

EPP Group in the Committee of the Regions External Meeting 2010
"Territorial disparities and social exclusion"
- empowering cohesion policy for the well being of all citizens -



The Multidimensionality of Poverty

Erny Gillen
President of Caritas Europa

Poznan, 18th June 2010



Poverty

Not a stage
but a lack
in the process
of *integral development*.

Slide 2

mz1

Not a stage but a lack in the process of integral development. A lack of well-being, including precarious circumstances typically characterized by a permanent lack of financial resources and by further severe limitations.

mireille.zehren; 14/06/2010



Material poverty

SOME FIGURES:

- 85 million people in the EU are materially deprived
- 17% of people in the EU are at risk of poverty
- One out of 10 households in the EU is jobless



Material poverty

○ Material deprivation rate

Lowest – Luxembourg			Highest – Latvia			Average			Poland		
ALL	F	M	ALL	F	M	ALL	F	M	ALL	F	M
3%	3%	3%	50%	53%	47%	18%	18%	17%	44%	45%	43%

○ At-risk-of-poverty rate, 2007

Lowest – Czech Republic	Highest – EL, ES, IT	EU27	EU25	Poland
10%	20%	16%	16%	17%



Defining the monetary poverty line

- less than 60 % of the median income



The 'at risk of poverty' indicator identifies all those (households or people) who fall below a certain income threshold, which in the EU has been set at 60% of the median income. Median income is the amount that divides the income distribution into two equal parts, half of people having incomes above the median and half having incomes below the median. This measure is the best known and quoted indicator as it affords some comparisons with other countries. It does not, however, measure poverty as such, but rather the proportion of people below a certain income threshold who may be 'at risk of poverty'. Whether persons below the 60 per cent threshold are actually experiencing poverty will depend on a number of factors.



Defining the monetary poverty line

- less than 60 % of the median income
- radical poverty



Definition Sen

L'économiste Amartya Sen, met plutôt en avant son caractère absolu de la pauvreté.

Avec un seuil de pauvreté relatif, on peut avec un même revenu être pauvre dans une certaine société ou à une certaine époque et ne plus l'être dans un autre environnement social ou historique.

L'existence de certains besoins fondamentaux que Sen appelle les « capabilities » fait référence à un noyau absolu de la pauvreté.



Definition Sen

- radical poverty (Amartya Sen: having an income level that does not allow an individual to cover certain basic necessities, taking into account the circumstances and social requirements of the environment)



Defining the monetary poverty line

- less than 60 % of the median income
- radical poverty
- new approaches (Stiglitz, Sen, Fitoussi)

www.stiglitz-sen-fitoussi.fr/fr/index.htm



New approaches

Commission on the Measurement of Economic Performance and Social Progress

Home page

Working Papers and Reports

Commission's members

Working Groups

Useful links

Welcome to the website of the Commission on the Measurement of Economic Performance and Social Progress

News

Download the report of the commission

Report of the commission on the measurement of economic performance et social progress, PDF file, 3 235 Ko

View videos of September 14, 2009 working day

Videos of morning sessions : Speeches of Joseph E. Stiglitz, Amartya Sen, Jean-Paul Fitoussi (General introduction), Amartya Sen, Angus Deaton, Bina Agarwal, Juan Somavia (Quality of Life).

Videos of afternoon sessions : Speeches of Christine Lagarde, Enrico Giovannini, Jean-Philippe Cotis, Nancy Folbre, Olivier Blanchard (Classic GDP-related issues), Geoffrey Heal, Nicholas Stern, Claude Henry (Sustainable development and the environment), Chantal Jouanno, Jacques Barrot, Angel Gurría, Otaviano Canuto, (Implementation of the report).

The Commission on the measurement of economic performance and social progress has been created at the beginning of 2008 on French government's initiative.

Increasing concerns have been raised since a long time about the adequacy of current measures of economic performance, in particular those based on GDP figures. Moreover, there are broader concerns about the relevance of these figures as measures of societal well-being, as well as measures of economic, environmental, and social sustainability.

Reflecting these concerns, President Sarkozy has decided to create this Commission, to look at the entire range of issues. Its aim is to identify the limits of GDP as an indicator of economic performance and social progress, to consider additional information required for the production of a more relevant picture, to discuss how to present this information in the most appropriate way, and to check the feasibility of measurement tools proposed by the Commission. Commission's work is not focused on France, nor on developed countries. The output of the Commission will be made public, providing a template for every interested country or group of countries.

The Commission is chaired by Professor Joseph E. Stiglitz, Columbia University. Professor Amartya Sen, Harvard University, is Chair Adviser. Professor Jean-Paul Fitoussi, Institut d'Etudes Politiques de Paris, President of the Observatoire Français des Conjonctures Economiques (OFCE), is Coordinator of the Commission. Members of the Commission are renowned experts from universities, governmental and intergovernmental organisations, in several countries (USA, France, United Kingdom, India). Rapporteurs and secretariat are provided by the French national statistical institute (Insee), OFCE, and OECD.

The Commission held its first plenary meeting on 22 - 23 April 2008 in Paris. It is expected to give in its final report after one year.

Contacting the Commission

Any comments or suggestions ? You can send a message to the Commission by clicking [here](#).

