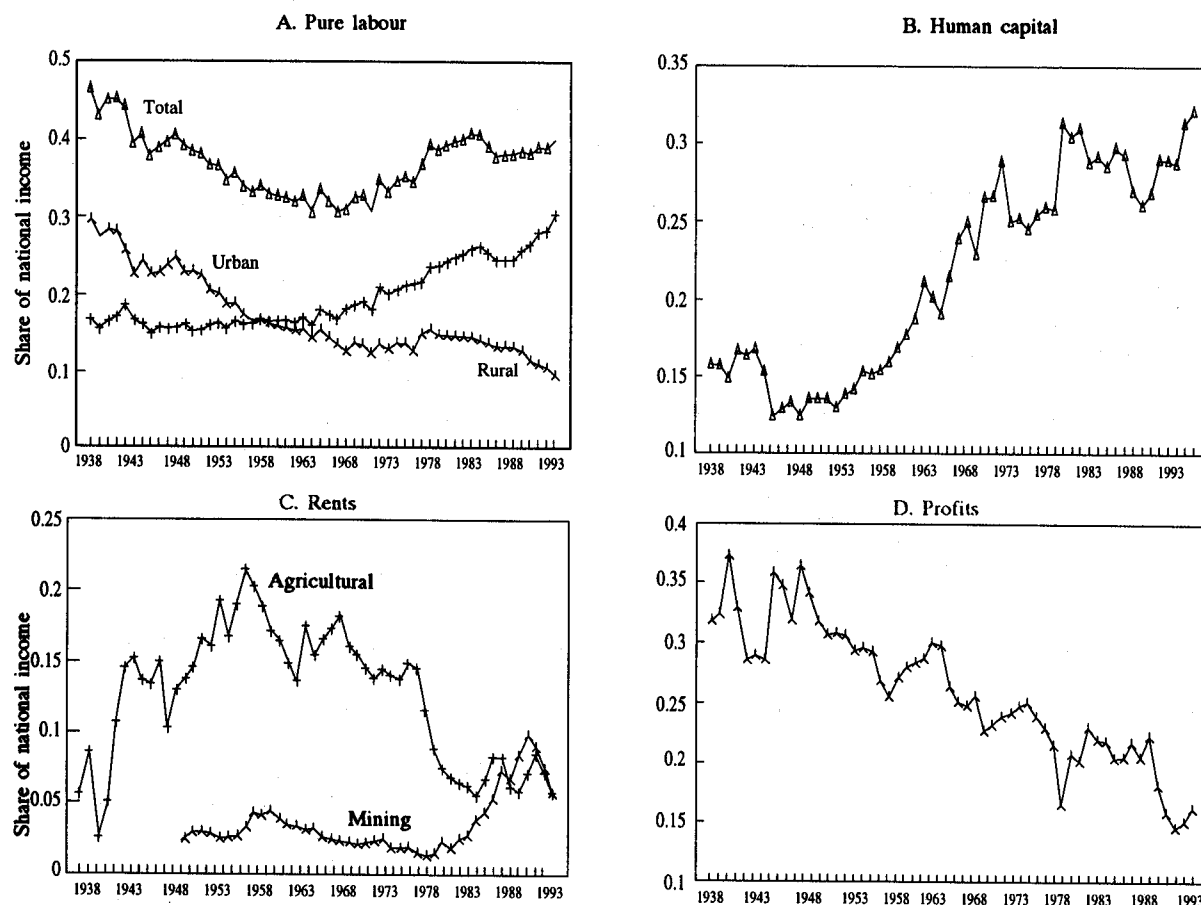


Non-labour income, for its part, has three components. Profits from urban enterprises (after deduction of depreciation) have accounted for a steadily smaller share of national income throughout this century, because the returns on capital have gone down faster than the GDP-capital ratio. The share of rents from agricultural land in GDP increased from the 1930s to the late 1950s—largely because of the coffee boom—but have gone down since then at a rate which became particularly rapid at the end of the 1970s. Finally, rents from mining activities, which went down steadily from the 1950s until the late 1970s (dropping to only 1.2% of total income), have risen enormously since the mid-1980s, thanks to coal mining and petroleum, and have accounted for 8.0% of national income in the first half of the 1990s.

Colombia thus clearly displays a long-term cycle as regards the factoral distribution of income, in which the shares of human capital and pure urban labour in national income have increased, while those of urban profits and pure agricultural labour have gone down. As Londoño (1995b) shows, this may be explained by shifts in capital accumulation—between urban and rural activities, between physical and human capital—and changes in the spatial location of the labour force. In addition to the long-term cycle in Colombia, there are also medium-term cycles due to the rise in rents from agricultural land in the decades just after the war and the increase in mining surpluses since the mid-1980s, both caused largely by changes in land use prompted by international price movements.

FIGURE 3

Colombia: Evolution of functional breakdown of national income, 1938-1993



Source: DANE, prepared with the methodology of Londoño (1995b).

2 Distribution of family income

In order to understand the distribution of family income, two other empirical procedures must be carried out. First, the global income of families must be reconstructed, for which purpose it is necessary to deduct from net national income the proportion of the surplus which never reaches households because it stays in the enterprises.¹⁰ Second, this global income of families must be allocated among six different groups of income recipients: agricultural wage labourers, peasants, urban wage-earners, urban own-account workers, recipients of agricultural rents, and

urban capitalists. The "households" account of the national accounts serves as a consistency framework for analysing the factorial distribution of family income in the years for which household surveys make it possible to identify the income recipients.¹¹

Thus, households have reflected the long-term changes in national income distribution referred to earlier: there has been an increase in the proportion of family income coming from labour income (a pro-

¹⁰ In 1970-1993, an average of 43.5% of the total surplus generated was retained in the enterprises.

¹¹ Table 31 of the national accounts prepared by DANE (1994a) requires some adjustments for this purpose. First, it is necessary to deduct from the surplus accounts the depreciation funds corresponding to households and the income of own-account workers in all sectors. Second, the agricultural added value must be redistributed among remunerations for capital, rents, remunerations for own-account work, and wages, in line with the information from the labour market.

portion which reached its lowest level (56%) in 1951 and its highest level (85%) during the present decade), while there has been a decrease, especially since the 1950s, in the proportion coming from urban profits and land rents (figure 4). Not all changes in the distribution of national income are reflected in the household accounts, however. Households did not share in the boom in rents from mining activities in the 1980s, so that their faster growth continued to be due to labour income. In agriculture, it was the peasants who suffered the biggest loss of income, because they suffered bigger fluctuations in their wages and employment. Urban own-account workers, for their part, have continued to increase their share in total income ever since the 1960s, although as from the mid-1980s informal sector employment has accounted for a steadily smaller share of the labour market (Caro and Rodríguez, 1993; López, 1995).

3. Income distribution among individuals

The information on family income obtained from the national accounts and reconciled with information from household surveys on employment and dispersion of income among the various recipients permits us to obtain estimates of income distribution among individuals that are comparable over time.¹²

The two indicators most often used to represent the inequality of income distribution are Theil's entropy coefficient and Gini's coefficient (figure 5). Both these indicators are consistent for identifying the different phases in the evolution of Colombian income distribution during the present century.

