

Session A:

Poverty and Social Exclusion in the European Union



Poverty Measurement Issues

- Controversies over the relative poverty approach
- Problems of the statistical investigation of poverty
- Topics for the research on child poverty

Controversies over the relative poverty approach (1/3)

Justification for relative poverty

Conceptual

- First, the key challenge for Europe is to make the whole population share the benefits of high average prosperity (...)
- Secondly, what is regarded as minimal acceptable living standards depends largely on the general level of social and economic development which tends to vary considerably across countries. (European Commission, 2004, p. 14)

Empirical

- Avoiding problems with poverty thresholds

Controversies over the relative poverty approach (2/3)

Difficulties of the statistical investigation

➤ Aggregation of poverty indices

Example 1.

Poverty rate (2001: **16 %** for EU-15, **15 %** for EU-25) needs special explanation

Example 2.

Poverty gap index (2001: 22% for EU-15) is hard to interpret at the EU level

➤ Impact analysis

Example 1. Growth → poverty

Example 2. Social policies → poverty

Controversies over the relative poverty approach (3/3)

Possible answers

- Actual (partial)
 - In depth analysis of poverty thresholds
 - The use of poverty indicators ‘anchored at a moment in time’
- Proposed and discussed
 - Move towards absolute poverty concept with a single EU threshold
 - Supplement relative with absolute poverty approach

Problems of the statistical investigation of poverty

In theory: Variety of poverty measures – measuring extent, depth, severity....

In practice: One measure approach – based on **poverty rates**, neglecting **poverty gaps**

Reasons: Difficulties of interpretation of the poverty gap index

Possible answers:

Pay more attention to the poverty gap

Rework poverty gap index

Example 1: Express total gap as percent of GDP

Example 2: Express poverty gap in PPS

Topics for the research on child poverty

Actual status of the Report: Limited analysis of child poverty
Limited methodological proposals

Proposed topics:

Methods

Elaborate common equivalence scales

Indicators and analysis

Grouping or breakdowns: By age of a child; By place of residence

Groups of a special concern: Children of migrant families

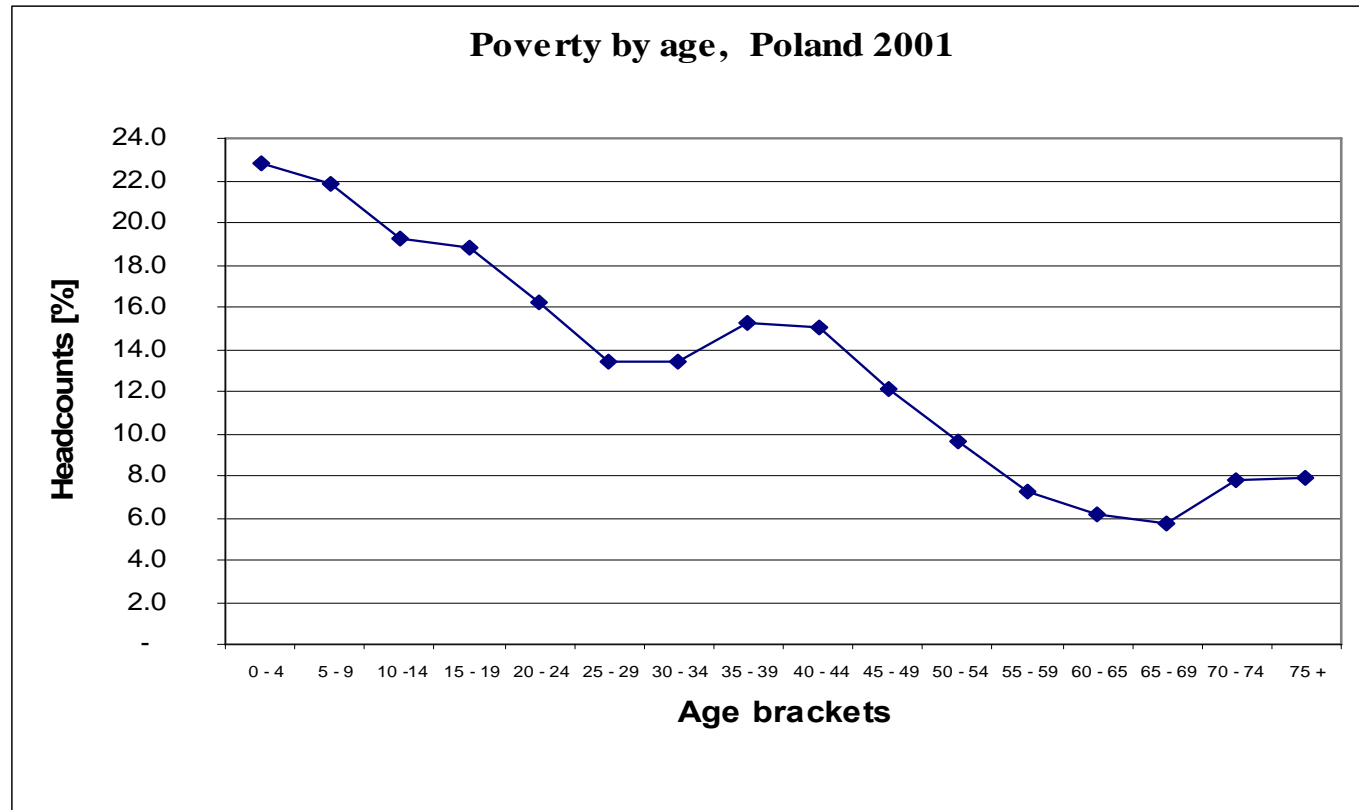
Children of ethnic minorities

Homeless children

TAKING FORWARD THE EU SOCIAL INCLUSION PROCESS

Poverty and Social Exclusion in the European Union

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Source: World Bank 2004, *Growth, Employment and Living Standards in Pre-Accession Poland* (vol. 2, chapter 4).