<http://www.stiglitz-sen-fitoussi.fr/en/documents.htm>

Internet



Challenges for politicians

whether to refer to

- concerns

- matter of cohesion
- matter of surviving
- rethinking poverty

- objectives

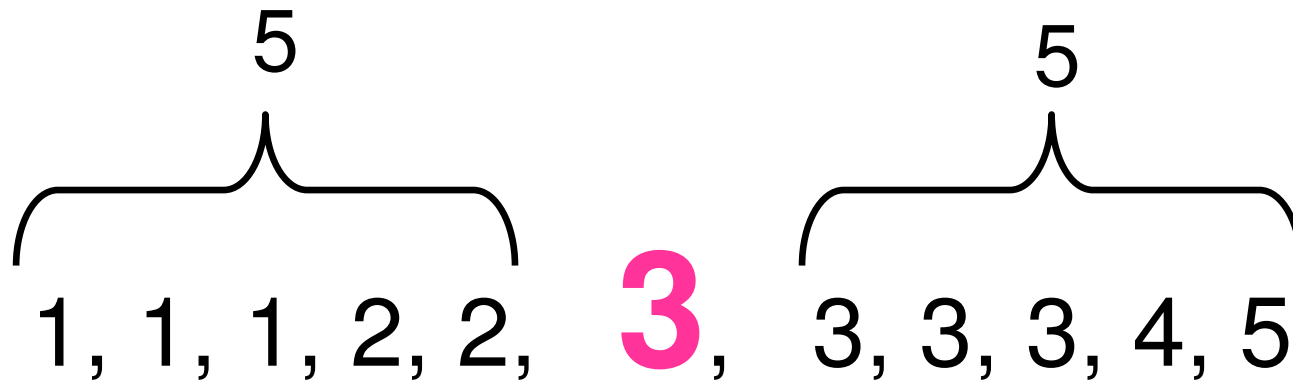
- decent life in a given society
- decent life as human person
- good life as human person



The misunderstanding with the median compared to the average

Median Income – Example

11 persons ordered according to their income:



The median income is **3**



The misunderstanding with the median compared to the average

Whereas the average income for the same list of numbers would be:

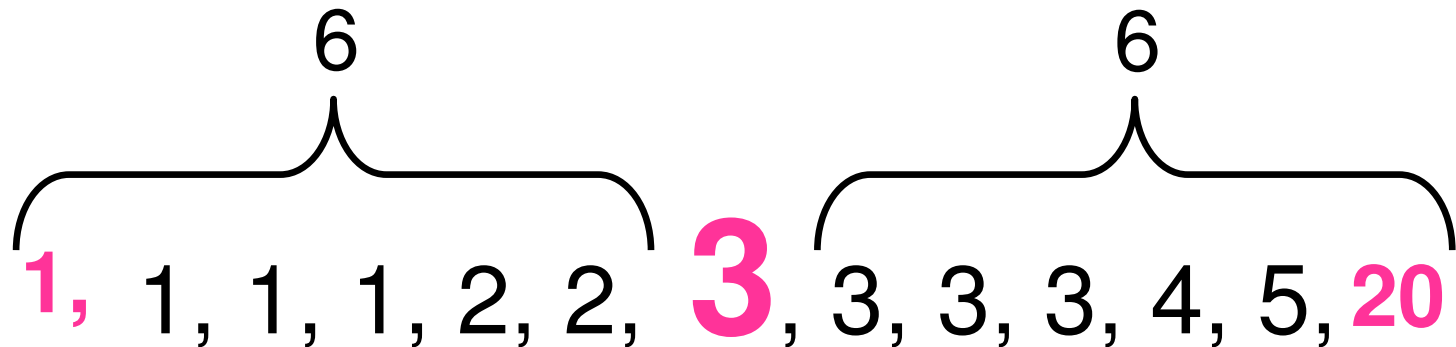
$$(1 + 1 + 1 + 2 + 2 + 3 + 3 + 3 + 3 + 4 + 5) = 28 / 11 = \mathbf{2,45}$$



The misunderstanding with the median compared to the average

Let's add two people to the example:

13 persons ordered according to their income:



The median income is still **3**



The misunderstanding with the median compared to the average

The average income for the same list of numbers would be :

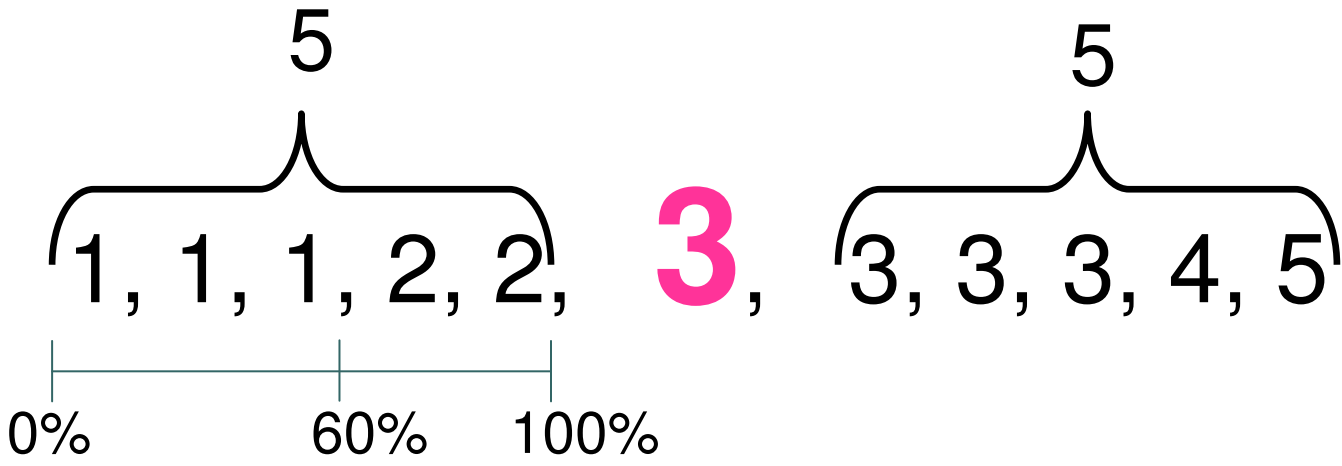
$$(\underline{1} + 1 + 1 + 1 + 2 + 2 + 3 + 3 + 3 + 3 + 4 + 5 + \underline{20}) = 49 / 13 = \mathbf{3,77}$$