¹² For the period 1938-1988, the sources and methodology are to be found in Londoño, 1995b. The analysis for 1993 is based on the CASEM survey carried out by the National Planning Department on a sample of 25,000 households with 130,000 reporting members (June 1993). Other authors have selected the household surveys carried out by DANE over that period (especially survey EH77 of 1992), which, as noted by E. Sarmiento (1993) truncated the coding of the highest incomes, so that they tend to underestimate inequality. Urrutia, Misas, Ramírez and Rodríguez (1994) and E. Sarmiento (1995) tried to correct this skew in the primary information with statistical methods which assumed functional forms and distribution parameters. Both these procedures, which -because they concentrate on household income distribution- ignore information on individuals which is truncated or not declared, continue to be very imperfect solutions to the weaknesses in the primary information. Consequently, I have preferred to use a survey such as CASEM, which does not suffer from this problem and thus obviates this serious and well-known controversy.

FIGURE 4

Colombia: Household income distribution, 1938-1993

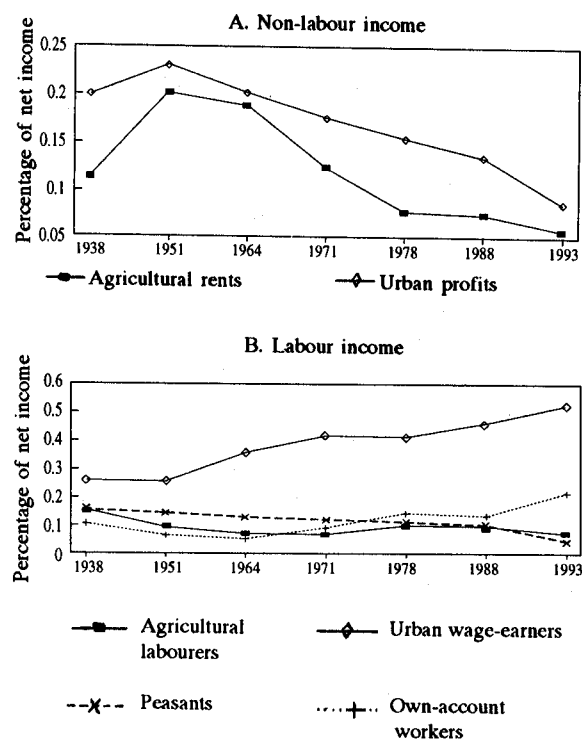
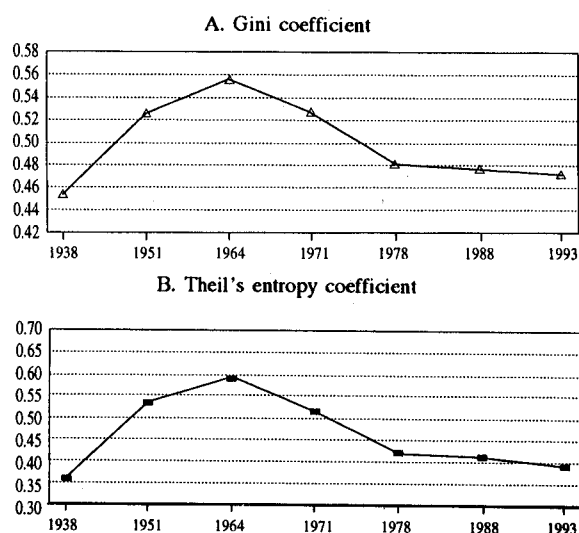


FIGURE 5

Colombia: Evolution of income distribution, 1938-1993



Between the 1930s and the 1960s, income distribution in Colombia suffered a serious deterioration. The Gini coefficient increased by more than 10 points, while Theil's coefficient rose by nearly 25 points. According to Londoño (1995b),¹³ this result is explained by the combination of forms of capital accumulation and labour mobility. It is considered that the rapid accumulation of urban capital, together with the slow expansion of education up to the late 1950s, gave rise to growing inequality in the structure of urban remunerations, with very high returns from education. At the same time, the slow modernization of agriculture, together with the feebleness of the exodus of workers to the cities, led to the stagnation of rural wages, raising land-based rents and heightening the inequalities in agriculture-derived income.

Between the late 1960s and the early 1980s, there was rapid progress in distribution. The Gini coefficient went down by 8 points and Theil's coefficient fell by 18 points, thus almost offsetting the deterioration in distribution registered in the previous phase. Here, too, variations in the forms of accumulation and in the mobility of labour were the main causes of the change in distribution. The rapid increase in the accumulation of human capital, while the capital-GDP ratio in urban areas remained stable, compressed the wage structure and the returns on education. At the same time, the simultaneous increase in agricultural capitalization –especially in land improvement– and in migration to the cities seems to have made it possible to eliminate the excess of rural labour, so that there was a considerable increase in the remuneration of agricultural workers, land-based rents went down, and there was a substantial improvement in the distribution of rural income.

From the 1980s up to the mid-1990s, there has been a phase of slow but positive progress in distribution: especially slow in comparison with the previous phase. The Gini coefficient went down by a little less than one point and the Theil entropy coefficient by a little less than three points over these fifteen years. This slowing-down of progress in terms of distribution had two components, one long-term and the other short-term.

¹³ Through cliometric exercises using general equilibrium computer models for the historical analysis, Londoño (1995b) was able to carry out counterfactual exercises which allow the validity of these explanatory hypotheses to be tested.

Among the long-term trends, the increase in the share of urban wages and own-account income in total national income continued to take place at the expense of a decline in the relative shares of agricultural workers, urban profits and agriculture-based rents. However, the accumulation dynamics of the 1960s, which gave rise to the subsequent changes in distribution, weakened considerably in the 1980s. The expansion in education slowed down very considerably, and the number of years of schooling of the labour force began to reflect this fact. Likewise, the capitalization of agriculture lost the buoyancy it had displayed in the 1960s and 1970s, and these two factors together reduced the pressures both for reducing labour inequality through the wage structure and bringing down the returns on education, and for reducing the demand for labour in rural areas.¹⁴

Within the context of these long-term dynamics, some conjunctural phenomena and policy actions which have occurred since the late 1980s have affected the labour market and non-labour rents.

The events which most affected the labour market were the enormous exodus of agricultural workers and the reforms in labour legislation. The available information¹⁵ suggests that over the period 1988-1993 almost 400,000 peasants lost their employment. According to the household surveys, these people did not stay in rural areas or remain unemployed, but found employment in urban activities. Over this period, urban employment registered an unprecedented boom, and the rate of creation of new jobs was double that observed in the 1980s. Notwithstanding the constant increase in rates of participation in the labour force, urban unemployment went down markedly between 1986 and 1994 (from 16% to 8%), eliminating the whole of the cyclical compo-

¹⁴ On the other hand, the possibility of a different interpretation of the fluctuations in the rate of change of income distribution in the 1970s and 1980s cannot be ruled out either. It is possible that the rapid progress in distribution observed in the second half of the 1970s may have had a large conjunctural component which could not be kept up over time. The increase in rural wages due to the coffee boom and the recovery in urban wages due to the 1978 deflation could have caused the Gini coefficient to go down by over one point more than might have been expected from the long-term trends. This conjunctural evolution might have caused the figures for the period 1971-1978 to show greater progress under the influence of the long-term trends.

