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Trends in Financial Poverty in OECD Countries

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# **Trends in Financial Poverty in OECD Countries**

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## **Abstract**

The aim of this paper is to investigate trends in financial poverty in a number of OECD countries. The questions that will be addressed are: Have overall levels of poverty increased, decreased or remained stable? Has the incidence of poverty shifted from certain demographic groups to others? How has the social income transfer system coped in its task of protecting people from poverty? Apart from LIS data, I present published results, in particular from De Vos and Zaidi (1993a-c, 1994a-d), and from some national studies. A relative poverty definition is used, where persons in households with incomes below half of average equivalent income are regarded as poor. Also considered are trends in 'absolute' poverty, where the poverty line is set at a constant level in terms of purchasing power across time.

The main conclusions are as follows. Sharply rising trends in poverty were found in only two countries, while modest increases in poverty were measured in a several countries. In a number of other countries, relative poverty has remained stable, or has even declined. Sharp falls in 'absolute' poverty are found in several countries. There is evidence of a shift of poverty from the elderly to families with children. The study found no evidence that the impact of social security transfers on the extent of poverty has diminished.

## 1. Introduction

In many countries in Europe and elsewhere there has been talk of 'new poverty'. As the brief review by Room (1990) makes clear, the concept of 'new poverty' is somewhat confused, and is used in rather different ways in various countries. However, one of the constant elements appears to be that it is claimed (or the impression is created) that poverty is on the increase. As causes or indicators of the supposed rise in poverty reference is often made to high and/or increasing levels of unemployment, growing numbers of people who are dependent on social assistance, and more homeless people on city streets.

However, these indicators of increasing poverty may be misleading. For example, in Belgium unemployment has increased strongly since the end of the seventies, the number of people who are dependent on social assistance has grown more than five-fold between 1976 and 1992, and the number of persons who are taken care of in centers for the homeless has risen substantially during the last ten years (Vranken and Geldof, 1993, p. 167, p. 188f). Yet, research has shown that financial poverty in Belgium has not increased between 1985 and 1992, and that it has clearly come down in the region of Flanders between 1976 and 1992 (Cantillon et al., 1993).

The reasons for these at first sight counterintuitive trends in poverty rates are diverse and complex. They are related to developments that are less visible, such as a secular improvement in pension benefits and growing labor market participation by married women. Another important reason is that throughout the reforms and cutbacks in social security during the eighties, it has been a consistent policy of the Belgian government to protect those with the lowest incomes. `

In any case, the Belgian example shows that there is no simple relationship between trends in unemployment levels and numbers of persons on social assistance on the one hand, and the poverty rate on the other. The impact of, e.g., growing unemployment on poverty levels may be dampened or compensated by other, less visible developments. In order to determine trends in financial poverty there is no alternative to looking at direct evidence, derived from micro-data on the incomes or expenditures of households or families.

The aim of this paper is to investigate trends in financial poverty in a number of OECD countries. The questions that will be addressed are: Have overall levels of poverty increased, decreased or remained stable? Has the incidence of poverty shifted from

certain demographic groups to others? How has the social income transfer system coped in its task of protecting people from poverty? The paper is inevitably somewhat superficial; it is not possible to analyse the underlying causes of developments, or to discuss changes in social policy in the several countries. The paper merely sets the stage for possible further research.

Answers to the questions asked will be sought by analyzing the Luxembourg Income Study (LIS) database. LIS brings together data from a large number of household income surveys, which can be analyzed through remote access. (cf. Smeeding et al., 1990). In addition, I will use published results, in particular from De Vos and Zaidi (1993a-c, 1994a-d), and from a some national studies.

In concentrating upon financial poverty, I do not want to imply that it exhausts the concept of social exclusion. Financial poverty is only one aspect of the much wider concept of social exclusion. Nevertheless, in highly monetarized, free-market societies such as those of OECD member states, having sufficient income is an important condition for social participation. The consequences of not having enough money are diverse and often subtle, but they make themselves felt throughout life. They include less contacts with friends and relatives because of lack of transport, health problems due to food of lesser quality or substandard housing, and also the constant mental stress of not being able to make ends meet.

Also, ensuring a minimum level of income for everyone is certainly not the only goal of social policy in general, or even of social security income transfers in particular. But it is of sufficient importance to merit investigation of its own.

Another important characteristic of the approach taken in this paper is that the focus is on trends in poverty rates within individual countries, and not on the level of the OECD as a whole. Because of the very different social and economic conditions pertaining in the OECD member states, estimates of OECD-wide poverty rates have little meaning and relevance, in my opinion<sup>2</sup>. But the main reason for the approach taken here is that

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<sup>2</sup> If the aim was to compare poverty rates across countries, or to determine the evolution of poverty in OECD countries seen as a whole, a good argument could be made that an OECD-wide poverty line should be used. For this reason, a European Union-wide poverty line was applied in Eurostat (1990). In the present study, such an approach would make little sense: it produces unrealistically low or high poverty rates, which are of no relevance within a national context (e.g. 70 percent in Portugal according to Eurostat, 1990).

public policy concerning poverty and income distribution is still overwhelmingly a national responsibility. Although the so-called globalization of the world economy, as well as continuing European integration have forced a certain degree of convergence on national policies, it is still surely true that the social security systems of OECD countries differ greatly, as regards basic principles as well as on the level of the rules that govern actual transfers. Also, while a number of parallel tendencies can perhaps be identified (e.g. a greater reliance on means-tested benefits), the policies followed by the various governments during the last two decades have differed in important ways (cf. Mishra, 1990, p. 96, who concludes that 'significant policy differences exist' between different countries, see also Mangen, 1991). In the context of this paper, it is impossible to do justice to this subject, which merits a (large) study in its own right. To give only one example: while the level of the minimum income guarantee has been reduced in Britain and The Netherlands during the eighties, France introduced a minimum income scheme in 1988, and in Belgium the real value of minimum social assistance benefits was increased during a time when other benefits and wages were frozen. Therefore, the nation-state seems the appropriate level on which to study trends in financial poverty.

## **2. Previous comparative studies of poverty trends in Europe**

There has been some cross-national research on the evolution of poverty in Europe during the eighties. Unfortunately, the results are inconclusive and even somewhat confusing. The first such study was by O'Higgins and Jenkins (1990). They defined poverty as having an equivalent income below 50 percent of the country's average. They concluded that the number of poor in the twelve EC-nations of that time rose slightly from about 39 million around 1975 to about 40 million around 1980, but then jumped to around 44 million in 1985. Between 1980 and 1985, poverty appeared to have risen in five countries: Denmark, Germany, Ireland, Italy and the UK. In the other seven countries the poverty rate seemed to have remained stable.

The Eurostat (1990) study, 'Poverty in Figures', however, reports that, using relative country-specific poverty lines, the total number of poor in the same group of countries (excepting Luxembourg) increased only marginally from 49 million in 1985 to 50 million in 1985 (p. 63). The poverty rates had risen in Ireland, Italy, the Netherlands and the UK, but had dropped in Belgium, Greece, Spain and France, while remaining at about the same level in Denmark, Germany and Portugal.

The main reason for these apparent discrepancies seems to be that in order to obtain their 1985 figure, O'Higgins and Jenkins (1990) relied for six countries on extrapolations from earlier years, made on the basis of reports by national consultants. Several of these extrapolations resulted in stable poverty rates for countries where Eurostat (1990) reports a decrease. The Eurostat (1990) study itself uses extrapolations for four countries. Furthermore, in some countries different databases were used (e.g. Belgium and The Netherlands), or different methods: while Eurostat (1990) used expenditure as the measure of economic resources for all countries, O'Higgins and Jenkins (1990) used income, wherever possible. But even where the same survey had been used (Household Budget Survey), as well as the same indicator of economic resources (household total expenditures) and the same poverty line (50 percent of mean equivalent income) with the same equivalence scale (the OECD one, see below), results are rather divergent more often than not. Consider the following poverty rates from the two studies and from an additional third source:

	Italy '80	Greece '82	Portugal '80/81	Spain '80
O'Higgins and Jenkins (1990)	9.4	24.2	27.8	20.5
Eurostat (1990)	14.7	21.5	32.4	20.9
De Vos and Zaidi (1994a)	-	18.7	27.3	18.2

Such differences are perhaps not very important when comparing poverty rates across countries, but are obviously rather problematic when the aim is to determine trends in poverty within individual countries.

The reason why I have presented these discrepancies in some detail is that they show that great care and caution is needed when trying to determine trends in poverty, especially when combining data from different sources. Even figures that appear completely comparable may be quite misleading about the trend in poverty. An important fact in this context is that the figures published by O'Higgins and Jenkins (1990) as well as those reported by Eurostat (1990) were not directly derived from micro-data. O'Higgins and Jenkins relied on national consultants, who used a variety of methods, but in many cases seem to have worked on the basis of published tables. All Eurostat (1990) results were derived from an analysis of secondary data provided by

National Statistical Institutes. Hagenaars et al. (1992, p. 141) show that the resulting estimates of poverty rates can be quite sensitive to the assumptions used in the analysis<sup>3</sup>.

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<sup>3</sup> Specifically, the results are sensitive to the type of distribution assumed for household income or expenditure within cells of the tables supplied by the National Statistical Institutes.



### 3. Methods

Poverty measurement involves choices on a number of more or less technical issues. Here I do not want to attempt a full discussion of these matters. (The interested reader is referred to Ruggles, 1990 or Gustafsson, 1995 for an extensive discussion.) I will merely indicate the choices made, and the main reasons for making them.