The misunderstanding with the median compared to the average

Median Income – Example

11 persons ordered according to their income:



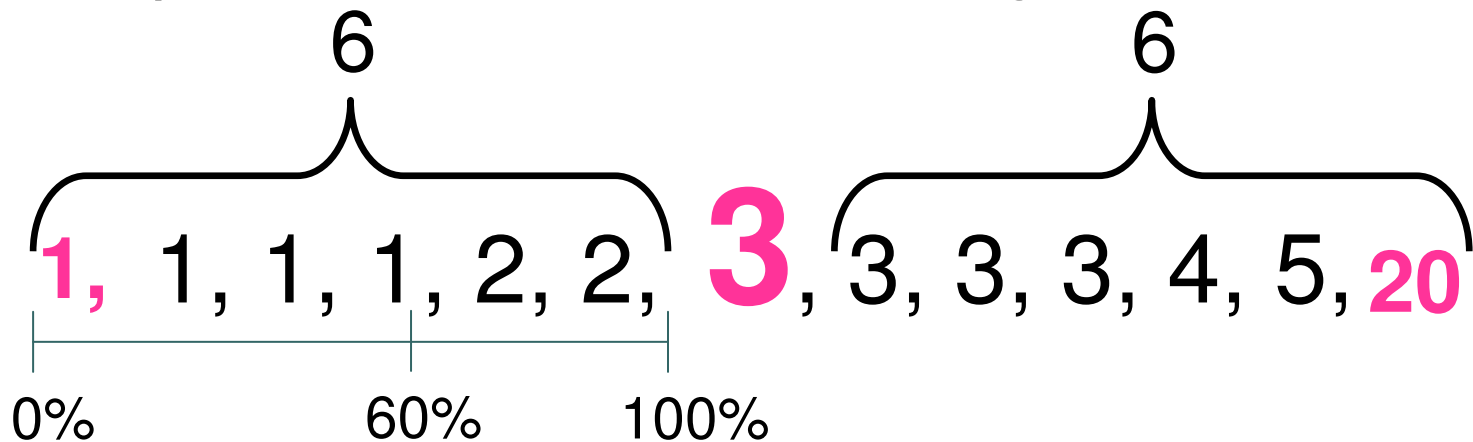
The median income is **3**



The misunderstanding with the median compared to the average

Let's add two people to the example:

13 persons ordered according to their income:



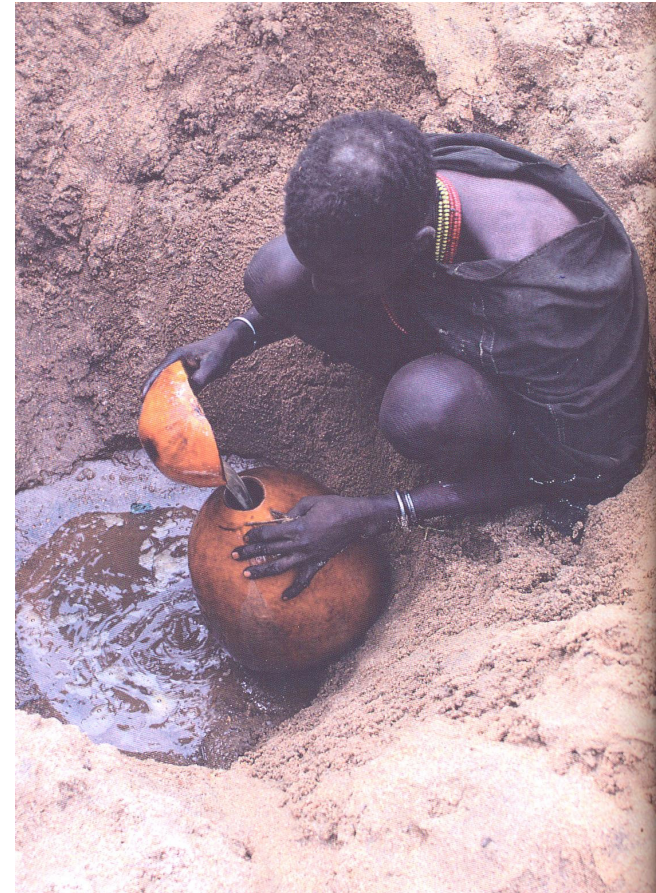
The median income is still **3**

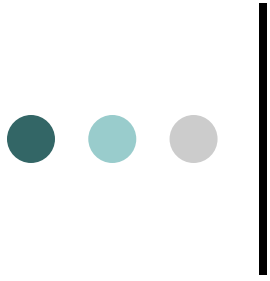
The misunderstanding with radical poverty

- Starving
- No care



Martine Aubry, première secrétaire du PS, détaille, dans un entretien au Monde Magazine daté de samedi, le contenu de sa société du "care", entre "société du respect", "du soin" et "de l'émancipation de chacun", qui refuse l'assistanat.