¹⁵ From the household surveys analysed (EH 73, EH 77, EH 81 and the CASEM survey) and Reyes, 1995.

nent of unemployment generated in the first half of the 1980s (López, 1995).

The prolonged boom in construction, the buoyancy of exports of manufactures and retail trade in imports, and the reforms in labour legislation to make it more flexible,¹⁶ are estimated to have shifted the curve of labour demand for the urban sector as a whole, producing more jobs without reducing wages. As a result, urban wages tended to rise faster than inflation, especially in the period 1992-1994. The biggest changes were in the market for skilled workers. Because of the increasing scarcity of human capital, due mainly to the sluggish expansion of secondary education since the late 1970s, this greater demand seems to have raised the returns on education and made possible a substantial rise in wages. The response of supply to the changes in demand seems to have been brisker in the unskilled labour market. Examination of the available information suggests that there was a considerable inflow of rural migrants into urban centres in the early 1990s, when there were 500,000 workers without any education and 1,600,000 workers with incomplete primary education in the cities.¹⁷ Since this is precisely the kind of educational background that agricultural workers have, the arrival of 400,000 such workers in the cities assuredly gave rise to an abundance of unskilled labour, which would make it possible to continue with the expansion in employment without putting upward pressure on wages. In the cities, the combination of a shortage of skilled labour and an abundance of poorly educated labour was reflected in an apparent increase in the returns on education.¹⁸ There was therefore an unexpected setback in the reduction in labour inequality that the Colombian economy had been displaying ever since the late 1960s.¹⁹

The capital markets also underwent enormous changes in the 1990s. The downward trend in the return on capital which had been observed ever since the post-war period became even more marked with the inflows of foreign capital, while monopoly rents from the markets for agricultural products and manufactures were reduced by the growing competition from foreign goods resulting from the greater economic openness. According to the available information, these events appear to have speeded up the reduction of the inequality in the earnings of urban families observed in recent decades, and they also appear to have reversed the upward trend in the inequality of agriculture-based rents²⁰ observed throughout the previous two decades. Paradoxically, the agricultural crisis of the early 1990s, which occurred in a context of factor mobility, meant that the smaller growth of nominal income mainly affected landowners, so that there was an improvement in the distribution of agricultural income.²¹

Structural trends and some conjunctural events gave rise to opposing tensions in income distribution: the factoral income of families was distributed in the direction of labour, and the dispersion went down for non-labour income but increased for labour income, with the first two effects being quantitatively greater than the third one. As a result, income distribution improved in the first half of the 1990s (table 3).²²

²⁰ The trend towards a reduction in the inequality of rural rents shown by the CASEM survey is confirmed by the results of National Household Survey No. 81, which DANE carried out almost simultaneously.

²¹ Some analysts (Lora and Steiner, 1995; World Bank, 1994; National Planning Department of Colombia, 1995) consider that the widening of the difference between rural and urban incomes was the main source of deterioration in distribution in the 1990s. Indeed, if the urban-rural population distribution had remained stable, the changes in the terms of trade between agriculture and the rest of the economy would have led to lower relative income per agricultural worker (or family). If the population is mobile, however, the direct relation between movements in added value and relative income is broken, and this would appear to be the case during this period, when the migration of agricultural workers was so great that the gap in productivity per worker between agriculture and urban activities actually closed between 1988 and 1993, rather than widening.

²² The analyses by Berry (1995a), Altimir (1994) or L. Sarmiento (1995), which concentrate on the distribution of urban labour income, give an incomplete picture of the changes in income distribution in society as a whole.

¹⁶ According to Lora and Henao (1995), the labour reforms gave rise to a structural change, shifting demand for labour to manufacturing so much that this sector is estimated to have generated 30% more jobs than under the old legislation.

¹⁷ Household survey EH 73 of September 1991.

¹⁸ As noted by Tenjo (1993), Berry and Tenjo (1995) and Robbins (1995).

¹⁹ This growing inequality in urban labour income has been identified by Tenjo (1993), Berry (1995a), Altimir (1996) and Sánchez (1996), among others.

TABLE 3

Colombia: Indices of inequality, 1978-1993

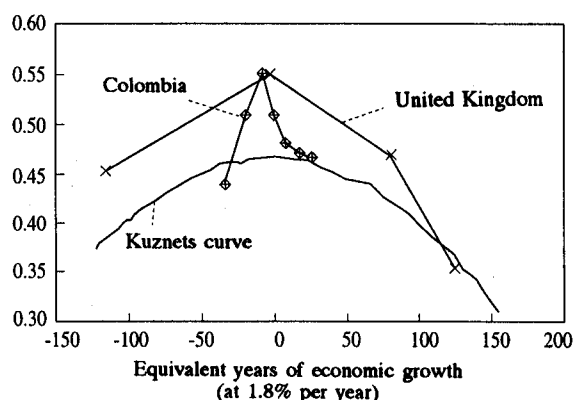
	1978	1988	1993
Labour income	0.411	0.402	0.449
Urban wage-earners	0.382	0.352	0.385
Other workers	0.458	0.475	0.478
Non-labour income	0.564	0.571	0.514
<i>Total</i>	<i>0.481</i>	<i>0.476</i>	<i>0.472</i>

4. Changes in distribution: a comparative view

Income distribution in Colombia in the 1970s and 1980s did not remain static at the levels of the 1960s, which were the levels by which it became internationally known. As we saw in the previous sections, after a long period of deterioration which reached its nadir at the end of that decade, income distribution improved continuously in the following 25 years: faster in the 1970s, more slowly in the 1980s, and somewhat faster in the early 1990s.

How can we gauge how significant the levels and changes in Colombian inequality were during this period? One simple way is to compare the evolution of the Gini coefficient in Colombia with the path it would follow in a typical country displaying the evolution forecast by Kuznets,²³ or with what actually happened in England in recent years (Williamson, 1985). In order to simplify the comparison still further, the GDP was normalized in terms of equivalent growth-years (at the rate of 1.8% per year). The variations forecast by Kuznets normally take a long time to develop (figure 6). An increase in inequality

FIGURE 6

United Kingdom and Colombia: Kuznets curve

Source: Londoño, 1995b.

like that displayed by Colombia in the 1960s – ten points on the Gini coefficient – would normally take 100 or 150 years in an average country, while the decrease in Colombian inequality over the 25 years in question would take three or four times as long in other countries.

Compared with these typical patterns, the English experience seems to have been one of extreme changes in distribution. Colombia has displayed changes in distribution of similar magnitude to those of England (indeed, Colombian inequality in the 1960s was not very different from that of England a hundred years ago), but they took place over a very much shorter period. Thus, Colombia registered in the short space of 50 years changes that had taken over 250 years in England.