#### *Income or Expenditure*

In this study, disposable household income will be used as the preferred measure of economic resources to assess poverty status. This choice may seem fairly obvious as income is a good index of a household's command over market goods and services. Nevertheless, Eurostat (1990) and a number of other studies, including De Vos and Zaidi (1993a-c, 1994a-d), whose results will be extensively used below, have opted for household expenditure. The main reason is a practical one: in the Household Budget Surveys which these studies use, income does not seem to be well measured and is seriously underreported in number of countries (Hagenaars et al., 1992, p. 5). In addition, there are theoretical arguments in favour of using expenditure, as stressed by Slesnick (1993) and others. According to these authors, short periods of low income (say, one year) may not lead to low consumption, if households have sufficient resources to bridge over the slump in income. In fact, this argument points to the potential importance of taking household wealth into account when assessing poverty status. Unfortunately, in most surveys, wealth appears not to have been measured. In any case, as yet unpublished results for Belgium suggest that few households among the poor have cash reserves of any importance.

#### *Individual, household or family*

Poverty is assumed to be a household phenomenon, i.e. the assumption is that the members of a household share resources in such a way that either all, or none are poor. While there is clear evidence of unequal divisions of power and income within some households and families (Jenkins, 1991), it is extremely difficult to measure within-household distributions. However, even though the household is the preferred level of poverty analysis, not all data sources allow this. In a number of surveys, families or tax-units are the unit of measurement. Moreover, definitions of what constitutes a family differ. E.g., in Sweden and The Netherlands, persons of 18 years or older and living with their parents are regarded as separate families. In these cases, there is no choice but to use the unit imposed by the database. For the determination of trends in poverty it is

obviously important that the unit of measurement remains the same over the years. This will usually be the case when the same kind of survey is used for all years in any single country.

Even though poverty status assessment is carried out on the level of the household or the family, counting the number of poor can be done both in terms of households and in terms of persons. Both procedures will be used in this paper.

### *The poverty line and the equivalence scale*

A range of methods to identify poverty lines can be found in the literature. (See Callan and Nolan, 1991, and Van den Bosch, 1993a, for reviews.) However, in the present context, only one approach is feasible: the relative one, where the poverty line is set at a certain percentage of mean or median equivalent income. The particular percentage is largely arbitrary, but 50% (of the mean) appears to be a popular one, and will also be used here.

The choice of an equivalence scale is, in effect, almost equally arbitrary. As shown by the reviews of Whiteford (1985) and Buhmann et al. (1988), inter alia, the range of scales used or presented in the literature is very large. In O'Higgins and Jenkins (1990) and Eurostat (1990), the scale recommended by the OECD (1982) has been used, which assigns a factor of 1 to the first adult in a household, 0.7 to each additional adult, and 0.5 to each child. (The equivalence scale value for the household is found by summing the individual factors. The equivalent income of a household is calculated by dividing disposable income by the equivalence scale value.) Compared with almost all other equivalence scales, the OECD-scale is very steep (Buhmann et al., 1988), i.e. the assumed needs of households increase very strongly with the number of household members. Several authors have questioned its appropriateness for opulent western countries (Haveman, 1990, Deleeck et al., 1992, Van den Bosch, 1993b). Consequently, following Hagenaars et al. (1992) and De Vos and Zaidi (1994), I will use a 'modified' OECD-scale with factors 1 for the first adult, 0.5 for each additional adult, and 0.3 for each child. This scale is situated at about the middle between flat and steep scales.

A consequence of using relative poverty lines is that a nationwide improvement in incomes which leaves the relative positions of households unchanged, has no effect on the poverty rate. Without going into the difficult debate on the relativity of poverty, it must be granted that a situation where the lowest incomes fall while average income remains stable, is worse than a development where low income households do not share

in an increase in average income. Yet, both may result in an increase in relative poverty. For this reason, I will also present poverty rates that are estimated with 'absolute' poverty lines, which are kept at the same real level across years.

A practical problem with the use of the number of people below the poverty line (i.e. the so-called head-count) as a measure of the extent of poverty is that it can be rather sensitive to the precise level of the poverty line. It is possible that large numbers of households have incomes that are just below or above the poverty line. In those cases, a poverty line defined as 51 percent of average income may yield a totally different picture of the trend in poverty, compared to a line set at 49 percent. For this reason, in addition to the results from the 50 percent threshold, I will also present poverty rates derived from poverty lines set at 40 percent and 60 percent of average equivalent income. In addition, I will use the poverty gap, which is less sensitive to the level of the poverty line, as a measure of the extent of poverty. The poverty gap is defined as the aggregate income shortfall of all poor households with respect to the poverty line.

#### *The Impact of Social Security Transfers*

The impact of social security transfers on the extent of poverty is measured by comparing poverty rates and poverty gaps before and after transfers are granted. That is, every household's poverty status is evaluated on the basis of disposable income (i.e., after transfers) and on the basis of disposable income minus income transfers (i.e., before transfers). This method has earlier been applied by Deleeck et al. (1992) and Hausman (1993). It differs from the most common procedure to measure the impact of income transfers on income inequality and poverty, where the distribution of gross income (market income plus transfers before taxes and social security contributions are paid) is compared with the distribution of net disposable income (e.g., Mitchell, 1991). One reason for not adopting the latter method is that gross income is an administrative concept rather than an economic one. The level of gross income depends to a considerable degree on the division of social security contributions between employees and employers. Employees' contributions are part of gross income, while those of employers are not, but a good argument can be made that in an economic sense both are in fact borne by employees. Consequently, cross-country comparisons of the redistributive impact of social security transfers where gross income is used as the baseline may be quite misleading. The same can be true for comparisons across time within a single country if contribution rules have changed. A practical advantage of the method used here is that it can also be applied when the variable gross income is not available, as is the case in a number of LIS surveys. A possible disadvantage of this

method is that it may overestimate the impact of transfers on poverty when the latter are measured gross of taxes and social security contributions. An implication of the approach is, obviously, that we look only at the impact of social security benefits, not at that of social security contributions or taxes.

#### **4. Comparability of the LIS data sets**

As emphasized in section 2, great care is needed to ensure comparability. It is not sufficient just to use the same poverty line. It is also necessary to make sure that the surveys from which the data are taken are comparable.

There are fourteen OECD countries for which the LIS database contains data for two or more years. They are listed in table 1. Three conditions were looked at in order to evaluate the comparability of the surveys across years within each country. In the first place, the surveys should be all of the same kind. Secondly, the unit of measurement should remain the same across years. Thirdly, the trend in average household income per head of the population as calculated from LIS data should be roughly equal to the same trend as calculated from national account statistics. Three indicators of total household income were taken from the OECD national accounts, table 8 ('Accounts for households and private unincorporated enterprises'): Total Current Receipts (TCR), Final Consumption Expenditure (FCE) and the sum of Final Consumption Expenditure and Net Saving (FCE+S). (In order to obtain amounts per head, these figures were divided by the total population, as given in UN Demographic Yearbooks.) None of these income concepts coincides perfectly with disposable income of households, although the third (FCE+S) probably comes closest. The results of this comparison are presented in table 1. Income data are shown in current prices and as percentages of the amount for the year 1985, or the year closest to 1985. For reference, the consumer price index is also given. In the remainder of this section I will briefly discuss for each country whether the surveys present in LIS can be considered to be comparable across years.

For *Australia*, there is consistency both in the survey organization and the unit of analysis. The trend in average per capita income as it emerges from the LIS dataset is virtually identical to the trend that emerges from the National Accounts.

The *Austrian* Microcensus seems to have changed its unit of measurement from family to household between 1987 and 1991. According to the Microcensus results, average income would have fallen by more than 10 percent in this period, in complete contrast to

the trend according to the national accounts data. This discrepancy is probably related to the finding that one in three of all households in the 1991 dataset have zero incomes. The Austrian surveys are judged to be not comparable across years, and no results for Austria will be presented below.

In *Belgium*, there is consistency both in the survey organization and in the unit of measurement. The increase in average income is somewhat below that indicated by national accounts data. One reason for this may be that income from financial assets, which is not measured well in this survey (as is the case in most income surveys) has risen more than other kinds of income. Another reason is that the fieldwork of the 1985 survey was carried out at the end of that year, while the 1992 survey was mainly done in the first quarter of 1992.

For *Canada*, there is consistency in the survey organization and virtual consistency in the unit of measurement, with the exception of 1981 when the results refer to the economic family rather than the household. The trend in average per capita income as it emerges from the LIS dataset is very similar to the trend that emerges from the National Accounts.

For *Denmark* the Income Tax Survey results suggest that average income has declined a little in real terms between 1987 and 1992. Nevertheless, the trend does not diverge very widely from that of Final Consumption Expenditure according to national accounts statistics. In *Finland*, the survey results seem to overestimate the rise in average income between 1987 and 1991, but not to such an extent that the surveys can not be considered comparable. For *France* there are no problems. I will also use results published by De Vos and Zaidi (1994b), which are based on the French household budget surveys of 1984/85 and 1989.

*Germany* (only the former Federal Republic) is represented in LIS by five datasets, derived from three kinds of surveys: the Income and Consumer Survey (in effect the German household budget survey), the Transfer Income Survey, and the German Socio-Economic Panel. All three surveys have the household as the unit of measurement. The average income results indicate that the first of these is not comparable with the latter two. One of the reasons for this may be that the Income and Consumer Survey covers only households with a head of German nationality (Hauser and Semrau, 1989, p. 28). The trend in average income between 1984 and 1989 according to the Socio-Economic Panel is not too divergent from the same according to the national accounts. However, at the time (September 1995) LIS staff recommended not to use the 1989 data set. For

this reason only results from the Income and Consumer Survey will be presented below. They will be supplemented by published figures from De Vos and Zaidi (1994a), who have used the 1988 German Income and Consumer Survey, and from Hauser and Becker (1994).

For *Italy*, use of the Bank of Italy Income Surveys results in a wildly exaggerated increase in average income. These datasets will not be used further below. In the *Netherlands*, the change from one kind of income survey to another leads to an increase in average income between 1987 and 1991 that is far too high compared with the national account indicators. No national account figures for 1983 are available, but other sources indicate that average household income did indeed not change in the period 1983 to 1987, as the LIS data suggest. The 1983 and 1987 surveys are therefore assumed to be comparable. The 1991 survey is clearly not comparable with the other ones, but results from this survey will nevertheless also be presented, for what it's worth.

