

Chapter 14

The European Community: Diverse Images of Poverty

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Introductory note

This chapter gives an overview on trends in poverty research in Western Europe, focused primarily but not exclusively on the member states of the European Union. The concern is with poverty *research* rather than with poverty itself, and, more specifically, with *comparative* poverty research, that is, with studies covering more than one country. This excludes studies of a purely national character as well as studies carried out at a regional or local level within nations – unless they are of some broader theoretical and methodological significance. Since it is virtually impossible to detail results for twelve (as of the beginning of 1995, even fifteen) countries – some of them with a relatively well-developed tradition in poverty research – within the constraints of one report, the chapter emphasizes *types* of research and “*paradigmatic*” approaches rather than attempting to give an exhaustive overview.¹

First, some major conceptual and methodological issues are discussed. Then some typical approaches and larger comparative studies undertaken during the past decade are characterized with regard to these distinctions. Finally, I attempt to draw some conclusions from these studies and highlight some promising avenues for future comparative poverty research in Western Europe.

Conceptual and methodological issues

The conceptualization of poverty is certainly a politically sensitive issue charged with political and ideological connotations and

prejudices. It is necessary, therefore, to make explicit the methodological choices the researcher is faced with and that determine – to a certain extent – the empirical results. This is a prerequisite to ensure validity and reliability and to allow an adequate interpretation of the findings.

Of course, counting the poor and analysing their composition in terms of socio-economic and socio-demographic attributes do not by themselves lead to explanations of why they are poor and to predictions whether they will stay poor in the future or manage to escape poverty. Nor does such an analysis immediately provide us with policy proposals concerning what can be done politically to prevent poverty or to assist the poor to escape poverty. But in order to tackle such more far-reaching questions, it is first necessary to identify the ‘target population’, namely people in poverty or at the risk of poverty. “Indeed, the definition, the measurement and the explanation of poverty are closely interdependent, as also are the policy implications which the social investigator may draw” (Room 1990: 37).

In this context, questions of conceptualization and operationalization become critically important; for the extent of poverty as well as the social distribution of poverty largely depend on how poverty is defined and measured.² It is always possible to identify social sub-groups with high rates of poverty incidence (meaning disproportionate risks of poverty). In turn, this draws our attention to possible causal factors associated with these social attributes. Whether high rates of poverty are found, for example, among the elderly or among families with children at least suggests where causal mechanisms and explanations have to be sought.

Similarly, empirically tested and corroborated explanations can serve as starting-points for designing strategies to combat poverty. For, in order to combat poverty successfully, policies are bound to intervene into the causal mechanisms of how poverty is generated and eventually perpetuated. Structural explanations of poverty lend themselves more easily to policy interventions than, for example, individualist explanations. In this way, issues of conceptualization gain relevance not only for poverty *research*, but also for (anti-)poverty *policy*.

These general methodological considerations are of special importance to cross-national research on poverty. Whatever options are chosen to define and measure poverty in such studies, it is important that they are consistently applied to all countries under study in order to arrive at valid conclusions.

Researchers are, however, seldom in the position of designing and conducting *ex ante* comparative studies on poverty – in which

case they would have to agree on certain standards in advance. More often, they are confined to *ex post* comparisons, that is, to taking stock of existing national studies on poverty, which may differ in their methodological approach and definitions: they can try to render them comparable only in a second step. To perform this task, it is most helpful that the pertinent information is provided and the rationale for making these choices is clearly recognizable in the first place.

Direct vs. indirect concepts of poverty

Graham Room (1992), in his report on poverty research in the European Community, distinguishes between two research traditions: a predominantly Anglo-Saxon tradition focusing on *distributional* issues, namely the lack of resources at the disposal of an individual or a household, and a primarily Continental intellectual tradition focusing on *relational* issues, namely inadequate social participation and social integration of the poor in the larger society.³ In both traditions, however – it should be pointed out – poverty is treated not as a residual social problem separated from the rest of society but as an integral part of a broader analysis, be it of the distribution of resources in society or of social inequality and social integration.

In a similar way, Stein Ringen (1987a: ch. 7, 1987b, 1988) differentiates two main concepts in poverty research. Following the first concept, people are considered poor “if they do not have the necessary resources, capabilities, or rights to achieve what is defined as a minimum standard in their way of life” (1987a: 145). According to the second concept, people are poor “if they have a way of life which is below the defined minimum standard, irrespective of what has determined this way of life” (1987a: 145f.). The first concept is called “indirect” because “poverty is defined indirectly through the determinants of way of life” whereas in the second case it is defined “directly by way of life” (1987a: 146).

Obviously, these two concepts of poverty are rooted in two competing concepts of welfare (see Figure 14.1): one referring to the *resources* at the disposal of individuals or households, the other referring to the *actual living conditions* of individuals and households. Income is usually considered as the “common denominator” of resources, as “the essential individual resource for choice” (Ringen 1987a: 19), but “other individual resources matter in addition to income (for example property, education or knowledge, or other personal capacities, such as health)”.⁴ In this perspective, resources of various kinds can be regarded as

	Indirect concepts	Direct concepts
Concepts of welfare	Resources, in particular income (= determinants of way of life)	Living conditions, way of life, quality of life
Concepts of poverty	Lack of resources, in particular income	Social exclusion, lack of social integration
Concepts in empirical poverty research	Subsistence minimum concept	Relative deprivation concept
Measuring devices	Poverty line, equivalence scales	Deprivation scale, index of deprivation
Social policy goals	Guaranteeing minimum income	Combating social exclusion

Figure 14.1 Direct and indirect concepts of poverty.

inputs that are to be converted into actual living conditions by the activities of individuals and households themselves.

The *resource approach* has been advocated especially in the Scandinavian tradition of welfare research on the grounds that command over resources enables individuals to control and direct their living conditions. Moreover “resources are the object of social policies” (Erikson and Uusitalo 1987: 189). Social policies (should) aim at influencing the level and distribution of resources available to individuals, whereas the *use* of resources to create one’s way of life should be left to individual preferences.

Ringen seeks to combine the virtues of these two approaches in the concept of “standard of living”, which covers both resources (as determinants) and way of life (as a result). Accordingly, he defines poverty as a combination of the two – “as a low standard of living, meaning deprivation in way of life because of insufficient resources to avoid such deprivation”. But he insists that “both these understandings of poverty reflect an objective condition of welfare” (1987a: 146). This is important because some authors treat ‘deprivation’ as a subjective feeling – a subjectivist approach bluntly rejected by Ringen: “To be poor depends on how you live, not how you feel” (1987a: 145).

When reviewing the main concepts applied in empirical poverty research, Ringen – as others (see Atkinson 1989) – distinguishes between the *subsistence minimum concept* and the *relative deprivation concept*. The subsistence minimum concept is exemplified by the early poverty studies of Rowntree, but also by the official poverty index used for statistical purposes in the United States nowadays. In principle, it is aimed to establish “the minimum income which an individual, a family or a household would require to obtain the physical necessities of life” (Room 1990: 39).

The relative deprivation concept is most clearly reflected in the pioneering work by Peter Townsend (1979, 1987) who defines poverty as follows:

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities (Townsend 1979: 31).⁵

In Townsend's definition, it is recognized that “the needs which an individual or a family must satisfy in order to live as a member of his society are socially rather than physically determined” (Room 1990: 39).