IV

Social policy effects:

secondary income distribution

In the case of Colombia, what has been called the second round of income distribution has been assuming increasing importance, especially since the 1980s. External and public sector transfers²⁴ to Colombian households and transfers of income to the exterior by Colombian firms have grown considerably. Around 1993, each of these sources (as a proportion of GDP) was three times greater than at the

²³ We used a regression along the lines of $Gini = a + b \ln(Y) + c \ln^2(Y)$, where Y is the per capita income, with purchasing power parity (PPP) at 1980 prices and \ln is its natural logarithm. As noted in Londoño (1995b), 143 observations were used for 93 countries, for the period 1958-1983.

²⁴ These transfers are defined as the difference between the total taxes and other charges paid by households and the social expenditure received by them.

beginning of the 1970s (figure 7), and this warrants a more detailed examination of the public sector's redistributive effect among households.²⁵

1. The evolution of social expenditure

Per capita public social expenditure grew by 4.0% per year in real terms between 1970 and 1995.²⁶ Two components may be distinguished in the dynamics of this public expenditure (figure 8). The first of these is expenditure on pensions, which has grown rapidly and quite steadily, in per capita terms, at the rate of 7.4% per year, raising its share of GDP from 1.0% to 3.7% between 1970 and 1995. The second component consists of the rest of social expenditure, which has grown less rapidly (by 3.2% per year, in per capita terms) and has displayed marked cycles. These cycles, as may be seen from section B of the figure, have been due mainly to variations in spending on education, which has fluctuated enormously, without following any well-defined trend. Expenditure on health, in contrast, has oscillated less and increased its share of GDP considerably between 1970 and 1995.

Altogether, public social expenditure practically doubled as a proportion of GDP between 1970 and 1995, rising from 6.7% to 12.5%, and it was increasingly financed with resources which did not come from the households themselves (figure 7, section B).

²⁵ Transfers of property income to the exterior would appear to have little direct impact on household incomes, since they come mainly from the earnings retained by mining sector firms. The importance of direct transfers from the exterior to Colombian households has increased, however, as a result of remittances by Colombians living abroad and the ill-gotten gains from drug trafficking. Because of the scanty information available in this respect, however, it is not possible to analyse the effect of these latter transfers on income distribution.

²⁶ In order to evaluate public social expenditure, I employed an information source which is fully consistent but little used by Colombian analysts: table 30 of the national accounts prepared by DANE - "Public administration expenditure, classified by purpose and economic objective". I obtained the data for 1994 and 1995 by extrapolation on the basis of the data given in Sánchez, 1996. Social expenditure is considered to include expenditure on health and sanitation, education and training, social assistance and social security (both pensions and health services); in the latter case, it also includes expenditure on health and pensions by public enterprises.

FIGURE 7

Colombia: Second round of redistribution

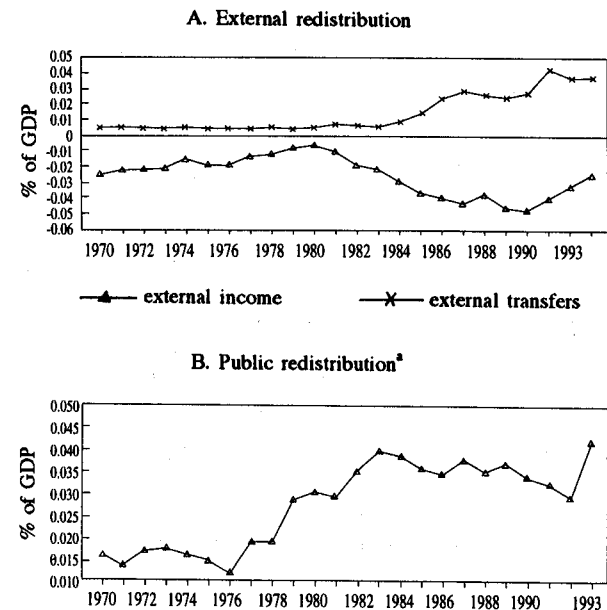
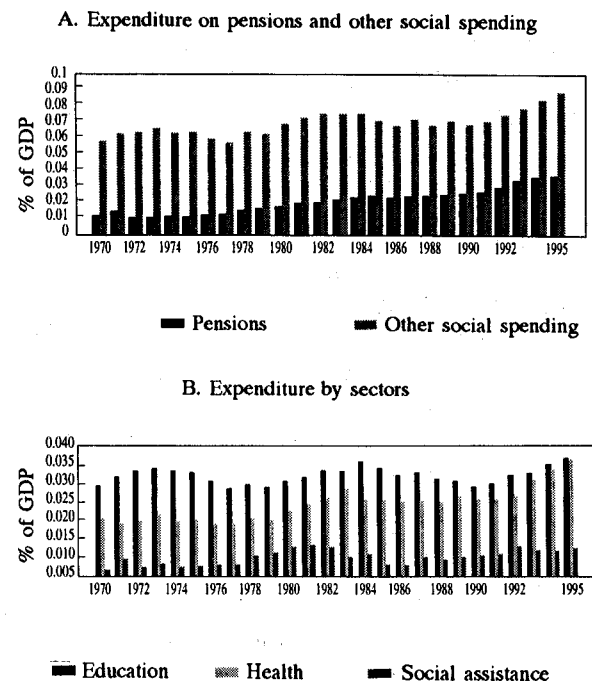


FIGURE 8

Colombia: Evolution of public social expenditure, 1970-1995



2. The distributive effect of social expenditure

In addition to detailed information on the evolution of social expenditure between 1970 and 1995, Colombia also has two very high-quality studies on the distribution of the benefits of public expenditure among users. The pioneering study was carried out by Selowsky (1979), with information from the mid-1970s. Subsequently, Vélez (1996) used the same methodology, with information from the early 1990s. Comparison of the two studies allows us to estimate the levels and changes in income distribution effected through the efforts of the public sector.

The impact of social expenditure on income distribution depends on its amount, on the way it is financed, and on the way its benefits are distributed among users. These results may be expressed mathematically through the following equation,²⁷ which breaks down the Gini coefficient in terms of the coefficients of concentration (C) and progressiveness (P) of the various types of taxes and subsidies:

$$\Delta G = G_f - G_o = \frac{\gamma (Cs - Go) - \tau (Ct - Go)}{1 + \gamma - \tau} = \frac{\gamma Ps - \tau P}{1 + \gamma - \tau}^{28}$$

where:

$$\gamma = \frac{S}{Y_o}, \quad \tau = \frac{T}{Y_o}$$

are the fractions of income represented by subsidies and taxes and $Ps = Cs - Go$, $Pt = Ct - Go$ are the coefficients of progressiveness of subsidies and taxes.

In other words, changes in the Gini coefficients can be broken down in terms of the fluctuations in the progressiveness of the various subsidies and taxes (measured by the coefficients of concentration or progressiveness) and the changes in the quantitative magnitude of such subsidies and taxes.