In *Norway*, the 1979 survey had tax units as the unit of measurement, while the 1986 and 1991 surveys recorded income on the level of the household. Yet, the trend in average income according to these surveys agrees well with national account statistics, and evolutions in other variables also seemed plausible. With some reservations therefore, all Norwegian surveys are judged to be comparable. All four *Swedish* surveys are of the same kind, and all (as far as is known) have tax units as the unit of measurement. Regarding the trend in average income, the survey data agree well with national account figures, although the increase between 1987 and 1992 has been somewhat overestimated.

In the *UK*, all datasets are derived from the Family Expenditure Survey (FES). However, average income (in current prices) in the 1974 survey is only slightly below that in the 1979 survey, which, given the rate of inflation during this period, would imply a dramatic fall in real living standards. This is clearly unrealistic, and it might be caused by a different time unit of income recording. There are no apparent problems of comparability between the 1979 and 1986 FES's. Results from the 1974 dataset will also be presented below, although they may not be comparable with those for later years. In addition, I will use published results by De Vos and Zaidi (1993c) and by Goodman and Webb (1994), which are also based on the FES.

All *United States* data have been derived from the March Current Population Survey and the household consistently serves as unit of measurement. The trend in average income agrees very closely with the one that emerges from the national accounts.

Summing up, the Austrian and the Italian datasets in LIS are judged not to be comparable across years, and no results for these countries will be presented below. For Germany only the 1978 and 1983 Income and Consumer Survey datasets will be used. The Dutch 1991 survey is probably not comparable to the other Dutch surveys. In the following tables, this will be indicated by a space between the Netherlands 1987 and 1991 rows. The same remark applies to the UK 1974 dataset. Within the other countries, all datasets are regarded as comparable.

De Vos and Zaidi (1993b, 1994c-d) also estimated trends in poverty, using Household Budget Survey data, for three countries which are not (yet) represented in LIS, viz. *Greece, Portugal and Spain*. These will be presented, where possible, along with the other results. Because income is underreported in several of the Household Budget Surveys, De Vos and Zaidi (1994a, pp. 2-8) prefer expenditure to income as the measure of economic resources to assess poverty status. A comparison of the trends in average expenditure per capita according to the surveys with those according to national account statistics shows that there are no apparent problems of comparability across years, except possibly for Spain.

## **5. Trends in the overall extent of poverty, and its distribution across demographic groups**

In this section, I will discuss trends in the overall poverty rates and poverty gaps in the several countries. I will look at relative (table 2a) as well as 'absolute' poverty (table 2b). In the first case, the poverty line is set at the same percentage of average equivalent income in each year. The trend in 'absolute' poverty is measured by translating the relative poverty line in a reference year to the other years using the consumer price index, thus keeping the poverty line constant in terms of purchasing power. Poverty rates are given in terms of households, as well as in terms of individuals. In addition to poverty rates, the aggregate poverty gap as a percentage of aggregate disposable income (as estimated from survey data) is shown. The poverty gap as defined here is the same, whether measured in terms of households or individuals.

At the same time, I will discuss the extent of poverty for three demographic groups: children (i.e. persons below 18 years), elderly persons (i.e. adults aged 65 or over) and non-elderly adults, as shown in table 3. Unfortunately, in some LIS datasets it was not possible to distinguish between elderly and non-elderly persons on the individual level. In

these cases, the elderly are defined as individuals living in a household where the head is 65 or over. In order to retain comparability of results across years, this definition was also used for all other surveys for the same country. This change of the definition of elderly persons only had a minor effect on measured poverty rates and poverty gaps.

*Australia* appears to have experienced a significant increase in the incidence of poverty over the 80s. Moreover, the poverty gap increased significantly. The rise in poverty appears to have occurred fairly consistently across the three demographic groups. Noteworthy is the strong increase in the poverty gap among elderly households. These findings are fairly consistent with those reported by Saunders (1994), although he reports a stronger increase in the incidence of poverty among the elderly.

In *Belgium*, the extent of relative poverty appears to have remained stable - at a comparatively low level - in the period 1985 to 1992 (cf. Cantillon et al., 1993). Furthermore no important changes in the distribution of poverty across broad demographic groups appear to have occurred. When the poverty line is kept at its 1985 level in terms of purchasing power, the extent of poverty falls by about one third.

In *Canada*, a consistent and significant decrease in relative poverty appears to have occurred during the period 1975 to 1991, especially at the household level. The decline is particularly strong when the poverty line is kept at the same real level. Our figures suggest a remarkable decline in poverty among the elderly, which appears to account in full for the overall decline, since child poverty and poverty among the non-elderly remained stable at a relatively high level.

In *Denmark*, important changes appear to have happened. Poverty rates fell considerably at the 50% and 60% thresholds, but much less at the 40% line. It appears that poverty has fallen in particular (by about three-quarters) for the elderly. Further analysis has shown that this is a result of a large number of elderly persons being just below the poverty line in 1987, and being just above it in 1992. Since, in real terms, average equivalent income hardly changed between 1987 and 1992, the 'absolute' poverty rates behave in much the same way as the relative ones.

In *Finland*, relative poverty has increased somewhat between 1987 and 1991. Poverty has gone up particularly among the elderly. This finding contrasts with that of Ritakallio (1994) who reports that relative poverty has gone down in Finland in the period 1985 to 1990. Finland experienced a sharp economic downturn in 1991, which might explain the difference. If my findings are correct, they would constitute a break in the trend of



decreasing relative poverty in Finland between 1966 and 1985 (Gustafsson and Uusitalo, 1990). When the poverty line is kept at its 1987 level, the extent of poverty diminishes in Finland in the period studied.

In *France*, the results from tax surveys indicate a decline in relative poverty between 1979 and 1984. The decrease is even larger when the poverty line is kept at the same real level. The decline in the overall poverty rate is mainly due to a large reduction in the incidence of poverty among the elderly; among non-elderly persons the poverty rate remains stable. For the subsequent period 1984/85 to 1989, De Vos and Zaidi (1994b) report an increase in relative poverty rates. Poverty has increased in particular among children, and also among non-elderly adults. When a constant poverty line is used, overall poverty rates remain virtually stable. For reasons given above, the LIS results are not comparable with those of De Vos and Zaidi.

For *Germany* during the period 1978 to 1983, I find stable relative poverty rates in terms of persons and falling poverty rates in terms of households. This indicates that poverty has shifted from small to large households. The poverty rate has indeed increased somewhat among children, and fallen for other persons, though the changes are modest. By contrast, Hauser and Becker (1994, table 8), using data from the same surveys, report a modest increase in the number of persons below half of average equivalent income (from 6.9% to 7.9%). The reasons for this discrepancy are not clear. When the poverty line is kept at the same real value, German poverty rates haven fallen during the period 1978 to 1983. If the results of De Vos and Zaidi (1993a) are comparable to mine (data from the survey and the same poverty line definition were used, but the income concept may have been different), relative poverty in Germany has gone up between 1983 and 1988. Poverty among children would almost have doubled, while there would have been modest increases in poverty among adults. Hauser and Becker (1994, table 8; figures also shown in table 2a), however, report a fairly stable number of persons below half of average equivalent income during the period 1983 - 1990 (around 8 percent). Those results are based on the German Socio-Economic Panel.

For *Greece*, De Vos and Zaidi (1994c) report that relative poverty has increased slightly between 1982 and 1988. This rise is located solely among the elderly. 'Absolute' poverty has gone up a little more.

In *Ireland*, the number of persons in relative poverty has increased considerably, both in the period 1973 to 1980, as well as between 1980 and 1987 (Callan et al., 1989). The proportion of households in poverty has remained virtually stable, however, indicating

that the incidence of poverty has shifted from smaller to larger households. Table 2 indeed reveals that there has been a dramatic change in the demographic composition of the poor: poverty among the elderly has fallen by more than two-thirds, while poverty among children has almost doubled.

The findings for The *Netherlands* are somewhat confusing. Between 1983 and 1987, poverty appears to have declined somewhat. (This statement is equally true for relative and 'absolute' poverty.) This result is mainly due to the apparent virtual eradication of poverty among the elderly in 1987 - consider the poverty gap in particular. There is no evident reason why such a large decline should have occurred, and it may well be a data artefact. The 1991 survey may well be more representative for the population than the 1983 and 1987 surveys, but it is almost certainly not comparable with the latter. The SCP (1994, p. 205) reports that the number of poor households doubled between 1979 and 1983, from 4 percent to 8 percent. After 1983, it stabilised to 7 percent, as measured in 1987 and 1991. The SCP uses a political poverty line, which is equal to the level of the minimum guaranteed income in social assistance. In the period of 1983 to 1991, this level has declined in real terms in some years, and it certainly has fallen behind the so-called modal income.

In *Norway*, the extent of relative poverty appears to have been fairly stable in the period 1979 to 1991. At the 50 percent line, there is a peculiar jump in the poverty rate in 1986. As this jump is not replicated at the other lines, nor is reflected in the poverty gaps, it is probably due to a data quirk. The same quirk (if it is that) appears in the poverty rate for the elderly in 1986; the trend in the poverty gap among the elderly is always downward. No changes in relative poverty of any importance are measured for children and non-elderly adults. Since Norwegians appear to have enjoyed a considerable general improvement in living standards, 'absolute' poverty has been more than halved in the period from 1979 to 1991.

For *Portugal*, De Vos and Zaidi (1994d) report a modest decline in relative poverty rates between 1980 and 1989. The decline appears to be greatest among children. When the poverty line is kept at a constant real value, poverty rates have come down by more than a third. De Vos and Zaidi's (1993b) results also indicate a small decline in relative as well as 'absolute' poverty in *Spain* between 1980 and 1988. Table 3 shows that poverty seems to have come down considerably among the elderly, but to have remained stable among the non-elderly. The 1988 survey is, however, probably not quite comparable to the 1980 one.