The quasi-official definition of poverty that the Council of Ministers of the European Community adopted when it launched the second Community programme to combat poverty also stands, broadly speaking, within the Townsend tradition: “‘the poor’ shall be taken to mean persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live” (Council of the European Communities 1984: Article 1.2).⁶

Lee Rainwater interprets these two approaches as expressing a more important underlying difference between an economic and a social definition of poverty: “An economic measure of poverty determines an income sufficient to provide a minimum level of consumption of goods and services. . . . A sociological measure of poverty is concerned not with consumption but with social participation” (Rainwater 1992: 5). Although he strongly argues that “poverty is essentially a matter of social standing or social class” and thus in favour of a sociological concept of poverty, this should not be mistaken as implying a subjective or consensual

definition of poverty. His argument rather is that "objectively people cannot carry out the roles, participate in the activities, maintain the social relations, that are definitive of mainstream members of society if their resources (over some period of time) fall short of a 'certain minimum'" (1992: 6) and that this objective condition is reflected in the behaviour of the members of society in that "they respond to others in terms of their perceived social standing and reinforce definitions of each other as poor or prosperous, average or just getting along, etc." (1992: 7).

Ringen, however, draws a different distinction. He characterizes the subsistence minimum concept as an *indirect* concept of poverty because it refers to a *lack of income resources* to buy the necessities of food, clothing, and housing as determined by individual needs. In contrast to this, the relative deprivation concept is characterized as a *direct* concept of poverty, referring to *deprivations in way of life*, determined by social requirements in order to be able to participate in normal social activities and to avoid social exclusion: "The meaning of poverty under the relative deprivation concept is to be excluded from the ordinary way of life and activities of one's society" – Ringen 1987a: 149).

Ringen continues to argue that "if there are indirect and direct *concepts* of poverty, there should also be indirect and direct *measures* of poverty. Under the indirect concept we should measure poverty by income or other resource indicators; under the direct concept by consumption or other way of life indicators" (1987a: 146). The conventional measurement of specifying a poverty line – whether absolute or relative – is regarded as an example of an indirect measure, but, in his view, no direct measurement corresponding to the concept of relative deprivation has been developed. Consequently, he criticizes the "lack of correspondence between concept and measurement" (1987a: 157) and argues in favour of a "third stage in the measurement of poverty" (Ringen 1985), epitomized by an index of deprivation or a deprivation scale summarizing various items of deprivation. He admits, however, that Townsend's pioneering work to construct an "index of deprivation based on a series of way of life indicators" is "a step towards direct measurement" (1987a: 157, fn 32).

Poverty as a multi-dimensional phenomenon

There is widespread consensus that poverty is a multidimensional phenomenon. Whether it is conceived indirectly (as a lack of resources) or directly (as deprivations in the way of life), a multitude of aspects have always to be taken into consideration.

"Income is useful only in markets, but what we get out of markets depends not only on our income but also on other resources which influence how we are able to use our income, for example, education, knowledge, and information" (Ringen 1987a: 160). This means that, even if we prefer an indirect concept of poverty, we should aim to include other dimensions than just income.

For the relative deprivation concept, measuring the various components of way of life directly seems to be the only adequate measurement procedure.⁷ "Several indicators of various forms of deprivation are needed in order to identify a network of deprivations" (Ringen 1987a: 161). In order to derive a summary measure of deprivation, one could then think of constructing a *scale* or an *index of deprivation*; for only the *cumulation* of a number of deprivation items can be said to constitute severe deprivation.

However, relying on "way of life" or "deprivation" indicators alone is also insufficient to measure poverty because "people may live as if they were poor without being poor" (Ringen 1987a: 162). "A 'different' way of life which is the result of 'different' preferences and free choice is not a result of deprivation and, must, therefore, be excluded from the measurement of poverty" (Ringen 1987a: 162). Only if their state of deprivation is caused by insufficient resources should it be considered as poverty.⁸

Having accepted in principle Ringen's position that the relative deprivation concept of poverty requires direct measurement by indicators of living conditions, this still leaves us with the problem of which aspects of possession of goods, use of services, and participation in certain activities have to be taken into account in a multidimensional set of indicators (e.g. food, clothing, housing, health, education, family relations, cultural activities, etc.).

Although a number of proposals specifying such items of living conditions have been developed by researchers such as Townsend (1979: ch. 6), Mack and Lansley (1985), Whelan (1992), and Muffels et al. (1992), it seems difficult to reach a consensus about the dimensions to be included and about their relative importance. Moreover, in order to arrive at some aggregate measure of deprivation and to distinguish degrees of deprivation, one has to agree on a weighting procedure for the various dimensions as well as on certain minimum (and normal) standards in each dimension – an even more difficult decision.

In cross-national comparisons, the problems are further exacerbated because some aspects of living conditions may seem less relevant in certain countries than in others. This would mean that different weighting schemes and/or minimum standard

definitions have to be constructed for each country. This leads to the conclusion that such a research strategy, although desirable for theoretical reasons, poses severe problems to ensure cross-national comparability.

In empirical poverty research, poverty is most often measured in terms of income, by specifying some kind of poverty line and counting the number of people falling below that line. It is obvious that income is a resource indicator and, hence, corresponds to an indirect concept of poverty. The use of income in order to measure poverty is often justified on the grounds that:

- (a) it is the *most important resource* at the disposal of individuals (and can, therefore, be used as a *proxy* for other kinds of resources), and
- (b) command over income largely *determines individual living conditions* so that it can be used as a *predictor* of poverty, understood as relative deprivation, even if in theory we would prefer a direct concept of poverty.

A number of objections can be raised against such reasoning: Using income as the only indicator of poverty would seem to be adequate only if an individual's life chances depended entirely upon the goods and services he or she could buy for money (in an ideal-typical system of market exchange). Obviously, this limits the usefulness of "money indicators" in less "monetized" economies where the subsistence sector or the shadow economy may be of considerable size.

Even in developed market economies, however, life chances typically do *not* depend solely on cash income and marketable resources. Private property and wealth (acquired in the past), such as owner-occupied housing, can be utilized in the present to derive a "use value" that would otherwise have to be paid for as rents. Furthermore, there is "income in kind", such as the value of home production, unpaid care work, or mutual assistance within kinship or the neighbourhood. And there are public goods and services provided free of charge or at reduced rates (for example, health services, public housing).⁹

For theoretical reasons, it would be desirable, therefore, to incorporate such forms of non-cash income into a comprehensive measure of economic well-being. Because of the limited availability of such data in some countries, on the other hand, such attempts may lead to less comparability in cross-national studies. In order to achieve cross-national comparability of results, it seems to be more important to use *consistent* definitions and operationalizations than to use the ideal ones in some cases but flawed ones in other cases (see Saunders 1991).

The question of linkages between resources and actual living conditions is also at the heart of the controversy about Townsend's *relative deprivation* concept. Townsend (1979; see also Donnison 1988) holds that below a certain level of income an individual's risk of being deprived of enjoying the benefits and participating in the activities customary in society increases dramatically. But other researchers have questioned whether such a sudden increase of risk can be identified (see Piachaud 1987; Ringen 1988).