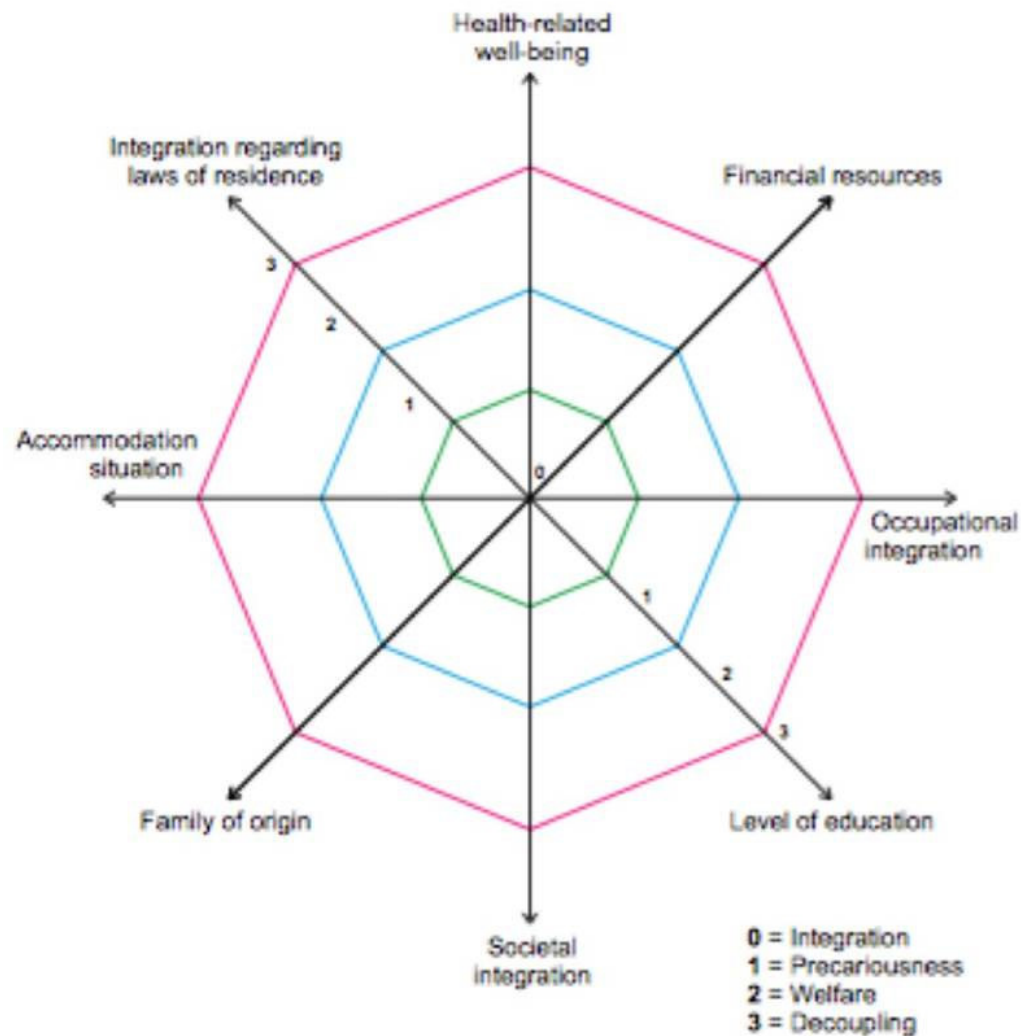


In Europe we shouldn't abandon
the median approach.