In *Sweden*, the general picture that emerges is that the extent of relative poverty was more or less stable between 1975 and 1981, then increased in the period up to 1987 (though from a rather low level) and stabilized again between 1987 and 1991. The small decline in measured poverty in the first period is due to an apparently virtual elimination of poverty among the elderly in 1981, and it is unclear whether this is realistic. Over the period 1975 - 1991 as a whole, it seems nevertheless that relative poverty has declined among the elderly, while it has increased for non-elderly adults, and perhaps also for children. When the poverty line is kept at the same real value across years, there is an almost continual decrease in poverty rates, though the pace of decline was somewhat slower between 1987 and 1991 than in the other periods. Gustafsson and Uusitalo (1990, p. 258), using a 'political administrative' poverty line, which is based on guidelines for the level of social assistance, report a somewhat different trend in poverty rates in Sweden between 1967 and 1985. "Poverty declined very rapidly until 1975, and continued to decline although with a somewhat slower pace until 1980, when it was at its lowest level. [...] In the beginning of the 1980s, poverty rates increased, except for 1985, when there was a decrease."

For the *UK*, I present figures about trends in poverty from three sources: results from LIS, De Vos and Zaidi (1993c) and Goodman and Webb (1994). All of them use Family Expenditure Survey data. Fortunately, the three sources are in broad agreement with each other. During the seventies, there was a modest decline in poverty. In the early eighties, there was an increase in poverty rates, which accelerated in the second half of the eighties. As a result, in 1991 the poverty rate was more than three times what it was in 1978. An important reason for this steep rise in relative poverty was that those at the very top experienced "meteoric rises" in income, while the incomes of those at the very bottom were rising only slowly (Goodman and Webb, 1994, p. 25). When the poverty line is kept at the same level in terms of purchasing power, we indeed observe downward, rather than upward, trends in poverty rates. However, by 1991 even the absolute poverty rate seems to have increased; in that year 20 percent more persons were below half of 1979 average income than in 1979 itself (Hills, 1995, p. 32). The trends in relative poverty have not been the same for all demographic groups. During the seventies, and even in the beginning of the eighties, there was a strong decline in the poverty rate among the elderly (in 1982 it was only a third of what it was in 1973), while poverty remained stable, or even rose a little, among children and non-elderly adults. In 1988, however, the poverty rate for the elderly rose quickly back to its 1973 level, and it has continued to rise after that year. At the same time, poverty among the non-elderly has nearly tripled.

In the *United States*, relative poverty appears to have increased significantly although by no means linearly over the period 1974 to 1991. An initial decrease during the late 70s was reversed during the early 80s after which poverty stabilized at a relatively high level. The 'absolute' level of poverty (reference year 1986) remained virtually stable throughout the whole period. A rather dramatic increase in the incidence of relative poverty among children and a significant increase among non-elderly adults appears to have occurred, especially during the early 80s. These increases were only partly counterbalanced by a decrease of the incidence of relative poverty among the elderly. These findings are broadly consistent with trends in the official US poverty rate. Overall official poverty among individuals increased rather more moderately than relative poverty. However, the changes in the structure of official poverty are very similar to those in relative poverty: i.e. a striking increase in poverty among children and a significant decrease among the elderly.

Overall, then, there are two countries where relative poverty rates have sharply increased: Ireland 1973 - 1987, and the UK, 1982 - 1991. In a number of countries, modest increases in poverty were measured: Australia 1981-1989, Finland 1987 - 1991, France 1984/85 - 1989 (after a decline in poverty between 1979 and 1984), Greece 1982 - 1988, Sweden 1981 - 1992 and the USA 1974-1991. Poverty appears to have declined, though not by very much, in Denmark 1987 - 1992, Portugal 1980 - 1989 and perhaps in Spain, 1980 - 1988. Only Canada appears to have experienced a substantial decline in relative poverty over the late 70s and during the 80s. Stable poverty rates were found for Belgium. Results for Germany and The Netherlands were inconclusive.

When an 'absolute' approach is taken, where the poverty line is set at a constant level in terms of purchasing power, the results are rather different. All but a few countries have enjoyed marked declines in absolute poverty; exceptions include Australia 1981-1989 at the individual level, Greece 1982-1988 and the United States 1974-1991 at the individual level. Sharp falls in 'absolute' poverty are found in a number of countries: Belgium 1985 - 1992, Canada 1975-1991, France 1979 - 1984, Norway 1979 - 1986, Portugal 1980 - 1989 and Sweden 1975 - 1992.

The trends were not the same for all demographic groups. In some countries, relative poverty among the elderly fell sharply. This was the case in Denmark 1987 - 1992, France 1979 - 1984 and Ireland 1973 - 1987, and most spectacularly in Canada 1975-1991, where poverty among the elderly was reduced by more than three-quarters. Smaller declines in poverty were measured in Germany 1978 - 1983, Norway 1979 - 1991, Sweden 1975 - 1992, the USA 1974 - 1991 and perhaps Spain 1980 - 1988.

Poverty among the elderly also fell in the UK during the seventies and the early eighties, but these gains were reversed in the last half of the eighties and the early nineties. Apart from the UK, increases in poverty among the elderly were measured only in Australia 1981-1985, Greece 1982 - 1988 and Finland 1987 - 1991.

By contrast, relative poverty among children appears to have declined in only one country, viz. Portugal 1980 - 1989. Increases in the proportion of children in poverty were found in several countries: France 1979 - 1989, Ireland 1973 - 1987, the UK 1979 - 1991, the USA 1974 - 1991 and perhaps in Germany 1978 - 1988. The upturn in the poverty rate for children was particularly sharp in the UK. In the other countries, the extent of relative poverty among children appeared to be stable, or the results were inconclusive.

For non-elderly adults, there are only two countries where there is a clear and strong trend in the relative poverty rate: the UK and the USA. In both countries, it has steadily increased since the end of the seventies. Smaller rises are measured in Australia 1981 - 1989 and France 1984/85 - 1989, Ireland 1973 - 1987 and Sweden 1975 - 1992. In the other countries, only insignificant changes were measured.

It is important to keep in mind that these findings and conclusions are of course limited to those countries, and, perhaps more importantly, to those time periods for which data are available. Unfortunately, for a number of countries, the earliest year for which we poverty estimates is in the middle eighties. Important changes in the extent or incidence of poverty may have occurred before that time.

## **6. The impact of social security transfers on the extent of poverty.**

In this section, I will look at the impact of social security transfers (including social assistance) on income poverty (see section 3 for the method used, and its advantages and limitations). Specifically, I will consider whether social security transfers have succeeded in dampening possible poverty enhancing effects of increasing unemployment and other economic and social developments, or whether, conversely, rising poverty rates are the result of a reduction in the effectiveness of social security transfers as regards minimum income protection. For this analysis, only results from LIS are available. The results are shown in table 4.

Before we discuss trends for each individual country it is worth making one more preliminary remark. During the 80s and early 90s - ignoring cyclical and other variations - social protection expenditure remained relatively stable in the majority of OECD economies, ending up slightly higher in most countries. Marked increases occurred in Canada, Finland, Norway, Italy, Spain and the UK. Not a single country experienced substantial reductions, although expenditure came down from above average levels in Belgium and Germany during the mid and late 80s.

In *Australia* over the 80s, social transfers did not fully compensate for the apparent increase in pre-transfer poverty among children and non-elderly adults, resulting in an increase of post-transfer poverty. However, in terms of reduction of the poverty gap the effectiveness of social transfers remained virtually unchanged. It also appears that there has been a slight deterioration in the effectiveness of social transfers in lifting the elderly from poverty as a result of which poverty increased slightly.

In *Belgium*, no important changes in the impact of social security transfers on poverty are measured between 1985 and 1988. If anything, the effectiveness of social transfers appears to have improved a little.

In *Canada* in the period 1975 to 1991, the effectiveness of social transfers in lifting people from poverty appears to have improved substantially. The marked increase in pre-transfer poverty among children and non-elderly appears to have been dampened quite substantially by social transfers. Most remarkable, however, is the dramatic improvement in the effectiveness of social transfers vis-a-vis the elderly.

In *Denmark*, the effectiveness of social security in alleviating poverty seems to have improved considerably between 1987 and 1992. For the elderly, the dramatic fall in the poverty rate appears to be wholly attributable to a greater impact of social transfers. Among children and non-elderly adults pre-transfer poverty rates have gone up, while post-transfer poverty rates have remained stable.

The results for *Finland*, 1987-1992, present a different image. Among the elderly, the pre-transfer poverty rate has gone down, while the post-transfer poverty rate has gone up; for children, however, the performance of social transfers in fighting poverty appears to have improved slightly.

For *France*, the figures indicate that the poverty alleviating impact of social security transfers for the elderly has improved considerably between 1979 and 1984. For children

and non-elderly adults too, social transfers succeed better in reducing the poverty gap in 1984 than they did in 1979.

Few changes are registered in *Germany* between 1978 and 1983. Overall, the pre-transfer poverty rate increases a little, while the post-transfer poverty rate remains stable. For all demographic groups, somewhat larger poverty gap reduction rates are measured in 1983 than was the case in 1978. Among children, social security transfers have not quite succeeded in relieving an increase in the pre-transfer poverty rate.

Results for the *Netherlands* are dominated by the seemingly virtual elimination in 1987 of poverty among the elderly, which, as pointed out earlier, is unlikely to reflect a real development. Between 1983 and 1987 the impact of social security transfers on poverty gaps has also improved for non-elderly adults and for children, although it has not been able to prevent an increase in the pre-transfer poverty rate among children to translate itself into a rise in the post-transfer poverty rate. The results for 1991 are probably valid in themselves, but not comparable to those for 1983 and 1987.