It is suggested here that such controversies should be treated not as issues of definition but as propositions that need to be further investigated in order to establish empirically the degree of correlation between income and other resource indicators as well as between income and other indicators of living conditions. Studies making use of different types of indicators seem to be especially suited, therefore, to provide valuable insights into these interrelationships.

Absolute vs. relative poverty lines

Whatever the concept of poverty—whether direct or indirect, focusing on resources (as *potential* living conditions) or on actual living conditions—it is necessary to set certain minimum standards below which people are regarded as poor. With regard to the resource concept of poverty, this is usually done by establishing a *poverty line*. In principle, there are two possibilities:

- an *absolute* poverty line characterized by the amount of resources deemed necessary and sufficient for survival in a given society, or
- a *relative* poverty line defined in relation to some average resources available in that society.¹⁰

It has rightly been pointed out by various authors (see Ringen 1987b; Veit-Wilson 1987) that even an absolute poverty line represents more than just a (scientifically determined) physical minimum of subsistence; it can be derived only with reference to the level of development of a society, the availability of goods, etc. and, hence, cannot remain unchangeable over time. "What kinds of living situations are described as poverty, depends on the social and economic circumstances and the level of prosperity of a society at a certain moment" (Delecek et al. 1992: 2).

Nonetheless, the underlying idea is that it represents the monetary value of a "basket of basic goods and services" in a given society and a given time-period. In comparing different countries, comparability would require the use of the same

basket of goods for each country, only calculated in the respective national currencies.¹¹ However, using the same basket of goods may not be adequate for each country, because of differences in consumption patterns and relative price levels. An alternative procedure would be to determine different baskets of goods adequate for each country. It is, however, difficult to define criteria for the inter-country adequacy or 'equivalence' of such baskets of goods.

A methodologically interesting proposal to tackle this problem is based on the observation – generally known as “*Engel's law*” – that the share of food expenditures in total expenditures decreases as income increases. On this basis, it has been suggested that equal food budget shares (of, say, 30, 35, or 40 per cent of total consumption expenditures) be regarded as roughly equivalent absolute poverty lines in cross-national comparisons (see Teekens and Zaidi 1990). This procedure avoids the problem of specifying the composition of a basket of basic necessities as well as that of converting national currencies into a common currency.

Even if it is admitted that any definition of poverty is always “relative”, in the sense that it relates to the circumstances prevailing in the country and time-period under study, a methodological distinction can and should be maintained between a poverty line designed to represent a basket of basic goods and services (however those may be defined or selected), and a poverty line expressed as a share of (some measure of) average resources in society.

While the monetary value of the former has to be adjusted to account for price changes in order to keep the ‘real value’ of the basket of goods and services constant, the latter automatically varies in line with changes in economic performance, as reflected in the fluctuations of average income, for instance.

It is in this technical sense that the terms *absolute* and *relative* poverty lines are used in this report. Of course, this does *not* imply – as is often erroneously assumed – that “an absolute definition will result in far fewer persons officially in poverty than will a relative definition” (Villemez 1992: 1526). The basket of goods and services, for example, may be generously defined as including many items beyond the necessities of physical subsistence (e.g. telephone, TV, car), whereas a relative poverty line may be set at a level so stringent (e.g. 40 per cent or less of average income) as not to allow the purchasing and operation of such amenities.

The major advantage of using a relative poverty line in comparative studies is that the same method of definition can be

applied to each country in a consistent manner, for example by setting the poverty line as a percentage of the national mean (or median) disposable income. Such a definition avoids the problems of defining "equivalent" baskets of goods and services for different countries (as with an absolute poverty line) as well as the even more tremendous difficulties of defining "equivalent" living conditions in various countries (as would be required in a multidimensional living conditions approach).

In the case of an absolute poverty line, the underlying assumption is that it is not affected by changes in real income in the society as a whole (income elasticity = 0), whereas in the case of a relative poverty line, a parallel trend is assumed (income elasticity = 1). This poses the question of which of these assumptions is socially more realistic and reflects more accurately the opinions held by the public about the amounts of income necessary "to get along" or to just escape poverty. In a secondary analysis of American opinion polls over a period of four decades, Rainwater has convincingly demonstrated that "the average amount given by the respondents increases exactly proportionately to the increases in average incomes" (1992: 10) and that a poverty line so conceived would have amounted to between 45 and 50 per cent of mean household income. This empirical evidence lends strong support to the sociological adequacy of a *relative* conceptualization of poverty, and also to the adequacy of the *level* of the poverty line often used in conventional poverty research.

Of course, defining a relative poverty line as a percentage of average income always involves a certain arbitrariness.¹² But this unavoidable arbitrariness can be controlled and to a certain extent remedied by using multiple poverty lines at different levels of income (e.g. 40 per cent, 50 per cent, 60 per cent). It is thus possible to take account of the gradual character of poverty by distinguishing different levels of stringency of poverty, for example "severe poverty", "insecurity of subsistence", and "low income". By comparing poverty rates obtained by using multiple poverty lines, one can further infer how sensitive the measurement of relative poverty is to variations in the poverty line.

Defining a relative poverty line in this way links the measurement of poverty necessarily to the shape of the income distribution curve. The more unequal the distribution is, the higher are *ceteris paribus* the resulting poverty rates. On the other hand, the measurement of poverty is independent of the general *level* of income of a country. Sometimes it is argued, therefore, that by applying a relative poverty line it is inequality that is measured

and not poverty (see Hansen 1989). In my view, however, this is not a valid argument.

Poverty as a social problem cannot be adequately understood and analysed without reference to the more general issue of social inequality. This is quite in accordance with the conceptualization of poverty as a particular aspect of the broader issue of the distribution of resources in society – mentioned at the beginning. Poverty has, therefore, to be measured by taking as a frame of reference the distribution of resources, here the income distribution in the larger society, with a special emphasis on the lower part of that distribution.¹³

This is not to say, however, that poverty is the same as inequality (of resources or income). The two problems can and should be analytically distinguished although they are inter-related empirically. It is, for instance, quite conceivable to abolish relative poverty (in the sense defined above) without completely equalizing the distribution of income. What is required is only that the *range of variations below the average income* is effectively limited; but variations in the larger part of the distribution are still allowed (see O'Higgins and Jenkins 1990: 207). It is, therefore, a matter of empirical research (not of definition!) to determine how the extent of poverty and the degree of inequality in a given society are related to each other.

Equivalence scales

The second methodological problem in the measurement of income poverty, closely related to the definition of a poverty line, is the choice of an appropriate equivalence scale. This is required in order to account for "economies of scale" when comparing incomes between families or households of different size and composition. By means of equivalence scales, household income is "deflated" into adult equivalent income units that can be interpreted as indicating the real living standard or economic well-being of a household (and of all the individual members belonging to it). In cross-national comparisons, equivalence scales also serve the purpose of accounting for differences in the socio-demographic structure between countries.

Here again there is no single best solution; but it should be evident that a realistic choice has to be located somewhere between the extremes of unweighted household income (elasticity coefficient = 0) and the per capita income (elasticity coefficient = 1). Whiteford (1985), Buhmann et al. (1988) and Hagenaars et al. (1992) have scrutinized a wide range of equivalence scales used in different contexts, discussed the

underlying methodologies, and demonstrated their empirical consequences.