Between 1975 and 1995, public expenditure on education and health became more progressive in Colombia. The coefficients of concentration of expenditure on education and health²⁹ became more ne-

gative, indicating that a larger proportion of it reached the poorer strata (table 4). The most spectacular progress was in education: during this period Colombia advanced from having one of the most regressive indexes in Latin America to a position where its indicators surpassed those of the Southern Cone countries.³⁰ The progressiveness of expenditure on health was even greater, although it grew more slowly over the period 1970-1992.³¹

The impact of public spending in the areas of education and health on household income distribution depends on the relative size of social expenditure transfers and the evolution of their progressiveness. This has proved to be of enormous importance in the context of the parameters prevailing in Colombian society. In order to evaluate its evolution between 1970 and 1995, two simulations were made. In the first one, the effect of the social expenditure effort on the different sectors was evaluated, assuming that the coefficients of progressiveness of the services provided remained unchanged.³² In the second, the effect

TABLE 4

Colombia: Progressiveness of social expenditure
(Coefficients of concentration)^a

	1974	1992
Education	0.006	-0.081
Primary	-0.256	-0.347
Secondary	0.001	-0.124
University	0.551	0.325
Health	-0.143	-0.159
Ministry of Health	-0.143	-0.66
Social Security	0.156	0.218
<i>Total</i>	<i>-0.013</i>	<i>-0.096</i>

Source: Selowsky (1979) and Vélez (1996).

^a The coefficient of concentration ranges from -1 to +1. If it is positive, this means it is regressive.

²⁷ Derived by Vélez and Medina (1995) on the basis of Kakwani (1977).

²⁸ G_o = Gini coefficient before subsidies

G_f = Gini coefficient after subsidies

C = coefficient of concentration

P = coefficient of progressiveness

s = subsidies

t = taxes.

²⁹ There is no information which would allow a similar analysis to be made for the transfers implicit in the pension system.

³⁰ According to ECLAC (1995), the Gini coefficient for spending on education in Colombia in 1992 was -0.17, which compares favourably with the corresponding figures of -0.10 for Argentina, -0.12 for Chile and -0.18 for Uruguay.

³¹ Once the subsidized system provided for under Act 100 has been fully implemented and the system of contributions is working to the full, the health system could be much more progressive than primary education. Preliminary calculations indicate that in their first five years of operation the health reforms could lead to a reduction of at least two additional points in the Gini coefficient.

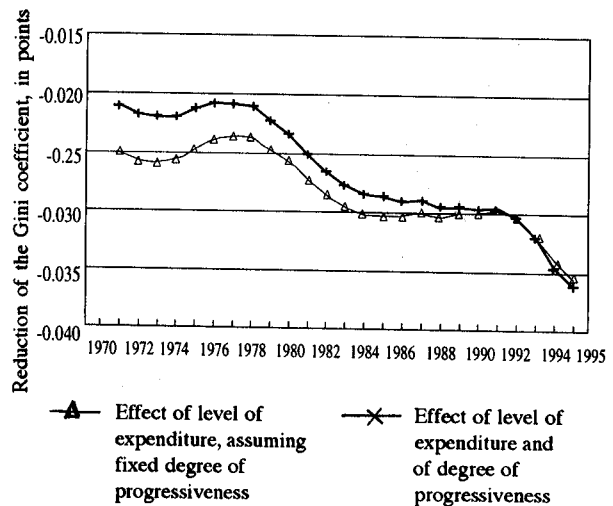
³² The 1992 coefficients given in Vélez (1996) were used.

of the progressiveness of spending on the different social services was evaluated, in line with the evolution observed over the period in question.³³

The exercise gave two important results (figure 9). Thanks to the income redistribution generated by social expenditure, the Gini coefficient was reduced by 3.7 points, which is equivalent to many decades of economic growth. The redistributive effect was 2.1 Gini points in 1970 and 3.7 points in 1995, so that it may be said that the evolution of social spending over those 25 years helped to reduce the Gini coefficient by 1.6 points. As may be seen from figure 9, half of this effect came from changes in the size and structure of social spending among the various services. The other half of the effect (the difference between the two lines in the graph) was obtained through better targeting of social expenditure in each sector, especially during the last two governments.

FIGURE 9

Colombia: Distributive effect of social expenditure



V

A global appraisal of income distribution trends

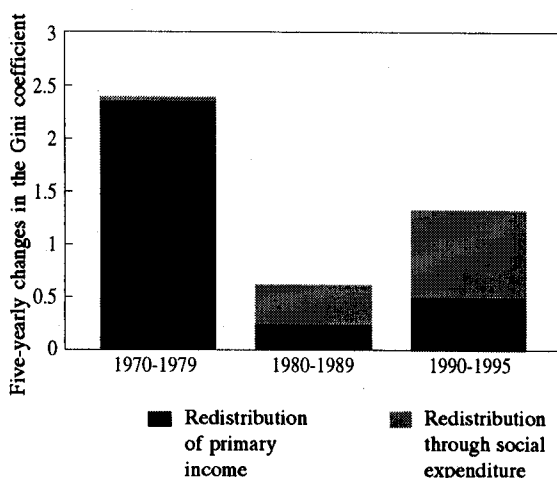
As we have seen in previous sections, the final income distribution among individuals may be affected if there are changes in the primary income distribution of the economy or if it is affected by public action, through transfers³⁴ and taxes. The importance of each of these distributive mechanisms has been clearly illustrated in the previous two sections. In this section, it is proposed to integrate the results obtained in them in order to gain a global view of income distribution trends between 1970 and 1995.

As we saw in section III, in those 25 years primary income distribution displayed two phases: rapid progress up to the early 1980s, followed by slower progress thereafter, with some speeding-up in the 1990s. Between 1971 and 1993, the Gini coefficient went down by 5.3 points: an average reduction of 0.21 points per year; the approximate rates of reduction were 0.47 points per year in the 1970s, 0.05 points in the 1980s, and 0.10 points in the 1990s. Secondary income redistribution through social expenditure, however, evolved quite differently over the period. In the 1970s, it grew more slowly than family income, and had no net distributive effect. It increased in the early 1980s, giving rise to some improvements in income distribution, but it ceased to do so from 1984 at least until 1991. In 1992-1995 it increased more rapidly than family income, and since at the same time there was improved targeting of expenditure towards the poorest sectors, there was a marked increase in the distributive effect.

³³ Because of the lack of more detailed information, the coefficients were linearly extrapolated between 1974 and 1992.

³⁴ In this article, only the distributive effects of public social spending are taken into account. Vélez (1996) has made a complete analysis of the impact of the rest of public spending—especially spending on public service enterprises—and taxes.

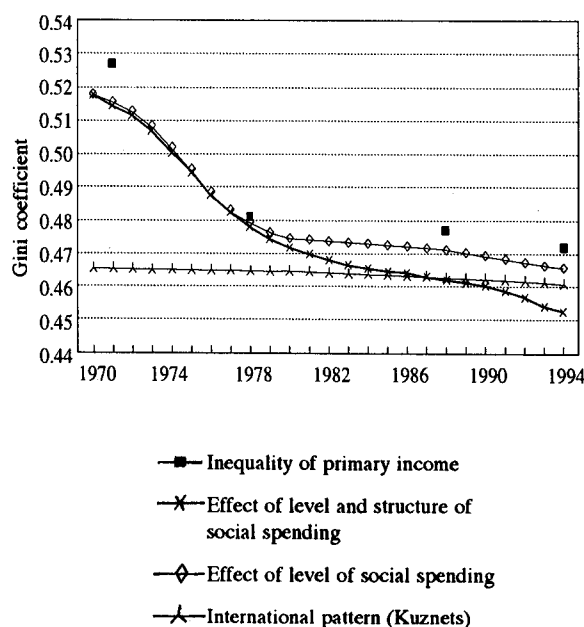
FIGURE 10

Colombia: Sources of progress in income distribution

Altogether, these changes in primary and secondary distribution gave rise to two distinct phases in distribution trends between 1970 and 1995 (figure 10). Final income distribution improved most rapidly in the 1970s, especially because of the buoyancy of labour markets, but subsequently the rate of improvement dropped to less than half, because although there was an increase in fiscal redistribution, the sources of change in primary distribution became more sluggish.