Results for *Norway* do not indicate a clear trend in the period 1979 to 1991. (As argued in section 5, the seemingly dramatic rise in the poverty rate among the elderly in 1986 is probably a data quirk with no real significance.) Yet, in the period 1979 to 1991 as a whole, in spite of a drop in the pre-transfer poverty rate as well as a slight improvement in the poverty gap reducing impact of social security transfers, the post-transfer poverty rate among the elderly has gone up. Among children and non-elderly adults, slight increases in the pre-transfer poverty rate have not produced higher post-transfer poverty rates.

The picture that emerges for *Sweden* is that the poverty-alleviating effectiveness of social security transfers is very high in that country, and has been steadily improving in the period 1975 to 1992. Among the elderly, the poverty gap was virtually completely eliminated already in 1975, although post-transfer poverty rates have declined between 1975 and 1992. Among children and non-elderly adults, strongly rising pre-transfer poverty rates (double for children) have led only to quite modest increases in post-transfer poverty rates. The greater impact of social security transfers on poverty in these groups is also reflected in larger poverty gap reduction rates.

Results for the *UK* are not unambiguously positive. On the one hand, the large decline in the poverty rate for the elderly between 1974 and 1986 appears to be wholly due to an improved performance by social security transfers. On the other hand, social transfers

have not succeeded in preventing the large rise in pre-transfer poverty rates among children and non-elderly adults from resulting in increases in post-transfer poverty rates, although they have dampened it considerably. Unfortunately, I have no data about the performance of social security transfers in the period after 1986, when poverty in the UK rose dramatically.

In the *United States*, in the period 1974 to 1991, the effectiveness of social transfers in lifting people from poverty appears to have remained more or less stable relative to the incidence of pre-transfer poverty. The marked increase in post-transfer poverty among non-aged adults and especially among children occurred because of a significant rise in pre-transfer poverty. It also appears that the decline in the incidence of poverty among the elderly is mostly attributable to a decrease in the extent of pre-transfer poverty rather than to the improved effectiveness of pensions.

Overall, the conclusion must be that for the countries and the periods studied, there is no evidence that the impact of social security on the extent of poverty has diminished. On the contrary, in all countries, except Australia and Finland, the trend in the proportion of the pre-transfer poverty gap that is filled by social security transfers is upward, rather than downward. In some countries, viz. Canada 1975 - 1991, Denmark 1987 - 1992, France 1979 - 1984 and the UK 1974 - 1986, large reductions in the poverty rate among the elderly can be attributed to an improved performance by social transfers. In a number of countries (Canada 1975 - 1991, Denmark 1987 - 1992, France 1979 - 1984, Norway 1979 - 1991, Sweden 1975 - 1992 and even the UK 1974 - 1986) increases in pre-transfer poverty among children and/or non-elderly adults have been compensated or considerably dampened by social security transfers. There is no country where the proportional reduction in the poverty gap among children due to social transfers has become smaller, and only one (Finland) where the impact of social transfers on the poverty gap among non-elderly adults has declined. Social security transfers appear to be as important as ever in fighting or preventing poverty. In this context, it is worth pointing out that the figures also show that without social security transfers, the extent of poverty, even among the non-elderly, would be much larger than it actually is.

## **7. Conclusion**

In this paper I have investigated trends in financial poverty and the impact of social security transfers in a number of OECD countries. Data were used from the Luxembourg Income Study (LIS) database, as well as a number of published results, in particular from De Vos and Zaidi (1993a-c, 1994a-d), and from some national studies. A



relative poverty definition has been used, where persons in households with incomes below half of average equivalent income are regarded as poor, although I have also looked at trends in 'absolute' poverty. The main findings, which are of course limited to those countries and time periods for which data are available, are as follows.

Sharply rising trends in poverty were found in two countries (Ireland and the UK), while modest increases in poverty were measured in a number of other countries, including Australia, Germany, France Sweden and the USA. In several countries, poverty has remained stable, or has even declined, most dramatically so in Canada. When an 'absolute' approach is taken, where the poverty line is set at a constant level in terms of purchasing power, poverty rates increase in only one country (Greece), while sharp falls in 'absolute' poverty are found in several countries. This conclusion is in accord with a recent OECD study, which found that trends in income inequality differ strongly across countries,. Some countries (notably the UK) experienced a large increase in income inequality in the 1980s, while others showed only a modest rise or little change (Atkinson et al., 1995, p. 80).

There is evidence of a shift of poverty from the elderly to families with children. In several countries, poverty among the elderly fell considerably, while a decrease in poverty among children was found in only country (Portugal). By contrast, in some countries, poverty among children rose sharply, in particular in the UK.

The study found no evidence that the impact of social security transfers on the extent of poverty has diminished. In some countries large reductions in the poverty rate among the elderly can be attributed to an improved performance by social transfers. Also, in several countries increases in pre-transfer poverty among children and/or non-elderly adults have been compensated or considerably dampened by social security transfers. Social security transfers appear to be as important as ever in fighting or preventing financial poverty.

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Table 1: Comparability of LIS-surveys across years within countries.

Country and year	Name of LIS Survey	Unit of Measurement	Indicators of trend in average income per capita				Price index
			TCR	FCE	FCE+S	DPI (LIS)	
Australia 81	Australian Income and Housing Survey	Household	68.8	69.1	69.3	71.4	73.7
Australia 85	Australian Income and Housing Survey	Household	100.0	100.0	100.0	100.0	100.0
Australia 89	Australian Income and Housing Survey	Household	151.9	142.7	137.4	140.3	136.5
Austria 87	Austrian Microcensus	Family	100.0	100.0	100.0	100.0	100.0
Austria 91	Austrian Microcensus	Household	125.5	122.9	124.3	89.1	111.5
Belgium 85	Panel Survey of the Centre for Social Policy	Household	100.0	100.0	100.0	100.0	100.0
Belgium 88	Panel Survey of the Centre for Social Policy	Household	113.5	112.6	114.6	109.5	104.1
Belgium 92	Panel Survey of the Centre for Social Policy	Household	149.0	141.1	152.6	133.2	117.3
Canada 75	Survey of Consumer Finances	Household	33.8	34.0	35.4	36.3	42.3
Canada 81	Survey of Consumer Finances	Econ. Family	71.9	68.8	73.8	70.5	72.3
Canada 87	Survey of Consumer Finances	Household	100.0	100.0	100.0	100.0	100.0
Canada 91	Survey of Consumer Finances	Household	125.3	120.4	122.7	121.6	120.9
Denmark 87	Income Tax Survey	Household	100.0	100.0	100.0	100.0	100.0
Denmark 92	Income Tax Survey	Household	127.8	116.0	129.1	116.1	118.1
Finland 87	Income Distribution Survey	Household	100.0	100.0	100.0	100.0	100.0
Finland 91	Income Distribution Survey	Household	138.3	127.3	131.8	142.8	124.0
France 79	Survey of Individual Income Tax Returns	Tax Unit	56.2	55.7	58.8	54.8	59.0
France 84	Survey of Individual Income Tax Returns	Tax Unit	100.0	100.0	100.0	100.0	100.0
Germany 78	Income and Consumer Survey	Household	72.5	72.6	73.1	91.9	76.9
Germany 81	Transfer Income Survey	Household	89.1	87.5	89.7	91.7	89.8
Germany 83	Income and Consumer Survey	Household	94.8	95.4	94.8	120.0	97.6
Germany 84	German Socio-Economic Panel Study	Household	100.0	100.0	100.0	100.0	100.0
Germany 89	German Socio-Economic Panel Study	Household	122.8	120.1	121.5	113.6	106.5
Italy 86	Bank of Italy Income Survey	Household	100.0	100.0	100.0	100.0	100.0
Italy 91	Bank of Italy Income Survey	Econ. Family	164.3	163.1	162.0	218.7	132.3
Netherlands 83	Additional Enquiry on the Use of Public Services	Household	-	-	-	100.0	100.0
Netherlands 87	Additional Enquiry on the Use of Public Services	Household	100.0	100.0	100.0	100.0	100.0
Netherlands 91	Socio-Economic Panel of the Central Bureau of Statistics	Household	119.2	117.3	116.9	147.2	107.9

Table 1 (continued)

Country and year	Name of LIS Survey	Unit of Measurement	Indicators of trend in average income per capita				Price index
			TCR	FCE	FCE+S	DPI (LIS)	
Norway 79	Survey of Norwegian Tax Files	Tax Unit	47.3	44.0	48.9	41.0	54.5
Norway 86	Income and Property Distribution Survey	Household	100.0	100.0	100.0	100.0	100.0
Norway 91	Income and Property Distribution Survey	Household	136.9	122.7	133.5	139.3	130.6
Sweden 75	Income Distribution Survey	Unknown	27.4	29.9	32.3	32.8	38.0
Sweden 81	Income Distribution Survey	Tax Unit	60.5	57.2	62.0	63.4	76.2
Sweden 87	Income Distribution Survey	Tax Unit	100.0	100.0	100.0	100.0	100.0
Sweden 92	Income Distribution Survey	Tax Unit	146.0	139.7	154.8	167.3	133.1
UK 74	Family Expenditure Survey	Unknown	21.5	22.1	22.7	49.5	28.0
UK 79	Family Expenditure Survey	Family	48.3	48.9	52.4	53.2	57.8
UK 86	Family Expenditure Survey	Family	100.0	100.0	100.0	100.0	100.0
United States 74	March Current Population Survey	Household	38.1	37.6	38.8	38.8	45.0
United States 79	March Current Population Survey	Household	61.7	61.6	61.9	60.3	66.2
United States 86	March Current Population Survey	Household	100.0	100.0	100.0	100.0	100.0
United States 91	March Current Population Survey	Household	128.7	130.1	128.1	123.0	124.3

*Notes:* TCR: Total Current Receipts of Households per head of the population from National Accounts  
FCE: Final Consumption Expenditure of Households per head of the population from National Accounts  
FCE+S: Final Consumption Expenditure plus Net Saving of Households per head of the population from National Accounts  
DPI (LIS): Disposable income per head of the population according to LIS survey  
Price Index: Price index of private household consumption  
All figures are expressed as a percentage of corresponding amount for year which is nearest 1985.