The choice of any equivalence scale for the measurement of poverty implies a normative statement about how the "marginal need" of an additional person in the household should be assessed. It has, therefore, a direct impact on household-specific poverty lines and an indirect impact (via the socio-demographic structure) on the mean equivalent income in society at large. The empirical consequences for household-specific poverty rates and, hence, for the social composition of the poor population may be tremendous. "The composition of the population of the poor may drastically change with the choice of another scale" (Hagenaars et al. 1994: 24). Again, as in the case of relative poverty lines at different levels, it is suggested that different equivalence scales be applied in order to control for these effects.

The equivalence scales most commonly used in poverty research in Western Europe are:

- the scale recommended in the OECD "List of Social Indicators" (1982), which equals 1 for the first adult in the household, 0.7 for each additional adult, and 0.5 for each child (under 14 years),
- the modified OECD scale, which gives less weight to additional persons in the household and equals 1 for the first adult, 0.5 for each additional adult, and 0.3 for each child.¹⁴

A difficult question in cross-national comparisons is whether the same equivalence scale should be used for all countries (see Hagenaars et al. 1994: 15). Because social attitudes and institutions differ from country to country, an alternative option may be to derive equivalence scales *by the same methods* for each country, even if they may differ in the quantitative values.

This ambiguity gives rise to the question of who ought to decide about the appropriateness of a poverty line or an equivalence scale. In the preceding discussion, it has implicitly been assumed that the social researcher (or some social policy expert) should take the decision (perhaps based on some empirical information). There is, however, another approach to this problem, which has become known as *the consensual (or subjective) approach* to determine poverty lines as well as equivalence scales.¹⁵

Consensual poverty lines and equivalence scales

The rationale of this approach is that citizens themselves should take these decisions about appropriateness because they are

supposed to know best what *they* consider as “poor” or as the minimum income necessary to keep or get people out of poverty. There are various methods to determine such subjective poverty lines and equivalence scales empirically (see Bradbury 1989; Hagenaars 1986; Hagenaars et al. 1994: 19ff.; Van Praag et al. 1982; Walker 1987). Following this approach, the role of social researchers is reduced to finding out correctly people’s views, without making their own value judgements. In a certain sense, this can be considered as a genuinely sociological approach that reflects the “subjective reality” in people’s minds and, by doing so, is socially more realistic than an expert’s or researcher’s judgement, which may differ from social reality. On the other hand, people’s perceptions of equivalent income levels may be distorted – depending on the methods used to identify them – by such factors as lack of information about the *needs* of different household types or depressed *aspiration levels* among larger households.

In general, the subjective method using survey questions about the income required “to make ends meet” tends to result in much lower elasticities with regard to household size, that is, to give less weight to the needs of additional persons in the household than, for instance, the OECD scale or the scales implied by national social assistance schemes. Although accurately reflecting social perceptions, it can be argued that this method does not really measure the same level of welfare and should not be accepted as a normative standard for social policy measures.

Moreover, when applied in cross-national comparisons of poverty, the empirical research needed to establish poverty lines for each household type in each country separately is enormous. Even more important, this approach is likely to yield national poverty lines and equivalence scales that reflect differences in generosity and aspiration levels across countries rather than differences in the “real” extent of poverty. In addition, they are unstable over time (for empirical illustrations, see Deleeck et al. 1992: 43ff.). This situation severely limits cross-national and intertemporal comparability of empirical findings based on the subjective approach.

A pragmatic half-way solution could be to take available empirical evidence from such surveys as estimates for a realistic range of equivalence scales, but then to apply the same equivalence scale consistently to all countries concerned.

Major projects of comparative poverty research

Most poverty research(ers) are driven by the desire to investigate the causes as well as the consequences of poverty and to help

develop policy strategies to combat or at least alleviate poverty. These multiple goals are well reflected in many of the empirical studies undertaken in recent years. Definition and measurement of poverty are then needed – as was argued at the beginning – in order to identify the target population of anti-poverty measures. But they are certainly not the ultimate goal of poverty research, and definitions should not be confused with explanations.

Hypotheses about causes and consequences of poverty that have been prominent in recent research can be systematized as shown in Figure 14.2 (for a similar, yet more elaborate heuristic scheme, see Øyen 1992: 617).

Explanations of cross-national differences of poverty certainly need to take into account the socio-economic and demographic conditions prevailing in each country. For example, because (relative) poverty is a function of the inequality of the income distribution, even the distribution of market income and the structure of earnings are likely to have an impact on the rates and structure of poverty. On the other hand, the redistribution of income by means of taxes and transfers, i.e. the *size* of the welfare state, is a major intervening variable because the alleviation of poverty is among the most widely shared goals of the welfare state and a number of transfer programmes are geared towards low-income groups. It can further be hypothesized that the *type* of welfare state regime, its underlying principles and the structure and functioning of its institutions, will make a difference.

If the number of people who are typically found in low-income situations and in need of social transfers, such as the elderly, is growing over time for demographic reasons, this is a structural factor increasing the risk of poverty in society. The same is true if certain socio-economic risks, such as unemployment, hit larger parts of the labour force. In both cases, however, the respective social security schemes, their eligibility conditions, as well as the level and structure of the benefits they provide are at least equally important factors mediating the impact of socio-economic risk conditions. The characteristics of social assistance schemes as programmes purposefully designed to prevent or at least alleviate poverty are of particular relevance. For this reason, it should be a major concern of poverty research to monitor the effectiveness and adequacy of social security schemes and of anti-poverty programmes.

Concerning the consequences of poverty, these can be studied on the individual level as well as on the level of collective behaviour. Leaving aside multiple forms of deprivation in living conditions that are better understood as manifestations than as