Lack of social contacts

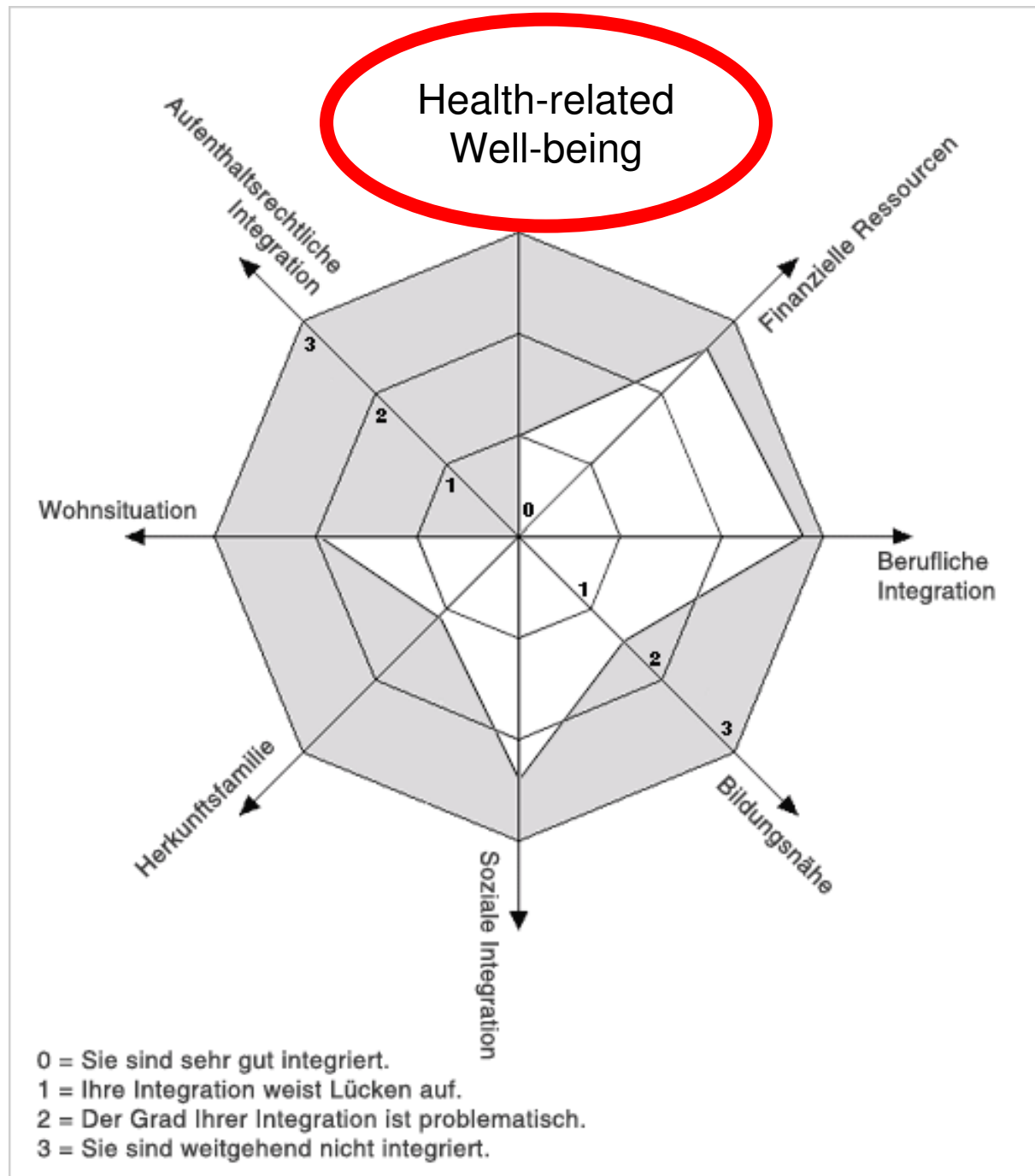
Figure 2: Dimensions of Poverty

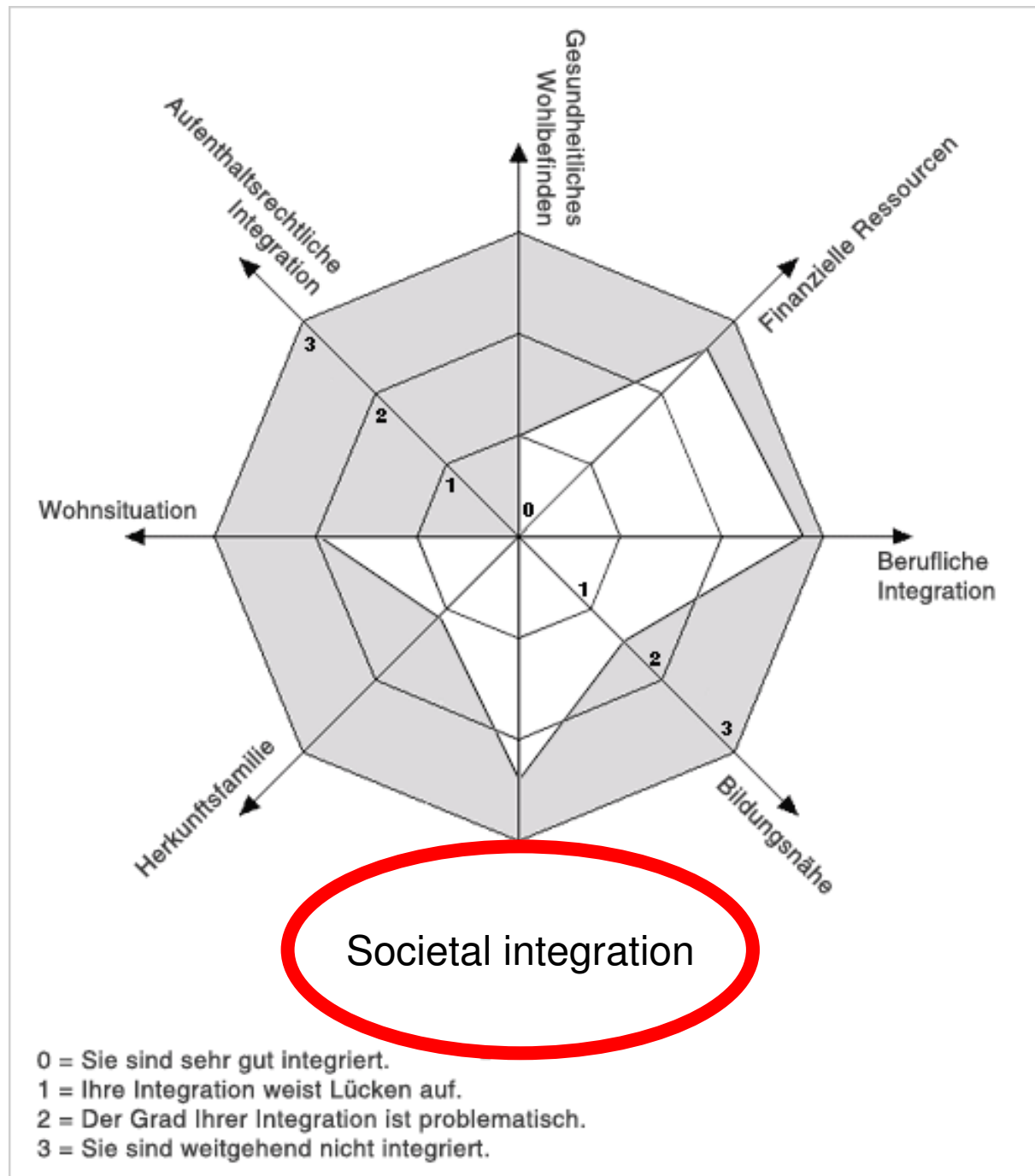




Lack of social contacts

- Social integration describes how well a person is integrated into a network. Indicators of a precarious situation with respect to social integration can be broken family relationships, few social contacts and a withdrawal from social activities.
- *“We go on site with home care services, we enter people’s homes, their private lives. It is the only service that approaches people in their environment. What are these people’s expectations? At times, they only want you to stay there with them... You have the possibility to become their hands, thoughts and voices ... ”*
(BOSNIA HERZEGOVINA)







Lack of health

	Lowest – Slovenia	Highest – Latvia	Average	Poland
1st quintile	0 %	29 %	6,64 %	13 %
2nd quintile	0 %	21 %	4,58 %	11 %
3rd quintile	0 %	10 %	3,31 %	8,9 %
4th quintile	0 %	9,8 %	2,56 %	7,2 %
5th quintile	0 %	5,9 %	1,6 %	6,4 %

Inequalities in access to health care (unmet need for care by income quintile for 3 reasons: too expensive, too long waiting time, too far to travel)



Lack of health

Doctor's consultations

Highest – CZ + HU	Lowest – Cyprus	Average	Poland
12,9 %	2 %	6,1 %	6,6 %



Lack of health

- In practice a person's health-related well-being depends significantly on his/her educational achievements, professional status and income. Those with a low socio-economic status tend to live a less healthy life, are frequently ill or disabled and die younger. Vice versa, illness or an accident can also result in poverty.
- *“The economic crisis has forced about a million people to migrate elsewhere. Those who return cannot find a job or other opportunities of social integration. Many people show signs of depression that affect the well-being of the whole family, the community, the society to a greater extent...” (ALBANIA)*



Lack of self confidence and recognition

- Being self-confident and having self-esteem is especially difficult when living in poverty. Low self-esteem reduces an individual's confidence and the ability to bring positive change into his or her life.
- *We have observed a poor area along the border and studied 70-odd villages with their populations' needs and especially their opportunities. We have tried to understand the potential of this territory and its population and have transformed this study in a community development project. There is no land without future, only land without projects..."*
(PORTUGAL)