How does the evolution of effective income distribution in Colombia compare with international patterns over the 25 years in question? An empirical analysis indicates that, thanks to the effects of the rapid progress in monetary income distribution in the 1970s and the very large distributive impact of social spending in the 1990s, the degree of inequality in effective income distribution in Colombia is no greater than could be expected in the light of international patterns (figure 11). The reduction of inequality of primary income in the 1970s was rapid,

FIGURE 11

Colombia: Patterns of distribution and social expenditure^a

^a All the data are centered 5-year movable averages.

but it did not manage to eliminate the high level of inequality that Colombia had accumulated up to the 1960s. Subsequently, progress became slower, and at that rate convergence with the levels of inequality forecast by Kuznets for countries at a similar level of development could be expected to take several decades more. However, a strong impulse was given to social spending in the following years. If this spending had simply been expanded, without changing the structure of the public sector that existed in the 1970s, it would not have been possible to eliminate the excessive inequality, but the equity-oriented approach taken to public social spending since the 1980s, plus its rapid growth in the 1990s, speeded up the reduction of the inequalities which had marked Colombia for 50 years.

VI

Trends in poverty and human development indicators

Colombia's indices of inequality are still high in the eyes of any observer. As we saw in the previous sections, however, inequality went down steadily over the period 1970-1995, and thanks to the expansion and targeting of social expenditure it is no longer higher than international patterns. However, slow changes in levels of inequality could be accompanied by equally slow progress in overcoming poverty or improving indicators of well-being. Has this been so in Colombia? In this section, we will describe trends in poverty and in the basic indicators of health and education over the period in question.

1. Trends in poverty

Attempts to measure poverty over time have given rise to as many methodological discussions as those associated with efforts to measure income distribution. The generally preferred method seeks to determine the percentage of the population considered to be below a given poverty line on account of their insufficient monetary income. From the point of view of well-being, however, it is by no means clear that lack of monetary income is a faithful reflection of all the population's unmet needs (Sen, 1992), especially when a substantial component of consumption does not pass through the market (as in the case of production for home consumption or the consumption of goods provided by the public sector). There is also considerable discussion about the exact construction of the thresholds below which people are to be considered poor.³⁵ In recent years, a different criterion for measuring poverty has gained widespread currency in Latin America: that of unmet basic needs, such as employment, education, housing and basic services (UNDP, 1989). There has also been much discussion about which goods should be included in basic shopping baskets, and analysts are far from reaching agreement on this point. Where there is

growing consensus is that both these indicators only partially grasp the complex dimensions of the poverty problem³⁶ (figure 12).

The information available in Colombia allows the evolution of poverty to be quantified over relatively long periods of time. If we look at the dynamics of the population under the poverty line or with unmet basic needs between 1970 and 1995, we see that in the 1970s there was a more rapid reduction in the population considered to be poor according to the latter criterion, but in the 1980s this reduction slowed down (the number of people ceasing to be poor under this concept went down from 200,000 per year in the previous decade to only 180,000 per year: i.e., from 2.0% to 1.2% of the population). The poverty rate in terms of insufficient monetary income (the poverty line) practically did not change, so that the absolute number of persons with insufficient monetary income increased considerably. In the first half of the 1990s, the reduction of poverty speeded up in both absolute and relative terms, regardless of the criterion used. As measured by unmet basic needs, poverty went down between 1990 and 1994 by 900,000 persons per year (3.1% of the population): over three times the rate achieved in the 1980s.³⁷ As measured in terms of

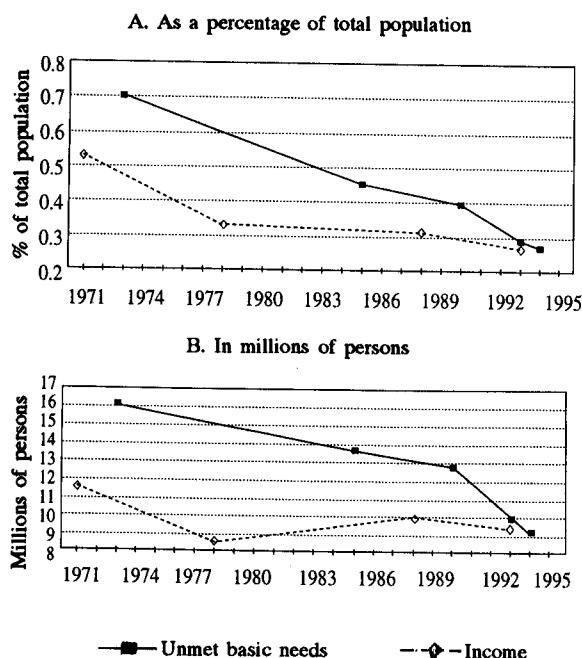
³⁶ There are some interesting analytical and empirical studies which offer alternative methods of measurement. Boltvinik (1992), basing his ideas on Koztman (1989), has proposed an integrated means of measuring poverty (MIP) which combines in a single matrix the population groups classified as poor under either methodology. Castañeda (1992) has developed a system for identifying the poor population (SISBEN) based on a broader set of indicators of income and consumption of private and public goods.

³⁷ The goal of the "Peaceful Revolution" –the development plan of the Gaviria administration– was to reduce poverty, as measured by unmet basic needs, from 39.5% to 27.3% of the population between 1990 and 1994, by means of its strategies for increasing employment through faster economic growth and progress in the fields of housing, drinking water supply and education (Colombia, DNP, 1991, p. XX). The September 1994 National Household Survey found that 27.1% of the population was in a state of poverty due to unmet basic needs, so that –in contrast with the views of many critics– the main goal of the Peaceful Revolution was more than reached.

³⁵ For a good analysis of the empirical problems encountered in constructing these poverty lines, see ECLAC (1991).

FIGURE 12

Colombia: Poor population, defined in terms of income and of unmet basic needs



Source: Calculations by the author on the basis of DANE data.