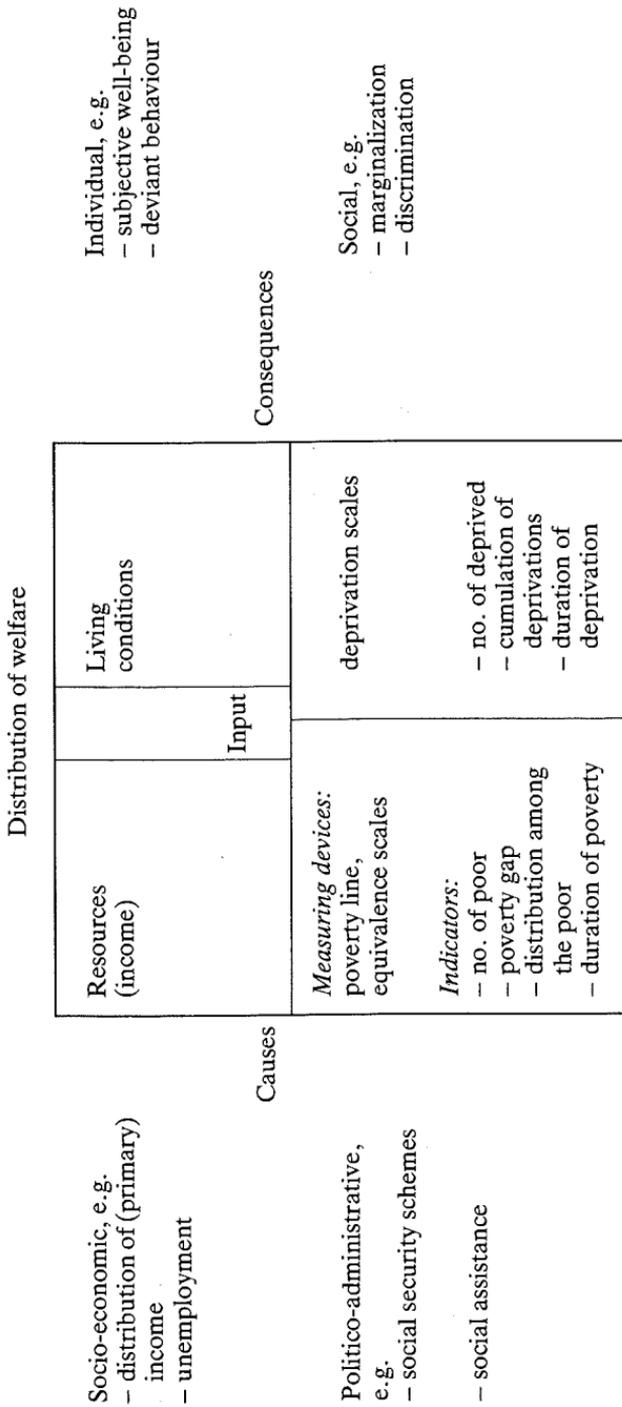


Figure 14.2 Topics of poverty research

effects of poverty, individual consequences of poverty can be observed, for example, in subjective (dis)satisfaction with economic well-being, in the self-images of the poor, and in various forms of deviant behaviour.

Social consequences of poverty can best be studied in the relations and interactions between the poor and the non-poor parts of the population, for example as they manifest themselves in various forms of discrimination, stigmatization, and marginalization of those groups labelled "poor". In addition, the discussion about "functions" of poverty can also largely be understood as generating hypotheses about macroscopic consequences of poverty for the larger community or society.

An important research question that follows from the above analytical distinction is "what is the empirical relationship between consequences on the individual level and the social level?" (Øyen 1992: 622). Indeed, the approaches that are most rewarding and promising attempt to link the research questions outlined above in a methodologically consistent way within the framework of a comprehensive research design.

*Research sponsored by the European Community*¹⁶

As part of its attempts to place the "social dimension" of the Single Market on the political agenda and to increase public awareness of the issues of poverty and social exclusion, the Commission of the European Communities has played a major role in sponsoring poverty research since the mid-1970s. It initiated three Community Action Programmes to Combat Poverty, with somewhat different emphases and goals.

In the first programme (1975–80), national reports on poverty and anti-poverty policy were commissioned in the (then nine) member countries, on the basis of which a summary report was prepared. These national reports served the purpose of stock-taking of existing knowledge about the extent and the ramifications of poverty at the national level and helped to identify information gaps and to specify needs for further research. In several countries, the publication of these reports spurred a renewed policy debate because it directed attention to an issue that was rather neglected in the "affluent welfare societies" of Western Europe.

The second programme (1986–89) called for action to combat poverty rather than for research. Nonetheless, several studies of national policies were undertaken as part of the evaluation of

“model projects” carried out at the local level, which were mostly of limited scope. In addition, efforts were undertaken to strengthen the statistical infrastructure and, thereby, improve comparability in the measurement of aggregate poverty and the poverty of social groups (see Teekens and Van Praag 1990). For example, the first coordinated estimates of the extent of poverty in the European Community (EC), based on a common methodology, were produced (see O’Higgins and Jenkins 1990).¹⁹ Eurostat, the Statistical Office of the European Communities, became involved in these efforts; a Working Group on Indicators of Poverty was established in 1986, and plans were discussed for the use of household budget surveys as a better database for the study of low income groups. (Results of the re-analysis of existing household budget surveys are published in Eurostat 1990).

In 1987 a research group with consultants for each country of the EC was commissioned to keep track of the social and economic changes of the late 1970s and the 1980s and their impact on emerging new forms of poverty. Their synthesis report focused on how labour market development, increasing unemployment, changes in family structure and the life cycle affected the manifestations of poverty, and reviewed governmental policies in response to these problems (Room 1990; Room et al. 1989).

Moreover, a multinational research consortium with participation from seven member countries was set up, partly funded by the Commission, partly by national governments. The so-called EUROPASS project had both methodological and substantive goals: it aimed at developing poverty indicators for cross-national comparison and testing the utility and feasibility of various approaches to defining poverty lines, as well as at stimulating poverty research in some countries not well researched before. The design and main results of this project are discussed below.

In the course of the third programme (1990–4), these initiatives were further developed and some new instruments were added.¹⁸ First, Eurostat was funded to conduct, in collaboration with national statistical offices, a European Community Household Panel. This would provide an improved and more reliable database for cross-national comparisons, especially for monitoring income dynamics (see Eurostat 1993). The plan is to repeat such a panel on income and living conditions annually with a sample size of at least 1,000 households per country and an overall sample size of 20,000 households in the EC.

Second, so-called "observatories" were set up to monitor policy trends in areas of social concern, such as employment policy, family policy, policies for the elderly, and – most relevant in the present context – policies to combat social exclusion. The last interest is especially concerned with the extent to which different groups in society enjoy access to basic public services (education, health, social services, etc.) or suffer disadvantages from reduced levels of social participation. Although, for the most part, these observatories lack the resources to generate new research data of their own, they offer "comparative reporting which covers all twelve countries at a time when up-to-date materials on some of these countries . . . is very scarce" (Room 1992: 20).

Finally, a procedure was set in motion for establishing a research programme that goes beyond the mere measurement of poverty and addresses certain key issues presumed to be causally related to poverty, such as detachment from the labour market, migration, or the perverse effects of public policies. In each of these areas, preliminary feasibility studies were carried out to identify topics of high priority for further research. These should be followed by larger cross-national studies, again co-funded by the EC and by national sources. This procedure, it is hoped, will help to establish multinational research networks and at the same time "promote areas of convergence in the research agendas of different national research councils" (Room 1992: 11).

The Luxembourg Income Study project

The Luxembourg Income Study (LIS) project, directed by Timothy Smeeding and Lee Rainwater and hosted at the Center for Population, Poverty and Policy Studies (CEPS) in Walferdange, Luxembourg, is not linked to or sponsored by the European Community. It was started in 1983 and has since grown into a major cooperative research project with many innovative features. The basic idea is to compile representative household income surveys from advanced Western countries ("the OECD world") in a large data bank, to standardize them, and thereby to make them available for comparative cross-national analyses. In order to achieve this goal, cross-national comparability of the original data sets has to be improved by applying common concepts and definitions and by developing new methods and techniques of statistical analysis.

In the meantime, the LIS data bank includes data sets for most West European countries (Austria, Belgium, Denmark,

Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom) as well as some major overseas countries (the United States, Canada, Australia). The list of countries is currently being extended to include some formerly socialist countries of East Central Europe as well (the Czech Republic, Hungary, and Poland). For a number of countries, data sets are meanwhile available for several years, which allows analyses of changes over time.¹⁹

Despite certain remaining shortcomings in data comparability, the LIS project certainly represents the most comprehensive and most reliable database currently available for the analysis of processes of income distribution and redistribution. Moreover, it provides a model for a cooperative network of researchers at institutions in several countries to utilize the same data resources for secondary analyses of their own. It thereby opens up new prospects for comparative social policy research (see O'Higgins et al. 1990).