Poverty concept paper of Caritas Europa

POVERTY AMONG US



Part A : An Analytical Approach

POVERTY AMONG US



Part B : An Empirical Approach

The multi-dimensional approach

Microsoft Excel - data_inclusion_en[1].xls

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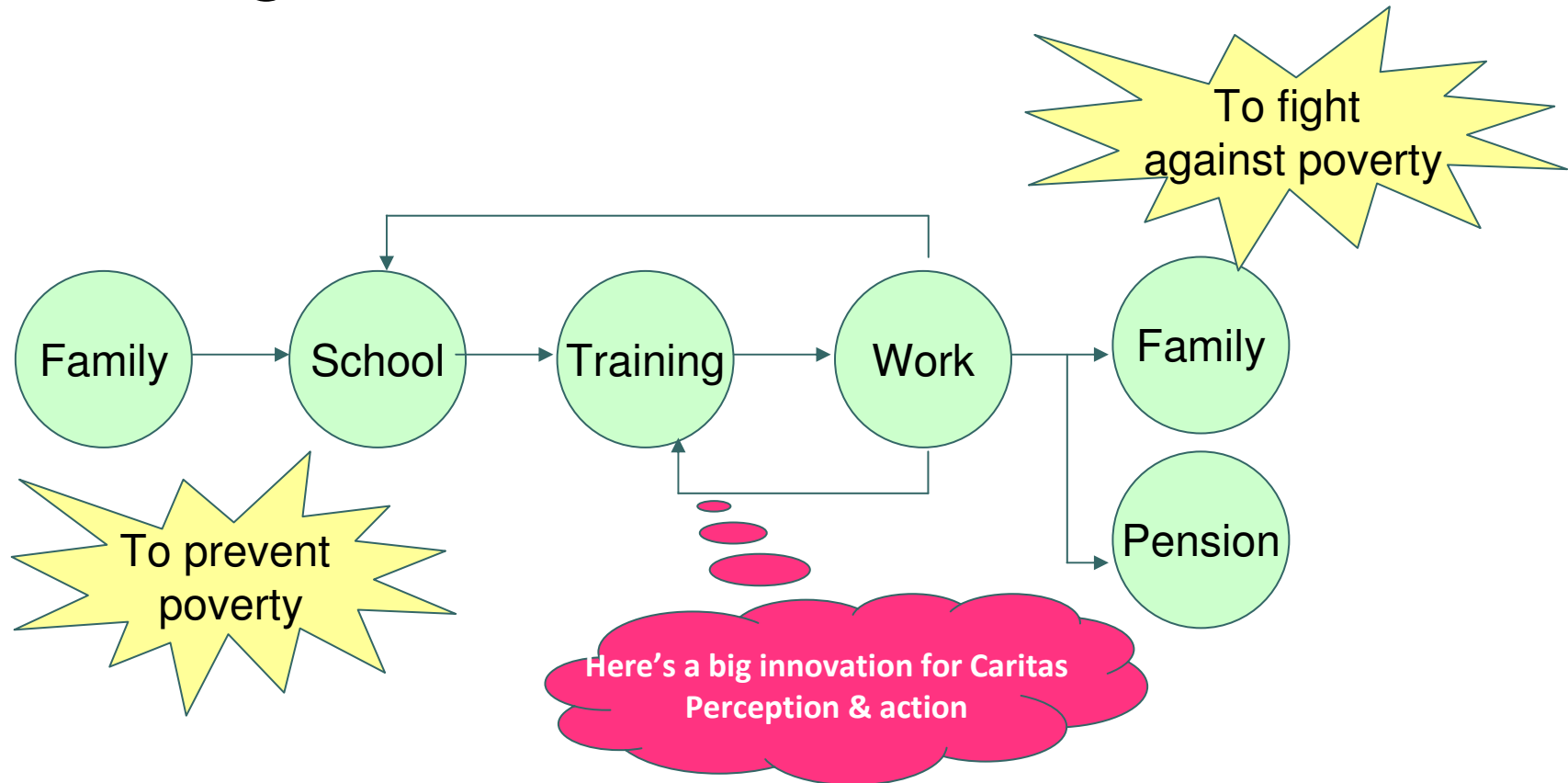
			EU27	EU25	BE	BG ⁽¹⁾	CZ	DK	DK ⁽²⁾	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT
At-risk-of-poverty threshold (illustrative values), PPS																						
- One-person household					10035	i	5348	10175	10819p	10403p	4059	10706	6946	7807	9363	8748	6298	3356	3512	17575	3979	7543
- Two adults with two dep. children under 14 years					21075	i	11231	21367	22720p	21846p	8524	22483	14588	16394	19661	18371	13226	7049	7376	36908	8355	15841
Source: SILC 2007, Income data 2006, except for UK, income year 2007 and for IE moving income reference period (2006-2007)																						
(1) BG National HBS 2006, income data 2006 and RO National HBS 2007, income data 2007.																						
(2) Including imputed rent data 2006. See methodological note for an explanation																						
Notes: i See explanatory text (Eurostat website) p = provisional value s = Eurostat estimate u = unreliable or uncertain data (.) = data not available																						
At-risk-of-poverty rate by age and gender																						
			EU27	EU25	BE	BG ⁽¹⁾	CZ	DK	DK ⁽²⁾	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT
Total population	Total		16ps	16p	15	14i	10	12	13p	15p	19	18	20	20	13	20	16	21	19	14	12	14
	Men		15ps	15p	14	12i	9	11	13p	14p	17	16	20	19	12	18	14	19	17	13	12	14
	Women		17ps	17p	16	16i	10	12	13p	16p	22	19	21	21	14	21	17	23	21	14	12	15
- Children aged 0-17 years	Total		19ps	19p	17	16i	16	10	12p	14p	18	19	23	24	16	25	12	21	22	20	19	19
- People aged 18-64 years	Total		15ps	15p	13	12i	8	11	13p	15p	16	15	19	16	12	18	10	18	16	13	12	12
	Men		14ps	14p	12	12i	8	11	13p	14p	15	14	18	15	11	16	8	18	15	12	11	10
	Women		15ps	15p	13	12i	9	11	13p	16p	17	16	19	17	13	19	12	19	16	13	12	14
- People aged 65 years and over	Total		19ps	19p	23	18i	5	18	14p	17p	33	29	23	28	13	22	51	33	30	7	6	21
	Men		16ps	17p	21	9i	2	16	12p	14p	21	24	21	26	12	18	47	21	15	7	3	24
	Women		22ps	21p	25	24i	8	19	16p	20p	39	33	25	30	14	25	54	39	37	8	8	18
Source: SILC 2007, Income data 2006, except for UK, income year 2007 and for IE moving income reference period (2006-2007)																						
(1) BG National HBS 2006, income data 2006 and RO National HBS 2007, income data 2007.																						
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Notes: i See explanatory text (Eurostat website) p = provisional value s = Eurostat estimate u = unreliable or uncertain data (.) = data not available																						
At-risk-of-poverty rate by most frequent activity status and by gender (population 18 and over)																						
			EU27	EU25	BE	BG ⁽¹⁾	CZ	DK	DK ⁽²⁾	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT
<i>Incidence</i>																						
- Total	Total			15p	15		8	12		15p	20	17	20	19	12	19	16	21	18	12	10	13
	Men			14p	13		7	12		14p	16	15	19	17	11	17	14	18	15	11	10	12
	Women			17p	16		9	12		17p	22	19	21	20	13	20	19	24	21	12	11	14
- At work	Total		8ps	8p	4	6i	3	4	5p	7p	8	6	14	11	6	10	6	10	8	9	6	4
	Men		8ps	9p	4	6i	3	5	6p	7p	6	6	15	12	7	12	6	9	8	9	7	5
	Women		7ps	7p	4	5i	3	3	4p	8p	9	6	12	9	6	7	7	10	8	9	5	2
* Unemployed	Total		42ps	42p	34	36i	48	31	34p	51p	62	43	35	36	33	44	28	57	57	46	46	39
	Men		46ps	46p	36	37i	53	40	40p	50p	65	42	41	44	37	50	30	66	63	45	51	43
	Women		38ps	39p	32	34i	44	25	28p	52p	56	44	31	32	28	39	27	47	50	47	41	26
* Retired	Total		17ps	17p	20	17i	6	17	12p	18p	37	27	22	22	11	16	51	38	30	8	8	23
	Men		16ps	16p	18	9i	4	15	10p	16p	25	27	19	25	10	15	48	28	16	7	8	25
	Women		18ps	18p	21	21i	8	18	14p	19p	42	26	25	18	12	16	53	42	36	11	8	16
* Other inactive	Total		27ps	27p	27	16i	13	32	35p	24p	32	32	25	30	26	30	17	31	29	15	23	20
	Men		26ps	27p	28	17i	12	39	41p	25p	39	35	27	26	26	29	12	35	29	21	18	20
	Women		27ps	28p	26	14i	14	28	32p	24p	28	32	25	31	26	31	19	29	29	14	25	20
Source: SILC 2007, Income data 2006, except for UK, income year 2007 and for IE moving income reference period (2006-2007)																						