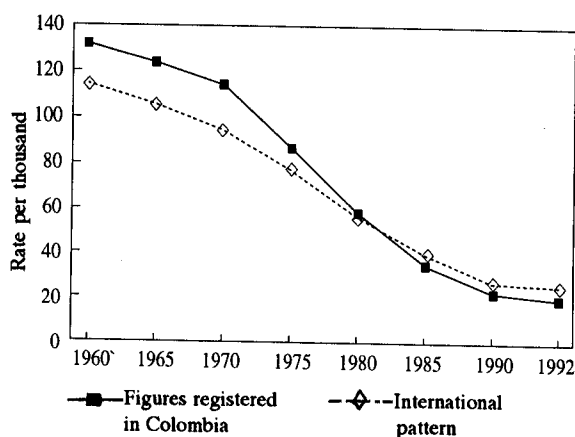
insufficient monetary income, poverty went down more slowly, but even so it was reduced four times faster than in the 1980s (0.8% compared with 0.2% per year). This made it possible to reverse the upward trend in the number of people with insufficient monetary income registered in the previous decade.³⁸

Thus, poverty in Colombia displayed a rapid downward trend between 1970 and 1995 which speeded up still further in the 1990s. The degree of income inequality in Colombia is no longer very different from international levels, while the level of poverty in terms of insufficient monetary income is no higher than might be expected from the experience of other countries of a similar level of development. This is in marked contrast with the situation in the rest of Latin America, where the proportion of poor persons increased steadily in the 1980s and the number of people who are poor in terms of insufficient monetary income rose from 120 million to 168 million between 1980 and 1995.³⁹

³⁸ The most recent data indicate that the slowdown in the economy as from the second half of 1995 has been accompanied by increases in the poverty rate and the number of poor people.

FIGURE 13

Colombia: Evolution of child mortality ^a



^a Children under 5 years of age.

2. Trends in human development indicators

Recent human development analyses (UNDP, 1995) have sought to measure human well-being through a basic set of indicators reflecting the levels of health and education of the population: child mortality,⁴⁰ expectation of life at birth, and average schooling of the working-age population. In order to round out our examination of human well-being and its evolution in Colombia, we shall compare the evolution of each indicator with that which might be expected for the country in view of its level of development and international trends.⁴¹

Child mortality in Colombia has been reduced particularly quickly in recent decades (figure 13). In the 1960s, it was 15% above international levels, and

³⁹ For an analysis of these trends, see Londoño, 1996b.

⁴⁰ This means mortality before the age of 5, as measured by direct surveys (Hill and Pande, 1996).

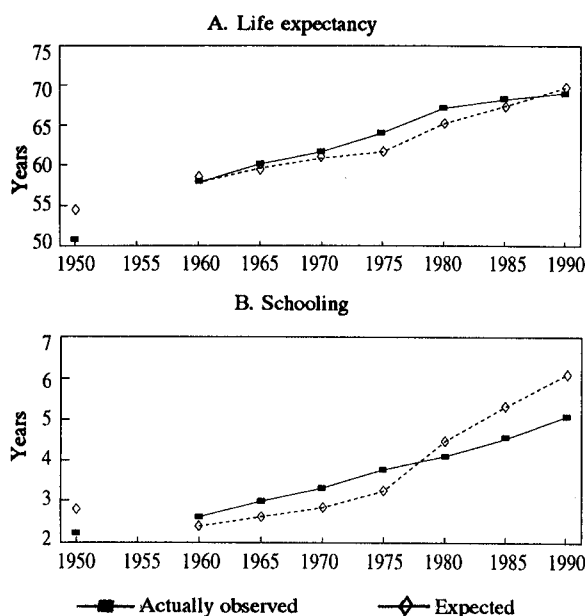
⁴¹ This comparative analysis is based on World Bank data on per capita income (at international purchasing power parity), life expectancy, child mortality, and labour force schooling for over 100 countries over the period 1950-1992. The international pattern was calculated through the following regression:

$$\ln(\text{HDI}) = a + b \ln(y) + c \ln_2(y) + d \text{ Region.i} + e \text{ Time.t}$$

where the natural logarithm of each human development indicator (HDI) was regressed as a function of per capita income and its square and of dummy variables for each of the nine regions of the world and each of the five-year periods since the war.

FIGURE 14

Colombia: Actual and expected evolution of life expectancy and years of schooling, 1950-1990



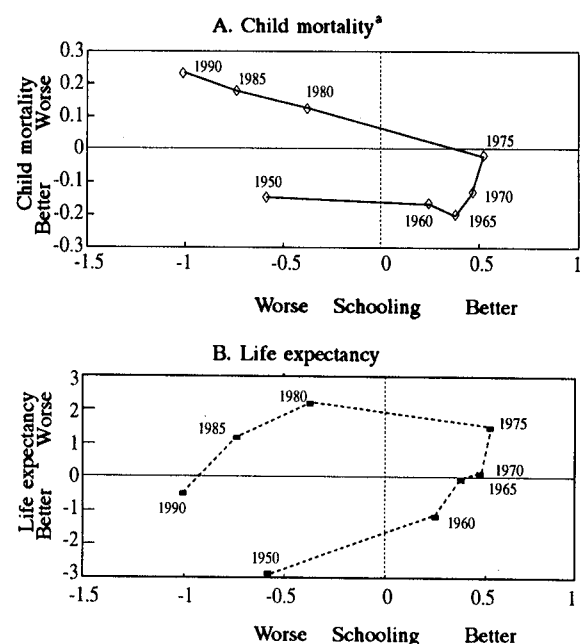
the difference tended to widen still further up to the early 1970s; thereafter, however, it went down more rapidly than in most countries of similar levels of development, and since the mid-1980s it has been almost 25% below the internationally expected levels for such countries. This result may be explained by the evolution of levels of inequality and public health expenditure in Colombia during the respective periods.

However, comparison of life expectancy and labour force schooling in Colombia with international patterns holds out some surprises.

According to various recent studies, life expectancy is quite elastic with respect to income and the spread of medical technology (World Bank, 1993). It tends to rise rapidly in countries with average incomes like those registered in Colombia in the 1950s and 1960s, but when it approaches 70 years it tends to rise more slowly. Life expectancy in Colombia (figure 14 A) was abnormally low in the 1950s, but in the 1960s and 1970s it rose more rapidly than in most countries at a similar level of development. As from 1985, however, it rose very slowly indeed, despite the faster decline in child mortality. The explanation for this is very simple: it would appear that the increase in the homicide rate among young men has

FIGURE 15

Colombia: Evolution of child mortality^a and life expectancy, 1950-1990^b



^a Children under 5 years of age.

^b Differences are measured in years.

meant that male life expectancy has not increased for the last ten years.⁴²

The level of schooling of the Colombian labour force was particularly low for the country's level of development in the 1950s (figure 14 B). Subsequently, the rapid expansion of primary education from the late 1950s until the mid-1970s allowed Colombia to reach higher-than-expected educational levels. Since the late 1970s, however, a decline in the rate of accumulation of human capital coincided with a foreseeable rise in educational expectations in line with the levels of development achieved, so that in the 1980s Colombia registered a growing lag behind international patterns in terms of education, and this has shown no signs of diminishing in the 1990s.⁴³

⁴² This situation has been analysed in Galvis (1989) and Colombia, Ministry of Health (1994).

⁴³ In 1990-1994, the Gaviria administration tried to speed up the expansion of enrolment in secondary education, and coverage was raised from 50% to 56% of the population of corresponding age (Calderón, 1996). This result, however, although positive, did not succeed in covering the growing demand for education resulting from the Colombian development pattern within the new international context.