The data sets provide detailed information on the income composition of households by sources, including taxes and transfers, as well as on socio-demographic and socio-economic background variables (composition of households, labour force participation of spouses, etc.). With these characteristics, the LIS project is of particular relevance for the comparative study of poverty issues (see Smeeding 1990). The availability of large disaggregated microdata files allows researchers to apply their own conceptualizations of the income distribution process, to define their own poverty lines and equivalence scales, and to focus on particular sub-groups of the population, such as the elderly, the unemployed, or single-parent families.

The LIS project has so far produced a large number of working papers illustrating the vast range of topics that can be fruitfully explored by this new approach. Among those specifically concerned with issues of poverty research, there are studies by Kohl (1988, 1983) on "Inequality and poverty in old age", by Rainwater (1988) on "Inequalities in the economic well-being of children and adults", by Smeeding, Torrey, and Rein (1988) on "The economic status of children and the elderly", by Smeeding et al. (1990b) on "Income poverty in seven countries", by Hedström and Ringen (1990) on "Age and income", by Smeeding and Rainwater (1991) on "Income poverty and dependency of young adults", and by Gustafsson and Lindblom (1990, 1993) on "Poverty as inefficiency of the welfare state". Major methodological advances in exploring the implications of the choices between various poverty lines and equivalence scales have been

made by Buhmann et al. (1988), Rainwater (1990), and Förster (1993, 1994).

Some of the more interesting substantive findings are the following:

Defining a relative poverty line at 50 per cent of median income and using the OECD equivalence scale (see above), the incidence of poverty was found to vary between 5 per cent and 10 per cent in the European countries (Germany, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom), while the overall poverty rates were consistently above 10 per cent in overseas English-speaking countries (the United States, Canada, Australia). Using equivalence scales with lower elasticities (such as subjective scales) tended to yield higher poverty rates in general, but did not significantly change the pattern of cross-national variations: the European countries were still characterized by a lower incidence of poverty (see Buhmann et al. 1988). Because the relative poverty line is a function of the shape of the income distribution curve, these findings also point to lower degrees of inequality in the distribution of income in European countries in general.

Relating "age" and "income", the life-cycle pattern of poverty can be confirmed. Young families (with a head of household below 25 years of age) and older families (with a head of household 65 years and over) suffered from disproportionately high rates of poverty. Cross-national differences were more pronounced in the upper age brackets, which points to the strategic importance of public pension schemes in shaping the poverty risks of the elderly (see Hedström and Ringen 1990).

In an attempt to identify vulnerable groups on an individual instead of a household basis, it was also found that, on the average, the elderly's risk of falling below the poverty line was about 50 per cent higher than the risk in the general population. In Germany and in the United Kingdom, for instance, the poverty rates of the elderly were double and three times, respectively, the general poverty rate. In some countries (Sweden, Norway, the Netherlands), however, the poverty risk of the elderly was even lower than in the population at large. These differences testify to the potential effectiveness of public pension schemes in limiting poverty (see Kohl 1988, Smeeding et al. 1990b).

The relative risk of children was found to be only slightly higher, and sometimes even lower, than in the population at large, at least in the European countries in the USA, Canada, and Australia, however, children suffered a markedly increased risk of poverty. The poverty risk of children is especially high in

incomplete (single-parent) families, whereas in two-parent families it is generally below average (although increasing with the number of children per family). The overall risk of children falling into poverty is, therefore, largely dependent on the incidence of "broken families" in society, which seems to be much higher in the overseas English-speaking countries (see Smeeding 1990).

As a consequence, the profile of poverty (i.e. the socio-demographic composition of the poor) shows characteristic variations: in the countries with high overall poverty rates, more than two-thirds of the poor live in families with children. In some European countries (Germany, the United Kingdom), one-third of the poor live in elderly households, and another third in families with at least two children. In those European countries with low overall poverty rates (Sweden, Norway), a larger part of the poor come from such atypical groups as single persons below 60 years old or married couples without children.

If there is a common pattern behind the bewildering variety of rates and risks of poverty in the advanced Western countries, it is perhaps this: Differences in the extent and the relative risks of poverty reflect the differing capabilities and/or willingness of welfare states to cope with social risks and problems by means of social policy programmes. Neither demographic nor economic factors (such as share of the aged or unemployment rates) nor the prevalence of social problems (such as broken families) determine the extent and structure of poverty as such. In each case, cross-national comparisons provide examples that adequate social programmes can contain the poverty risks of vulnerable groups and, thereby, the extent of poverty in society in general (see Kohl 1992).

Certain limitations of LIS-based analyses are also apparent: mostly owing to limitations of the original national databases, analysis is restricted to *income* poverty, and almost no indicators of relative deprivation in "natural" living conditions can be derived. In a separate project, efforts have been undertaken to include certain non-cash items in the analysis of income distribution (see Saunders 1991; Smeeding, Saunders et al. 1992). Notably, it has been attempted to evaluate the distributional impact of health and education expenditures. Although these in-kind benefits tend to level differences in economic well-being during the life cycle and to diminish somewhat the poverty risks of the most vulnerable social groups, "overall, the results . . . do not give rise to a pattern of national differences in poverty rates markedly different from that to emerge from previous LIS research based on cash income" (Saunders 1991: 28).

No subjective measures of poverty or other non-monetary aspects of poverty (such as social exclusion or lack of social activities) are included in the surveys. This makes it virtually impossible to study the subjective consequences of "objective" poverty and material deprivation. This point can be generalized: although LIS analyses provide a wealth of systematic and sophisticated descriptive information concerning the measurement of poverty, the possibilities for investigating the causes and consequences of poverty are rather restricted.

Policy aspects such as the effectiveness of social policy programmes in alleviating poverty can be studied only at an aggregate level. For example: post-tax and transfer poverty rates are compared with pre-tax and transfer rates, and the percentage reduction of the poverty rates is then taken as a proxy for the relative effectiveness of the redistribution. Measured in this way, the tax and transfer systems in the European countries seem to be much more effective in alleviating poverty (by about 70–90 per cent) than those, for instance, in the USA (about 40 per cent) and Canada (about 50 per cent) (see Smeeding et al. 1990b). But not much attention is paid to the organizational forms, the rules and principles of the respective social programmes that have these effects.

The European Research on Poverty and Social Security (EUROPASS) project

The EUROPASS project covered seven European countries: Belgium, France, Greece, Ireland, Luxembourg, the Netherlands, and Spain.²⁰ The research consortium, directed by Herman Deleeck of the Centre for Social Policy at Antwerp, consisted of national research teams in these countries that collected the respective data, using the same methods and the same analytical framework.

The project pursued substantive as well as methodological goals. Substantive research issues were first to measure the incidence of poverty, and to identify social groups at high risk of poverty and the social composition of the people living in poverty. The second major concern was to analyse the impact and effectiveness of social security transfers in alleviating poverty and thereby to evaluate the adequacy of the social security system as a whole and of its most important constituent parts (pensions, unemployment benefits, family allowances). This latter goal was achieved by comparing poverty rates before and after social transfers and by measuring the reduction of the

“poverty gap” (defined as the distance between the income of the poor and the poverty line).

