

The
Economist

Chile's economic statistics For richer—or poorer

Re-crunching the numbers—whatever they might be

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DODGY statistics are something that has come to be associated with



Am I one of the 14.4% or the 15%?

Argentina in recent years. Indeed this month the IMF gave the Argentine government a deadline of December 17th to come up with credible inflation numbers, or risk unspecified sanctions. But across the Andes in Chile, an argument has raged for the past few weeks as to whether the centre-right government of Sebastián Piñera has fiddled the poverty numbers to flatter its economic record.

The discrepancy involved is small. But the principle at stake is a big one: Chile has long stood out in Latin America for the seriousness of its economic policies and the impartiality of its statistics. This reputation helped it to be invited to become the first South American member of the OECD, a club of mainly rich countries, in 2010. It now looks a little tarnished.

On July 20th the government announced that 14.4% of Chileans were living below the poverty line, down from 15.1% in 2009, when the centre-left was in power under Michelle Bachelet. Mr Piñera trumpeted that Chile had “recovered the ability to reduce poverty”. In opposition, his team had blamed Ms Bachelet’s lot for the rise in poverty from 13.7% in 2006, though this was because of the world financial crisis and a steep rise in energy and food prices, rather than a failure of government policy.

The poverty numbers are derived from a household survey, known as Casen, conducted by

the government every two or three years. The survey is a vital tool for shaping public policy. The government hands the survey forms over to the United Nation's Economic Commission for Latin America and the Caribbean (ECLAC) which happens to be based in Santiago and which crunches the numbers.

The problem is that ECLAC found that the poverty rate was not 14.4% but 15%—almost unchanged since 2009. But the government sent its report back, asking it to include data about informal income earned by the unemployed. For the first time in Casen's 25-year history, ECLAC redid its sums. Some economists say that this means this year's result is not comparable to the preceding ones.

The government says it simply had a misunderstanding with ECLAC. It claims to have carried out a "pre-test" which justified including the extra income, though it has not yet produced this. Others, including Andrés Velasco, Ms Bachelet's finance minister, say the government deliberately massaged the figures. The head of ECLAC's social-statistics division resigned over the scandal, as did a senior official at Chile's social development ministry.

"Casengate", as it has become known, is not the only recent statistical anomaly in Chile. Preliminary findings from this year's census found only 16.6m Chileans. That was surprising since the projection by the National Statistics Institute (INE) from the previous census in 2002 was 17.4m. The new number seemed to confirm worries that this year's census was poorly conducted. But it allowed Felipe Larraín, the finance minister, to point out wryly that the country's income per head, at purchasing power parity, is around \$19,000—a handy upward leap from \$17,222 last year.

Then there is the unemployment data. INE's monthly data suggest that 700,000 jobs have been created since Mr Piñera took office in March 2010. That leaves him well up on his promise to create 1m jobs in his four-year term. But the Casen survey suggested only about 420,000 new jobs.

Mr Piñera risks having created a rod for his own back. He has launched a new anti-poverty scheme, known as the Ethical Family Income. This is a thoughtful attempt to go beyond schemes elsewhere in the region, by linking cash transfers to the poor to their children's school performance and to retraining courses for the unemployed. But Chileans may now be sceptical of the results. The lesson from all this is that Chile needs to gather together its statisticians into a single agency, such as a new and improved INE, and give it more autonomy and a broader remit.

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