*Sources:* TCR, FCE, FCE+S: Calculated using aggregate amounts from OECD National Accounts, table 8, various editions, and population figures from UN Demographic Yearbook, various editions.  
DPI (LIS): Calculated from results out of Luxembourg Income Study database  
Price Index: OECD Main Economic Indicators, various editions

Table 2a: Extent of poverty in a number of OECD-countries, using relative poverty lines

Country / Year	Households below line at:			Persons below line at:			Poverty gap (1)	Index line (2)	Measure of resources	Source
	40%	50%	60%	40%	50%	60%				
of average equivalent income										
Australia 81	6.6%	18.0%	26.3%	6.4%	14.4%	22.2%	1.9%	102.5	Income	LIS
Australia 85	6.3%	19.4%	28.9%	6.3%	15.7%	24.7%	2.0%	100	Income	LIS
Australia 89	8.0%	19.7%	28.9%	7.7%	16.1%	24.8%	2.3%	103.3	Income	LIS
Belgium 85	2.5%	6.2%	14.0%	2.2%	5.8%	13.8%	0.7%	100	Income	LIS
Belgium 88	2.5%	6.9%	15.1%	2.3%	6.2%	14.4%	0.7%	111	Income	LIS
Belgium 92	2.4%	6.4%	13.6%	2.1%	5.5%	11.8%	0.6%	118	Income	LIS
Canada 75	13.3%	20.1%	26.8%	10.2%	16.0%	23.0%	3.1%	87.3	Income	LIS
Canada 81	10.6%	17.8%	25.9%	9.0%	15.3%	22.8%	2.5%	94.5	Income	LIS
Canada 87	8.9%	15.1%	24.0%	8.1%	13.8%	22.0%	2.1%	100.0	Income	LIS
Canada 91	9.4%	15.4%	24.2%	7.6%	13.2%	20.5%	2.1%	95.2	Income	LIS
Denmark 87	5.8%	12.8%	21.9%	3.8%	8.9%	15.9%	1.5%	100	Income	LIS
Denmark 92	5.1%	8.2%	17.0%	3.3%	5.5%	12.0%	1.1%	97	Income	LIS
Finland 87	4.2%	8.7%	17.1%	2.6%	5.5%	11.6%	0.8%	100	Income	LIS
Finland 91	4.6%	10.4%	17.9%	2.8%	6.4%	12.1%	0.9%	114	Income	LIS
France 79	6.3%	14.0%	23.9%	6.6%	13.2%	23.2%	1.8%	95	Income	LIS
France 84	5.6%	11.5%	22.4%	5.7%	11.9%	22.9%	1.6%	100	Income	LIS
France 84/85	6.9%	13.2%	21.6%	6.0%	12.4%	21.1%		100	Expend.	DV93a
France 89	7.5%	14.9%	24.5%	6.9%	14.7%	25.0%		109	Expend.	DV93a
Germany 78	6.2%	12.3%	20.2%	3.7%	8.2%	15.5%	1.1%	98	Income	LIS
Germany 83	4.4%	10.9%	19.4%	3.1%	8.0%	16.2%	0.9%	100	Income	LIS
Germany 88	6.0%	13.6%	22.6%	4.5%	10.6%	19.1%		108	Income	DV93b
Germany 78					6.4%				Income	Becker
Germany 83					8.7%				Income	Becker
Germany 88					8.9%				Income	Becker
Germany 83 (3)					8.3%				Income	Hauser
Germany 87 (3)					7.7%				Income	Hauser
Germany 90 (3)					8.8%				Income	Hauser
Greece 82	10.6%	18.5%	28.4%	9.5%	17.4%	27.6%		100	Expend.	DV93c
Greece 88	12.6%	19.9%	29.0%	10.7%	17.9%	26.9%		97	Expend.	DV93c



Table 2a (continued)

Country / Year	Households below line at:			Persons below line at:			Poverty gap (1)	Index line (2)	Measure of resources	Source
	40%	50%	60%	40%	50%	60%				
	of average equivalent income									
Ireland 73 (4)	8.5%	17.9%	27.0%	7.5%	15.9%	26.4%			Income	Callan
Ireland 80 (4)	8.6%	17.6%	27.9%	9.3%	17.4%	27.6%			Income	Callan
Ireland 87 (4)	8.9%	18.5%	30.5%	10.5%	21.2%	32.2%			Income	Callan
Netherlands 83	6.1%	8.5%	15.7%	6.5%	9.3%	17.4%	2.7%	100	Income	LIS
Netherlands 87	5.0%	7.9%	13.6%	4.4%	8.3%	15.6%	1.9%	100	Income	LIS
Netherlands 91	3.9%	8.0%	20.8%	3.7%	7.7%	18.1%	1.5%	134	Income	LIS
Norway 79	3.8%	6.2%	19.0%	2.7%	4.8%	13.3%	0.9%	81	Income	LIS
Norway 86	3.4%	11.0%	19.0%	2.1%	6.4%	11.8%	0.8%	100	Income	LIS
Norway 91	3.4%	8.9%	17.1%	2.1%	5.3%	11.2%	0.8%	105	Income	LIS
Portugal 80	17.5%	27.3%	36.7%	16.1%	26.4%	35.8%		100	Expend.	DV93d
Portugal 89	17.3%	26.5%	35.2%	15.5%	24.5%	33.3%		123	Expend.	DV93d
Spain 80	10.9%	18.7%	27.7%	9.7%	17.5%	26.7%		100	Expend.	DV93e
Spain 88	8.8%	16.2%	25.8%	8.2%	15.7%	25.4%		97	Expend.	DV93e
Sweden 75	4.0%	7.8%	16.9%	2.5%	5.2%	11.5%	0.9%	90	Income	LIS
Sweden 81	3.8%	5.6%	10.2%	2.9%	4.6%	8.3%	0.8%	86	Income	LIS
Sweden 87	6.0%	9.4%	15.3%	3.8%	6.3%	10.5%	1.3%	100	Income	LIS
Sweden 92	5.9%	9.2%	15.3%	3.8%	6.0%	10.5%	1.3%	126	Income	LIS
UK 74	6.3%	15.4%	24.4%	4.5%	11.4%	19.6%	1.2%	185	Income	LIS
UK 79	4.4%	13.6%	25.2%	4.1%	10.8%	19.5%	1.2%	93	Income	LIS
UK 86	5.3%	12.7%	24.2%	5.9%	13.0%	23.2%	2.3%	100	Income	LIS
UK 85	3.2%	13.1%	27.7%	3.7%	13.2%	24.7%		100	Income	DV93f
UK 88	9.0%	22.4%	32.2%	8.8%	19.0%	28.1%		120	Income	DV93f
UK 78 (5)				1.8%	6.8%	16.4%			Income	Goodman
UK 82 (5)				2.5%	7.8%	18.2%			Income	Goodman
UK 85 (5)				2.7%	10.7%	22.9%			Income	Goodman
UK 88 (5)				7.4%	18.3%	28.1%			Income	Goodman
UK 91 (5)				10.6%	20.4%	29.7%			Income	Goodman

Table 2a (continued)

Country / Year	Households below line at:			Persons below line at:			Poverty gap (1)	Index line (2)	Measure of resources	Source
	40%	50%	60%	40%	50%	60%				
	of average equivalent income									
United States 74	13.8%	20.6%	27.7%	12.8%	18.8%	26.0%	3.7%	95.6	Income	LIS
United States 79	13.3%	19.8%	26.8%	12.3%	18.6%	25.8%	3.3%	93.5%	Income	LIS
United States 86	15.8%	22.4%	29.6%	16.0%	22.6%	29.8%	4.1%	100	Income	LIS
United States 91	15.2%	22.7%	30.1%	15.2%	22.6%	30.7%	3.9%	97.7	Income	LIS

*Notes:*

- (1) Aggregate poverty gap using 50% poverty line, as a percentage of aggregate disposable income  
(2) Real value of line as a percentage of poverty line in year closest to 1985  
(3) These poverty rates for Germany are based on equivalence scale with factors 1.0 for the first adult, 0.8 for other adults and varying from 0.45 for young children to 0.9 for children aged 16 to 21  
(4) Results for Ireland are based on equivalence scale with factors 1.0 - 0.6 - 0.4  
(5) These poverty rates for the UK are based on equivalence scale with factors 0.61 for the first adult, around 0.4 for other adults and varying from 0.09 for young children to 0.36 for children aged 16 or over; income is income before housing costs

*Sources:* LIS: Luxembourg Income Study  
DV93a: De Vos, K. and M. Zaidi, Trend analysis of poverty in France (1984/85 - 1989), Rotterdam and Tilburg: Erasmus University and Economics Institute, January 1994  
DV93b: De Vos, K. and M. Zaidi, Research on poverty statistics based on micro-data, Results for Germany, Rotterdam and Tilburg: Erasmus University and Economics Institute, October 1993.  
Becker: Becker, I.: Stabilität in der Einkommensverteilung - Ergebnisse für die Bundesrepublik Deutschland bis zur Wiedervereinigung, EVS-Projekt Arbeitspapier nr. 6, Frankfurt a.M.: Johann Wolfgang Goethe-Universität  
Hauser: Hauser, R. and I. Becker: The Development of the Income Distribution in the Federal Republic of Germany during the Seventies and Eighties, EVS-Projekt Arbeitspapier nr. 1, Frankfurt a.M.: Johann Wolfgang Goethe-Universität, table 8  
DV93c: De Vos, K. and M. Zaidi, Trend analysis of poverty in Greece (1982 - 1988), Rotterdam and Tilburg: Erasmus University and Economics Institute, February 1994.  
Callan: Callan, T., B. Nolan et al., Poverty, Income and Welfare in Ireland, Dublin: The Economic and Social Research Institute, September 1989, pp. 70-71.  
DV93d: De Vos, K. and M. Zaidi, Trend analysis of poverty in Portugal (1980 - 1988), Rotterdam and Tilburg: Erasmus University and Economics Institute, January 1994  
DV93e: De Vos, K. and M. Zaidi, Trend analysis of poverty in Spain (1980 - 1988), Rotterdam and Tilburg: Erasmus University and Economics Institute, October 1993  
DV93f: De Vos, K. and M. Zaidi, Trend analysis of poverty in the United Kingdom (1985 - 1988), Rotterdam and Tilburg: Erasmus University and Economics Institute, October 1993.  
Goodman: Goodman, A. and S. Webb: For Richer, for Poorer. The Changing Distribution of Income in the United Kingdom, 1961-91, Commentary nr. 42, London: Institute for Fiscal Studies, 1994.