Methodologically, four different methods to derive poverty lines and equivalence scales were applied to the same data sets and evaluated with regard to their characteristics:

- two ‘objective’ poverty lines:
 - the EC poverty line mentioned above (50 per cent of mean disposable income in each country, adjusted for household size by means of the OECD equivalence scale),
 - the “legal” poverty line (and the respective equivalence scales), as defined and applied in the context of the various national social security regulations, e.g. as the guaranteed minimum income level;
- and two subjective standards:
 - the CSP poverty line, introduced by the Centre for Social Policy at Antwerp,
 - the Subjective Poverty Line (SPL), developed by a Dutch group at the universities of Leyden and Tilburg (see Van Praag et al. 1980; Van Praag et al. 1982).

The difference between the two subjective standards lies in the way that the minimum amount of income needed “to live decently” or “to make ends meet” is estimated. In the case of the CSP poverty line, only the answers of people saying they could get by “with some difficulty” are taken into consideration for establishing the minimum income necessary to make ends meet. In the case of the Dutch SPL, the minimum income is estimated by a regression equation from the answers given by all respondents (for details see Deleeck et al. 1992: Appendix D). Both subjective poverty lines are estimated for different household types separately so that equivalence scales are implied in this procedure.

The procedure of applying these different standards in measuring the incidence of poverty or poverty risks of social groups allows the assessment of the empirical consequences and relevance of the methodological choice of one or the other standard. For instance, the subjective poverty lines turned out to be at a much higher level than the EC line, while the “legal” standards applied in the context of national social policy mostly fell below the EC standard. Consequently, they also yielded different poverty rates and resulted in a different composition of the poor population (for details see Deleeck et al. 1992: ch. 4 and Appendix A).

In addition, some attention has also been given to measuring living standards and deprivation directly by an index of certain

lifestyle indicators (mostly possession of consumer durables) and to exploring the subjective dimension of the insecurity of subsistence and its relationship with objective measures of poverty and insecurity of subsistence.

A second methodological concern has been using the panel method in an attempt to measure change across time and to distinguish between temporary and long-term poverty. However, only two waves of surveys were carried out in only five of the seven countries studied. The preliminary conclusions suggested that "income mobility across the poverty line occurs frequently in almost all social categories" and that "the general risk of 'longer-term' poverty is much smaller than that of poverty at one moment" (Deleeck et al. 1992: 110).

In addition to and in preparation of the comparative publications (Deleeck and Van den Bosch 1992, Deleeck et al. 1992; Van den Bosch et al. 1993), the project triggered a number of studies by the national research teams exploring in great detail and with sophisticated methods particular aspects of poverty in the individual countries (see Callan et al. 1989; Dirven and Berghman 1991, Muffels et al. 1992; Nolan and Callan 1989, 1994). This project, therefore, represents a good example of how the collaboration of a multinational network of research teams can produce results that are relevant in the national policy context and at the same time contribute to a better understanding of cross-national variations in the degree and the manifestations of poverty.

The "Social Assistance Dynamics" study

This project, which has not yet been completed, consists of a series of coordinated studies undertaken in eight countries (the USA, Canada, France, Germany, Ireland, the Netherlands, Sweden, and the United Kingdom). The major goal of the project is to investigate the dynamic aspects and causal processes leading into and out of poverty. These cannot be adequately captured in conventional cross-sectional analyses, but call for a longitudinal perspective (see Duncan, Voges, Hauser et al. 1992; Walker 1994).

Although there are certain differences in the design and the database of the national studies forming part of the project, the major research questions and methodological advantages can be explained by reference to the German study carried out at the Centre for Social Policy at the University of Bremen (for first analyses, see Duncan and Voges 1993; Leisering and Voges 1993; Voges and Rohwer 1992). In this case, the database

consists of a fairly large number of social assistance files, supplemented by retrospective interviews of recipients. This allows the reconstruction of the "social assistance career" of recipients in a life history perspective, that is, the singling out of individual characteristics and significant life events that disrupt "normal" lifestyles and social relations and ultimately lead to claims on social assistance. In this way, it seems possible to distinguish typical sequences of events and the cumulative impact of such events that result in repeated poverty spells or permanent dependence.

An important finding is that, hidden behind the "net figures" of recipients at a certain time-point as revealed in cross-section analyses, there are many more people experiencing shorter periods of poverty. On the other hand, administrative statistics that count "cases" of poverty rather than persons tend to overestimate the extent of poverty because of persons frequently moving into and out of poverty within a year. Distinguishing between persistent and transitory poverty (by the number and length of poverty spells) should lead to policy-relevant conclusions for the better targeting of poverty alleviation measures.

Another aim that can be better pursued by an event history design is to study how the social administration treats the claimants and recipients of social assistance. For example, how does information about eligibility conditions and the stigma eventually attached to means-tested programmes affect the actual take-up of benefits (see Van Oorschot 1991)? Or do social security institutions create their own clients (see Leisering and Voges 1993)? Such studies should provide insights into improving the administrative procedures dealing with poverty and deprivation. In sum, this type of research seems to be well suited to identify crucial factors and sequences leading to poverty and escaping from poverty and, thereby, to provide more adequate information for social policy strategies of intervening into these causal mechanisms.

The limitations of this approach stem from the fact that it is bound to rely on national administrative definitions of poverty, as laid down in the respective social assistance schemes. These definitions, of course, reflect different approaches and traditions of poverty policy. They usually lack a common and coherent understanding of poverty; they may be more or less restrictive, which, in turn, may adversely affect the cross-national comparability of resulting poverty estimates. Such a procedure may still provide valuable empirical evidence to assess the adequacy of administrative procedures in implementing these policies – according to their own criteria. Obviously, it does not allow

evaluation of the adequacy of a given level of benefits according to some independent judgement. This approach, therefore, needs to be supplemented by a comparative institutional analysis of existing social assistance arrangements that assesses their degree of generosity or rigidity by common standards.

Some conclusions and recommendations

The basic methodological alternatives outlined above have been discussed for a rather long time, and reasonable arguments have been put forward for each of them. Pro's and con's can be offered for almost every approach, especially when the differing purposes of the enquiry are taken into account. There is a growing consensus that no single definition of poverty is capable of serving all purposes, and that different approaches may complement each other in capturing various aspects of the same complex phenomenon.

Because, on the other hand, it is often difficult to judge whether differences in results obtained in a number of studies reflect

- *real* differences between countries or *real* changes between one time-point and another, or
- just differences or changes in definition, or
- differences in the (quality of) the database,

two pragmatic conclusions may be drawn. First, specific methodological details should be given in every study and possibly every table in order to allow adequate interpretation. Even if definitions and operationalizations are not identical, it may, nonetheless, be possible to arrive at valid conclusions by careful *ex post* analysis. Second, there is a merit in applying various definitions and operationalizations to the same database. Such a procedure can serve as a sensitivity test and allow us to gauge the significance of variations in definition.²¹

Fortunately, for the purposes of cross-national comparisons, the range of alternative options in poverty research can be narrowed down to some extent. Partly, as a result of theoretical considerations, partly as conclusions drawn from empirical studies, the following recommendations have been proposed:

- “Because of problems of measurement . . . a comparable poverty definition should be a resource-type definition mainly based on income and not a definition of the living-conditions-type” (Hauser 1984: 349). An additional reason is that “the

reliability, replicability and comparability of deprivation standards have not been tested to the degree that they can provide information to guide social policy" (Deleek et al. 1992: 135).