The combined analysis of the above-mentioned three human development indicators allows us to describe the evolution of social rifts in Colombia between 1950 and 1990 (figure 15). In the 1950s, the country displayed fewer achievements in child health and education than similar nations. In the 1960s, the unsatisfactory situation as regards child health persisted, but the efforts in the field of education were very successful. From the 1980s onward, child health made very satisfactory progress, but education lagged markedly behind the levels expected in the rest of the world, while the achievements in reducing

child mortality were offset on occasions by the impact of violence (figure 15 B). In the 1960s and 1970s, the lower level of violence meant that life expectancy increased more rapidly than would be explained by the reduction in child mortality, but in the 1980s the opposite occurred, thus reversing the cycle. Consequently, after having surpassed international levels in terms of educational levels in the 1970s and life expectancy in the early 1980s, Colombia finds itself once again, in the mid-1990s, with levels of education and life expectancy below those that could be expected for its level of development.

VII

Social prospects in Colombia: some reflections

The foregoing sections gave a simple but coherent description of the evolution of the main social problems facing Colombia. As we have seen, contrary to the expectations of many critics Colombian society in the 1990s does not display growing inequality or greater poverty because of a combination of supposed unavoidable structural tendencies or the effect of neoliberal policies. The trade and labour reforms which have been made, against the background of an expansive but soundly financed social expenditure policy increasingly focussed on the poorest sectors of the population, have made possible faster progress in improving the distribution of effective income among the population. Although the degree of inequality and poverty in Colombia is still high and constitutes a lamentable social problem, it is no longer markedly higher than in other comparable countries.

Although the recent advances strike a positive note, however, it does not appear that they can necessarily be sustained in the future. The advances in income distribution in the 1980s were largely achieved through social expenditure which compensated the poorest sectors of the population for the loss of the benefits that the labour markets spontaneously denied them and through reductions in inequality of non-labour income, but the factors that helped most to further equity in the past and could continue to do so now are more and more feeble.

A source of particular concern is the sluggish development of human capital in Colombia. The country continues to assign unnecessarily low priority to education and vocational training, and it is lagging further and further behind international levels. The events of recent years indicate that shortcomings in the field of human capital could be much more important than most Colombian analysts and politicians thought.

The growth rate of investment in agriculture, especially in land improvement, is also very slow. Unless the foundations are laid for ensuring annual growth rates much higher than those of 1980-1995, economic progress may not meet the population's expectations.

Furthermore, increasing importance is being assumed by sources of income which could run counter to the recent trends towards greater equity. The soaring income from drug trafficking has begun to have substantial effects on the ownership of urban and rural assets (Pardo, 1996), and sooner or later this could give rise to greater inequality. Likewise, the income from criminal activities such as guerrilla actions and common-or-garden violent crime is an increasingly regressive form of redistribution, while the growing concentration of the surplus from mining activities could eventually be reflected in increasing inequality of household income.

At the same time, the possibility of prolonging the expansion of social spending, as a compensatory distributive factor, could soon run up against fiscal and institutional constraints. As we already saw in figure 8 above, the increase in fiscal expenditure in respect of pensions is the main source of fiscal pressure and could eventually have negative effects on the rest of social expenditure. The fact that in 1995 and 1996 basic education absorbed less than 5% of the marginal increase in social spend-

ing should be a warning sign. Moreover, the hesitations and difficulties of the government in moving ahead with the modernization of social management through greater decentralization, competition among producers, greater freedom of users, and the use of rational and predictable resource allocation mechanisms could reverse the achievements in terms of greater equity registered by social spending in recent years.

(Original: Spanish)

ANNEX 1

Colombian income distribution indicators, 1938-1993

A. Employment (thousands of man/years)

	1938	1951	1964	1971	1978	1988	1993
Agriculture							
Day labourers	888	847	995	1 002	1 385	1 750	1 746
Peasants	700	869	1 063	1 178	1 311	1 632	1 207
Rentiers	459	336	400	380	401	426	464
	1 588	1 716	2 058	2 180	2 696	3 382	2 953
Urban activities							
Wage-earners	750	1 348	2 073	2 574	3 499	4 760	6 666
Own-account workers	225	362	494	926	1 531	1 792	3 090
Capitalists	210	300	333	370	480	500	435
	975	1 710	2 567	3 500	5 030	6 552	9 756
Total	2 563	3 426	4 625	5 680	7 726	9 934	12 709

B. Real income (thousands of 1995 pesos)

	1938	1951	1964	1971	1978	1988	1993
Agriculture							
Day labourers	733	876	974	1 286	2 047	1 931	1 927
Peasants	916	1 250	1 559	1 837	2 375	2 119	1 633
Rentiers	1 018	4 521	6 209	5 898	5 465	6 115	5 631
Urban activities							
Wage-earners	1 414	1 438	2 280	2 948	3 299	3 342	3 534
Own-account workers	1 960	1 368	1 407	1 799	2 587	2 561	3 143
Capitalists	3 883	5 810	7 989	8 593	9 022	9 348	9 018

C. Shares of total household income

	1938	1951	1964	1971	1978	1988	1993
Agriculture	0.432	0.445	0.387	0.314	0.291	0.273	0.176
Day labourers	0.160	0.099	0.073	0.071	0.101	0.098	0.075
Peasants	0.157	0.144	0.126	0.119	0.111	0.100	0.044
Rentiers	0.115	0.202	0.188	0.124	0.078	0.075	0.058
Urban activities	0.568	0.555	0.613	0.686	0.709	0.727	0.824
Wage-earners	0.260	0.258	0.358	0.419	0.413	0.460	0.522
Own-account workers	0.108	0.066	0.053	0.092	0.142	0.133	0.215
Capitalists	0.200	0.232	0.202	0.175	0.155	0.135	0.087
Total	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Wages	0.420	0.356	0.432	0.490	0.514	0.557	0.596
Labour	0.685	0.566	0.610	0.701	0.767	0.790	0.855

D. Gini coefficients of inequality

	1938	1951	1964	1971	1978	1988	1993
Agriculture							
Day labourers	0.2630	0.3491	0.3410	0.3105	0.3058	0.2833	0.3048
Peasants	0.4545	0.4241	0.4545	0.4490	0.5205	0.5357	0.5325
Rentiers	0.5117	0.5139	0.5618	0.5612	0.5790	0.5991	0.5377
Urban activities							
Wage-earners	0.2922	0.3754	0.4300	0.4404	0.3819	0.3517	0.3845
Own-account workers	0.3415	0.4413	0.4801	0.501	0.5117	0.5452	0.5511
Capitalists	0.3893	0.5310	0.5790	0.5443	0.5435	0.5373	0.4768
Factorial aggregates							
Labour	0.3553	0.3932	0.4586	0.4390	0.4111	0.4020	0.4491
Non-labour	0.5446	0.5217	0.5679	0.5540	0.5643	0.5713	0.5139
Sectoral aggregates							
Agricultural	0.3910	0.5304	0.5701	0.5235	0.4826	0.4952	0.4846
Non-agricultural	0.3900	0.5140	0.5332	0.5186	0.4703	0.4544	0.4553
Total	0.4537	0.5251	0.5550	0.5268	0.4814	0.4765	0.4721

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