Table 2b: Poverty rates in a number of OECD-countries, using 'absolute' poverty lines.

Country / Year	Households below line at:			Persons below line at:			Reference year	Measure of resources	Source
	40%	50%	60%	40%	50%	60%			
of equivalent income in reference year									
Australia 81	6.9%	18.6%	26.9%	6.7%	15.0%	22.8%	85	Income	LIS
Australia 85	6.3%	19.4%	28.9%	6.3%	15.7%	24.7%	85	Income	LIS
Australia 89	7.4%	18.5%	27.6%	7.7%	16.1%	24.8%	85	Income	LIS
Belgium 85	2.5%	6.2%	14.0%	2.2%	5.8%	13.8%	85	Income	LIS
Belgium 88	2.1%	5.7%	13.1%	1.8%	5.2%	12.4%	85	Income	LIS
Belgium 92	1.7%	3.9%	9.8%	1.6%	3.3%	8.3%	85	Income	LIS
Canada 75	17.2%	24.7%	32.2%	13.4%	20.8%	29.0%	87	Income	LIS
Canada 81	11.4%	19.1%	27.0%	9.6%	16.3%	23.9%	87	Income	LIS
Canada 87	8.9%	15.1%	24.0%	8.1%	13.8%	22.0%	87	Income	LIS
Canada 91	9.6%	15.8%	24.8%	7.8%	13.6%	21.1%	87	Income	LIS
Denmark 87	5.8%	12.8%	21.9%	3.8%	8.9%	15.9%	87	Income	LIS
Denmark 92	5.4%	9.3%	18.9%	3.5%	6.3%	13.5%	87	Income	LIS
Finland 87	4.2%	8.7%	17.1%	2.6%	5.5%	11.6%	87	Income	LIS
Finland 91	2.8%	6.3%	12.0%	1.7%	3.8%	7.5%	87	Income	LIS
France 79	8.5%	17.0%	27.0%	7.9%	16.1%	26.9%	84	Income	LIS
France 84	5.6%	11.5%	22.4%	5.7%	11.9%	22.9%	84	Income	LIS
France 84/85	6.9%	13.2%	21.6%	6.0%	12.4%	21.1%	84/85	Expend.	DV93
France 89	6.1%	12.5%	22.0%	6.0%	12.7%	22.5%	84/85	Expend.	DV93
Germany 78	6.5%	12.8%	21.1%	3.9%	8.7%	16.4%	83	Income	LIS
Germany 83	4.4%	10.9%	19.4%	3.1%	8.0%	16.2%	83	Income	LIS
Greece 82	10.6%	18.5%	28.4%	9.5%	17.4%	27.6%	82	Expend.	DV93
Greece 88	13.7%	21.3%	31.0%	11.9%	19.2%	28.9%	82	Expend.	DV93
Netherlands 83	6.1%	8.5%	15.7%	6.5%	9.3%	17.4%	87	Income	LIS
Netherlands 87	5.0%	8.0%	13.7%	4.5%	8.4%	15.8%	87	Income	LIS
Norway 79	6.0%	20.7%	31.3%	4.7%	14.8%	25.8%	86	Income	LIS
Norway 86	3.4%	11.0%	19.0%	2.1%	6.4%	11.8%	86	Income	LIS
Norway 91	3.2%	7.0%	14.6%	1.9%	4.1%	9.4%	86	Income	LIS

Table 2b (continued)

Country / Year	Households below line at:			Persons below line at:			Reference year	Measure of resources	Source
	40%	50%	60%	40%	50%	60%			
of equivalent income in reference year									
Portugal 80	17.5%	27.3%	36.7%	16.1%	26.4%	35.8%	80	Expend.	DV93
Portugal 89	10.4%	17.9%	25.5%	9.2%	16.0%	23.5%	80	Expend.	DV93
Spain 80	10.9%	18.7%	27.7%	9.7%	17.5%	26.7%	80	Expend.	DV93
Spain 88	9.5%	17.7%	27.8%	5.6%	11.8%	19.8%	80	Expend.	DV93
Sweden 75	5.5%	13.0%	23.6%	3.5%	8.6%	17.0%	87	Income	LIS
Sweden 81	4.8%	9.5%	18.8%	3.9%	7.7%	15.4%	87	Income	LIS
Sweden 87	6.0%	9.4%	15.3%	3.8%	6.3%	10.5%	87	Income	LIS
Sweden 92	4.3%	5.8%	8.4%	2.7%	3.7%	5.4%	87	Income	LIS
UK 79	6.2%	18.0%	28.7%	5.5%	13.9%	22.8%	86	Income	LIS
UK 86	5.3%	12.7%	24.2%	5.9%	13.0%	23.2%	86	Income	LIS
UK 85	3.2%	13.1%	27.7%	3.7%	13.2%	24.7%	85	Income	DV93
UK 88	3.2%	10.7%	22.0%	3.5%	10.1%	18.7%	85	Income	DV93
United States 74	16.7%	24.2%	32.5%	15.4%	22.3%	31.3%	86	Income	LIS
United States 79	15.4%	22.5%	30.2%	14.3%	21.4%	29.5%	86	Income	LIS
United States 86	15.8%	22.4%	29.6%	16.0%	22.6%	29.8%	86	Income	LIS
United States 91	15.7%	23.2%	30.8%	15.7%	23.2%	31.4%	86	Income	LIS

Sources: see table 2a.

Table 3: Poverty rates and poverty gaps for persons, by age.

Country / Year	P o v e r t y   r a t e s				P o v e r t y   g a p s				Source
	All persons	Children	Elderly 65+	Adults -65	All persons	Children	Elderly 65+	Adults -65	
Australia 81*	14.4%	16.4%	29.9%	10.5%	1.9%	2.0%	2.7%	1.7%	LIS
Australia 85*	15.7%	17.0%	33.4%	11.3%	2.0%	2.0%	3.4%	1.8%	LIS
Australia 89*	16.1%	18.3%	32.5%	11.8%	2.3%	2.3%	3.9%	1.9%	LIS
Belgium 85	5.8%	4.7%	11.3%	5.2%	0.7%	0.5%	1.4%	0.6%	LIS
Belgium 88	6.2%	4.9%	10.6%	5.8%	0.7%	0.4%	1.5%	0.6%	LIS
Belgium 92	5.5%	4.9%	10.6%	4.7%	0.6%	0.4%	1.4%	0.5%	LIS
Canada 75*	16.0%	16.5%	34.5%	12.4%	3.1%	2.2%	6.5%	2.9%	LIS
Canada 81*	15.2%	17.9%	24.6%	12.3%	2.5%	2.3%	3.3%	2.4%	LIS
Canada 87*	13.8%	18.1%	14.3%	11.9%	2.1%	2.1%	1.7%	2.1%	LIS
Canada 91*	13.7%	17.5%	8.6%	13.1%	2.1%	2.0%	0.7%	2.4%	LIS
Denmark 87	8.9%	4.0%	25.9%	6.5%	1.5%	0.4%	2.6%	1.6%	LIS
Denmark 92	5.5%	3.6%	6.3%	5.9%	1.1%	0.4%	1.6%	1.3%	LIS
Finland 87	5.5%	3.4%	10.1%	5.4%	0.8%	0.3%	1.0%	0.9%	LIS
Finland 91	6.4%	3.1%	14.4%	6.0%	0.9%	0.3%	1.4%	1.1%	LIS
France 79*	13.2%	12.8%	16.0%	12.7%	1.8%	1.3%	2.0%	2.0%	LIS
France 84*	11.9%	13.1%	7.3%	12.4%	1.6%	1.3%	0.8%	1.9%	LIS
France 84/85	12.4%	12.9%	24.8%	10.0%					DV94
France 89	14.7%	16.6%	24.3%	11.9%					DV94
Germany 78	8.2%	4.9%	20.9%	7.2%	1.1%	0.4%	3.3%	1.1%	LIS
Germany 83	8.0%	6.5%	18.8%	5.8%	0.9%	0.5%	2.5%	0.6%	LIS
Germany 88	10.6%	11.0%	19.4%	7.8%					DV93a
Greece 82	17.4%	15.9%	33.7%	14.5%					DV94
Greece 88	17.9%	15.0%	37.8%	14.4%					DV94
Ireland 73 (1)	14.8%	15.7%	33.8%	14.4%					Callan
Ireland 80 (1)	16.2%	18.5%	24.4%	15.2%					Callan
Ireland 87 (1)	19.8%	26.0%	9.7%	17.3%					Callan
Netherlands 83*	9.3%	7.0%	6.4%	10.8%	2.7%	1.5%	1.5%	3.5%	LIS
Netherlands 87*	8.3%	8.9%	2.7%	9.2%	1.9%	1.1%	0.1%	2.5%	LIS
Netherlands 91*	7.7%	9.2%	7.2%	7.3%	1.5%	1.5%	1.0%	1.6%	LIS

Table 3 (continued)