- "Poverty should be defined with respect to the available resources of the family, and not only of the individual" (Hauser 1984: 349). Even when we are ultimately interested in individual well-being, it is necessary to take account of the situation of the household or family as the income-receiving, resource-pooling unit that shapes the opportunities of the individuals participating in it.
- "Disposable income" is the most appropriate income concept to measure economic well-being and – if equivalenced (see below) – can be used as a proxy for measuring "standard of living". Disposable income comprises all earned income and income from capital assets, as well as public and private transfers received. (Direct) taxes and social security contributions should be deducted. If possible, non-cash income (for example, the value of owner-occupied housing and of transfers in kind) should also be included.
- "The available resources of the 'inner family' should be calculated on a per adult equivalent unit basis", that is, disposable household income has to be attributed to individual members by means of equivalence scales. These define the amounts of income necessary for different household types to ensure similar standards of living. "For each country the necessary equivalence scales should be derived by the same method" (Hauser 1984: 350).
- "Relative poverty lines should be used for comparative studies of developed countries" (Hauser 1984: 351). Poverty lines should be set at various levels (for example, 40 per cent, 50 per cent and 60 per cent of the average disposable income per adult equivalent unit) as a sensitivity test to improve the reliability of measurement.
- So-called statistical methods to define a poverty line should be preferred in international comparisons over both subjective methods and legal-administrative definitions because "they are easy to construct, they are exact and they produce plausible results across countries as well as across time" (Deleek et al. 1992: 134).

Even when, for pragmatic reasons, attention is focused on *income poverty*, there arises further the question of adequate statistical measures to capture various dimensions of income poverty. Traditionally, and in political contexts, attention is mostly limited to counting the number of the poor. In recent

debates, however (see Atkinson 1987; Foster et al. 1984, Sen 1976, 1983), it has been pointed out that such an approach is insufficient because it counts all poor equally no matter how poor they are. It thereby neglects the distribution of resources among the poor.

It has been suggested, therefore, that the traditional "*head counts*" (the number of poor persons or households) should be supplemented by measures of:

- the "*average poverty gap*" (the relative distance between the income of the poor and the poverty line);
- the "*aggregate poverty gap*" (the total amount needed, theoretically, to raise the incomes of all poor households to the level of the poverty line);
- the "*duration of poverty spells*" in order to distinguish between short-term and long-term poverty.

To describe the social distribution of poverty, the following indicators have been suggested (see Deleeck et al. 1992: 5f.):

- the "*poverty risk*": the percentage of all households within a certain social category that are poor,
- the "*relative poverty risk*": the poverty risk in a certain social category relative to the poverty risk in the whole sample; and
- the "*composition of the poor*": the share of a certain social category within the total number of the poor.

These measures should form part of a standardized system of social indicators that can serve as a framework for describing and analysing the various dimensions of the poverty issue in a cross-nationally comparable way (see the example given in Deleeck et al. 1992: 11). Regular social reporting on poverty would certainly help to raise the awareness of the general public, which seems to be a precondition for focusing the attention of policymakers on the issue and for mobilizing public support for more forceful action to combat poverty in practice.

NOTES

1. Because some countries of the (now enlarged) European Union are also dealt with in other reports in this volume (Scandinavia and Greece), the reader is referred to these chapters for further country-specific references.
2. "How much poverty you find depends almost completely on how you define poverty and the tools you use to measure it" (Ringen 1987a: 154). "The number of poor depends on the definition used and the method of measurement applied" (Deleeck et al. 1992: 3).

3. In contrast to Ringen (see below), however, he views Townsend's work as an example of the traditional British resource approach, although a sophisticated one aiming to incorporate relational elements.
4. It seems, however, debatable whether health should be considered a "resource" or an "actual living condition".
5. The careful reader may note, however, that even Townsend, in this quotation, refers to (a lack of) resources as a determinant of the inability to participate in normal social activities. This sheds some doubt on whether Ringen is right in classifying Townsend's approach under "direct concepts of poverty" (see below).
6. It should be noted that this definition also suggests a link between (lack of) *resources* and (exclusion from a) *way of life*.
7. This follows from the multidimensional concept of welfare, which suggests breaking down "level of living" or "way of life" into a set of components each of which is then measured by indicators (cf. Erikson and Uusitalo 1987).
8. Following this logic, Mack and Lansley (1985) have defined deprivation as involuntarily not possessing goods and services that the majority of the population regards as necessary.
9. Of course, public goods and services also have to be paid for collectively, by means of taxation, but not individually (and are, hence, not taken into account by individual disposable income).
10. A similar distinction can be drawn with regard to the living conditions concept: in the first case, *absolute* minima have to be determined (perhaps in only some dimensions of living conditions deemed necessary for survival), whereas in the second one, *relative* minimum standards have to be defined in relation to "normal living conditions" prevailing in society.
11. When taking the national poverty line of a certain country as the baseline, it should be converted into other currencies by using purchasing power parities, not the official exchange rates. But even this does not avoid the problem that the consumption patterns of the "model country" are taken as a kind of normative standard that is imposed on the other countries.
12. "Each possible level of a poverty line represents a more or less arbitrary choice, as to where, in the gradual continuum from getting along easily to a state of dire need, one wants to draw the line" (Deleeck et al. 1992: 3).
13. "The very meaning of the relative theory is to define poverty in relation to the general standard of the population and not in relation to those at the top" (Ringen 1987b: 126).
14. In the early LIS analyses (see below), a simplified scale was applied, the so-called LIS scale, which equals 1 for the head of household and attributes a weight of 0.5 to each additional member of the household.

15. The consensual approach is here discussed only with reference to an *indirect* concept of poverty, namely lack of income, in order to establish poverty lines. It should be noted, however, that the same reasoning can be applied to *direct* concepts of poverty, based on actual living conditions. In that case, the research task would be to find out *empirically*, which items are defined as "necessities" by public opinion and, on this basis, to develop a deprivation index in order to identify the people who cannot afford these items.
16. This section draws heavily upon the report by Graham Room (1992) and a 1994 update to this report which I gratefully acknowledge.
17. In this study, 50 per cent of mean disposable income in the respective countries (not in the EC as a whole), adjusted by use of the OECD equivalence scale, was used as the common definition of the poverty line.
18. Ramprakash (1994) gives a synthesis report of the statistical research completed and in progress under the Commission's third Poverty Action Programme. His article also presents comparative research results illustrating the significance of different methodological options.
19. For technical and methodological details, see Smeeding and Schmaus (1990), for an updated list of available data sets, see De Tombeur and Ladewig (1994), *LIS Information Guide*.
20. In the case of France and Spain, the actual surveys were confined to a particular region: Lorraine and Catalonia, respectively.
21. As mentioned earlier, it can further serve to highlight the empirical interrelationships, for example, between resource and living conditions indicators, or between objective and subjective measures of poverty.

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