Ready

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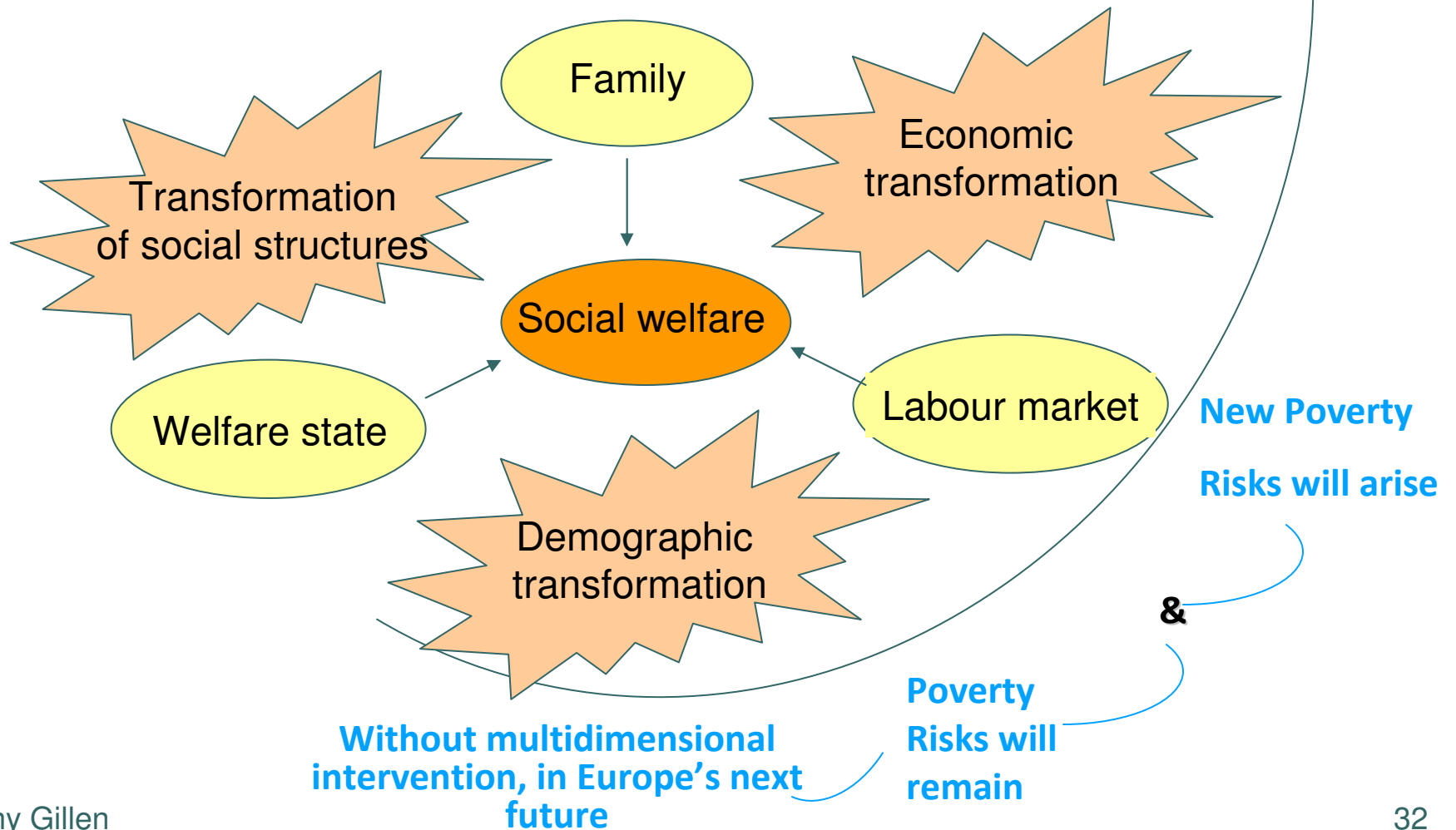


Poverty in the life cycle: to prevent is better than to fight against





An analytical model





- Understanding poverty is one thing.
- Understanding “social exclusion” is another approach.



Europe has to fight both

2010

European Year

for Combating

Poverty and

Social Exclusion



Conclusions

- We must continue combating poverty according to the two approaches:
 - poverty AND
 - social inclusion
- Social inclusion must be construed according to the logic of **social justice**, and not of cohesion.



Social Participation

Our practices and experiences at local, national and EU level showed us that you are not alone if you don't feel alone, and you don't feel alone if you are **recognized** by others and you have the possibility to take part with them in **social life**.

*The best way to prevent poverty, and the best way to fight against it, is **social participation**.*



Thank you for
listening!