Country / Year	P o v e r t y   r a t e s				P o v e r t y   g a p s				Source
	All persons	Children	Elderly 65+	Adults -65	All persons	Children	Elderly 65+	Adults -65	
Norway 79*	4.8%	4.4%	6.7%	4.6%	0.9%	0.5%	1.7%	0.9%	LIS
Norway 86*	6.4%	3.9%	16.4%	4.4%	0.8%	0.5%	1.1%	0.8%	LIS
Norway 91*	5.3%	3.9%	9.5%	4.5%	0.8%	0.4%	0.6%	1.0%	LIS
Portugal 80	26.4%	27.9%	42.3%	22.1%					DV94
Portugal 88	24.5%	22.9%	42.9%	20.7%					DV94
Spain 80	17.5%	16.9%	32.3%	15.0%					DV94
Spain 88	15.7%	16.5%	24.7%	13.6%					DV94
Sweden 75*	5.2%	2.1%	8.6%	5.5%	0.9%	0.2%	0.6%	1.3%	LIS
Sweden 81*	4.6%	4.5%	0.9%	5.9%	0.8%	0.4%	0.0%	1.2%	LIS
Sweden 87*	6.3%	3.1%	4.3%	8.1%	1.3%	0.3%	0.3%	2.0%	LIS
Sweden 92*	6.0%	2.6%	4.9%	7.6%	1.3%	0.3%	0.5%	2.0%	LIS
UK 74	11.4%	10.8%	34.4%	6.8%	1.2%	0.9%	4.2%	0.8%	LIS
UK 79	10.8%	10.7%	25.9%	7.2%	1.2%	1.1%	2.0%	1.1%	LIS
UK 86	13.0%	17.4%	13.3%	11.0%	2.3%	2.4%	1.2%	2.5%	LIS
UK 85	13.2%	19.2%	16.7%	9.9%					DV93b
UK 88	19.0%	22.3%	36.7%	13.4%					DV93b
UK 73 (2)	9.7%	7.2%	29.6%	4.8%					Goodman
UK 78 (2)	6.8%	7.6%	10.6%	3.9%					Goodman
UK 82 (2)	7.8%	9.0%	8.7%	5.8%					Goodman
UK 85 (2)	10.7%	13.1%	12.7%	7.0%					Goodman
UK 88 (2)	18.3%	19.3%	31.2%	11.6%					Goodman
UK 91 (2)	24.0%	26.9%	37.0%	15.1%					Goodman
United States 74*	18.8%	22.8%	31.4%	14.0%	3.7%	3.8%	6.7%	3.0%	LIS
United States 79*	18.6%	24.1%	28.9%	13.7%	3.3%	3.4%	6.1%	2.7%	LIS
United States 86*	22.6%	30.7%	28.3%	17.7%	4.1%	4.7%	5.7%	3.4%	LIS
United States 91*	22.7%	30.3%	26.1%	18.4%	3.9%	4.3%	5.0%	3.5%	LIS

Table 3 (continued)

*Notes:* \* Elderly are defined as persons in households where the head is 65 or over; adults - 65 are similarly defined as persons over 16 in households where the head is younger than 65

(1) Results for Ireland are derived using an equivalence scale with factors 1.0, 0.66 and 0.33.

Figures shown for the elderly are poverty percentages for Households headed by an elderly person.

Figures shown for adults are for ALL adults, regardless of age.

(2) These poverty rates for the UK are based on equivalence scale with factors 0.61 for the first adult, around 0.4 for other adults and varying from 0.09 for young children to 0.36 for children aged 16 or over; income is income before housing costs.

Figures shown for children are poverty percentages for persons living in households with children.

Figures shown for the elderly are for pensioners; figures shown for adults are for non-pensioners living in households without children

For measure of economic resources see table 2a.

*Sources:* See table 2a.

Table 4: Impact of social security transfers on poverty rates and poverty gaps by age of persons.

Country / Year	Poverty rates before and after social transfers								Reduction in poverty gap due to social transfers			
	All persons		Children		Elderly 65+		Adults -65		All persons	Children	Elderly 65+	Adults -65
	before	after	before	after	before	after	before	after				
Australia 81*	24.0%	14.4%	22.6%	16.4%	70.7%	29.9%	16.3%	10.5%	78.4%	61.8%	92.9%	68.1%
Australia 85*	25.9%	15.7%	23.6%	17.0%	66.4%	33.4%	18.2%	6.3%	77.8%	64.9%	89.7%	70.2%
Australia 89*	27.0%	16.1%	26.5%	18.3%	70.6%	32.5%	18.5%	11.8%	76.9%	61.7%	89.5	68.5%
Belgium 85	33.6%	5.8%	24.0%	4.7%	88.9%	11.3%	27.6%	5.2%	95.0%	90.5%	97.4%	93.5%
Belgium 88	35.1%	6.2%	24.1%	4.9%	86.8%	10.6%	28.7%	5.8%	95.0%	91.0%	97.1%	93.4%
Belgium 92	34.5%	5.5%	24.4%	4.9%	92.0%	10.6%	26.7%	4.7%	96.4%	92.6%	97.9%	95.3%
Canada 75*	24.6%	16.0%	24.3%	16.5%	64.7%	34.5%	17.7%	12.4%	61.0%	55.0%	79.7%	44.7%
Canada 81*	24.2%	15.2%	24.2%	17.9%	62.4%	24.6%	17.3%	12.3%	66.0%	52.3%	88.2%	49.4%
Canada 87*	26.5%	13.8%	26.2%	18.1%	67.5%	14.3%	19.0%	11.9%	73.9%	60.2%	94.2%	58.7%
Canada 91*	29.5%	13.7%	29.4%	17.5%	66.3%	8.6%	23.6%	13.0%	76.6%	68.2%	97.3%	63.1%
Denmark 87	32.0%	8.9%	20.1%	4.0%	84.5%	25.9%	23.7%	6.5%	88.9%	90.1%	94.3%	82.5%
Denmark 92	36.6%	5.5%	27.1%	3.6%	83.3%	6.3%	28.3%	5.9%	93.0%	94.4%	96.6%	89.6%
Finland 87	21.8%	5.5%	17.6%	3.4%	56.6%	10.1%	16.9%	5.4%	85.9%	86.5%	95.2%	77.0%
Finland 91	23.0%	6.4%	20.7%	3.1%	50.9%	14.4%	18.3%	6.0%	84.1%	90.0%	92.2%	76.4%
France 79*	35.9%	13.2%	33.3%	12.8%	80.8%	16.0%	25.1%	12.7%	85.0%	73.4%	95.8%	67.4%
France 84*	38.4%	11.9%	34.9%	13.1%	88.1%	7.3%	28.8%	12.4%	88.1%	78.1%	98.5%	76.1%
Germany 78	24.5%	8.2%	12.3%	4.9%	73.8%	20.9%	20.3%	7.2%	87.6%	79.8%	90.6%	85.8%
Germany 83	26.2%	8.0%	15.9%	6.5%	72.2%	18.8%	18.5%	5.8%	90.4%	80.6%	92.4%	89.0%
Netherlands 83*	33.5%	9.3%	24.0%	7.0%	77.3%	6.4%	28.8%	10.8%	85.2%	83.7%	96.9%	78.8%
Netherlands 87*	34.3%	8.3%	26.9%	8.9%	77.7%	2.7%	28.4%	9.2%	90.0%	87.5%	99.7%	85.7%
Netherlands 91*	30.2%	7.7%	22.9%	9.2%	75.8%	7.2%	23.1%	7.3%	89.4%	78.3%	97.5%	85.8%
Norway 79*	23.2%	4.8%	14.1%	4.4%	78.5%	6.7%	12.8%	4.6%	91.4%	84.1%	96.1%	80.7%
Norway 86*	22.3%	6.4%	10.5%	3.9%	75.0%	16.4%	11.4%	4.4%	91.7%	72.2%	97.2%	78.0%
Norway 91*	25.6%	5.3%	16.0%	3.9%	73.6%	9.5%	15.1%	4.5%	91.8%	87.7%	98.2%	80.9%
Sweden 75*	30.4%	5.2%	15.3%	2.1%	93.9%	8.6%	18.1%	5.5%	93.5%	91.0%	99.0%	80.2%
Sweden 81*	38.6%	4.6%	23.8%	4.5%	98.2%	0.9%	25.3%	5.9%	95.7%	88.9%	99.9%	87.5%
Sweden 87*	40.0%	6.3%	22.7%	3.1%	98.2%	4.3%	26.7%	8.1%	94.1%	93.2%	99.7%	81.0%
Sweden 92*	43.3%	6.0%	29.6%	2.6%	97.1%	4.9%	31.3%	7.6%	94.1%	95.6%	99.3%	85.3%



Table 4 (continued)

Country / Year	Poverty rates before and after social transfers								Reduction in poverty gap due to social transfers				Transfer efficiency <sup>1</sup>
	All persons		Children		Elderly 65+		Adults -65		All persons	Children	Elderly 65+	Adults -65	
	before	after	before	after	before	after	before	after					
UK 74	20.1%	11.4%	15.2%	10.8%	72.0%	34.4%	11.7%	6.8%	81.0%	55.4%	87.3%	75.4%	51.1%
UK 79	27.5%	10.8%	23.4%	10.7%	78.5%	25.9%	17.4%	7.2%	87.8%	76.8%	95.0%	79.9%	45.4%
UK 86	37.2%	13.0%	37.7%	17.4%	76.7%	13.3%	27.6%	11.0%	83.9%	77.6%	96.9%	75.2%	49.4%
United States 74*	26.2%	18.8%	26.7%	22.8%	66.9%	31.4%	17.6%	14.0%	57.9%	39.5%	79.9%	42.6%	50.7%
United States 79*	26.0%	18.6%	27.6%	24.1%	64.1%	28.9%	16.9%	13.7%	59.2%	42.8%	79.5%	42.2%	46.8%
United States 86*	29.6%	22.6%	33.3%	30.7%	60.4%	28.3%	21.1%	17.7%	54.9%	38.1%	78.9%	39.6%	47.8%
United States 91*	31.6%	22.7%	35.3%	30.3%	61.2%	26.1%	22.9%	18.4%	58.5%	44.4%	81.2%	43.3%	46.8%

Source: LIS, and own calculations

\* Elderly are defined as persons in households where the head is 65 or over; adults - 65 are similarly defined as persons over 16 in households where the head is younger than 65.