

# **Non-Income dimension in EU-SILC: Material deprivation and poor housing**

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Living Conditions: Issues and Challenges  
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# Structure of presentation

- **Why do we need material deprivation measures?**
- **What can be learned from EU-SILC data?**
  - **Basic results**
  - **Material deprivation and income distribution**
  - **A focus on children**
- **How can EU-SILC be improved to better measure material deprivation?**

# Context

- **“Laeken” indicators to monitor poverty and social exclusion in the EU (revised in June 06)**
- **A strong focus on relative income poverty:**
  - **At-risk-of poverty rates relative to a national threshold**
  - **Based on current income**
  - **Doesn’t reflect strong differences in actual standards of living across EU (esp. since last enlargement)**
- **2005 Luxembourg’s presidency conference**
- **ISG work program**
- **Indicators presented so far in Joint reports, Eurostat ‘Statistics in Focus’ and web site**

# Material deprivation

- **Need to supplement relative income measures**
  - To reflect different living standards across EU
  - To reflect the multi-dimensionality of poverty (e.g. housing)
  - A proxy for persistent poverty (as long as persistent income measures are not available)
- **Definition:**  
“enforced lack of a combination of items depicting material living conditions”

# Selection of items

- **Items should relate to what is a “common living pattern” in the country where people live/in the EU**
  - Degree of penetration
  - Consensus surveys (not yet available)
- **Data should allow for international comparisons**
- **Data should allow for comparisons over time**
- **Items grouped in dimensions using factor analysis**
  - On ECHP data
  - Confirmed by analysis on SILC data for 13 EU countries (+NO) (including one new MS (EE))
  - Also discussed in ISG meetings
  - Exclusion of items on local environment and discussion of possible inclusion of a lack of space item
  - Policy relevance and transparency of possible indicator

# Factor analysis

- **Confirmatory factor analysis**
  - Good FIT
    - Three-factors solution
    - Two-factors solution: offers the advantage of presenting only 2 indicators (material deprivation – poor housing), based on a larger set of items.
  - Being deprived in one dimension is correlated with deprivation in other dimensions
- **Lack of space item ?**
  - based on number of rooms/person
  - weakly correlated with other items

# EU-SILC items

- **“Economic strain”**: could not afford if wanted to
  - 1 week annual holiday away from home
  - Arrears (mortgage or rent, utility bills or hire purchase instalments)
  - A meal with meat, chicken or fish every second day
  - To keep home adequately warm
  - To face unexpected expenses
- **“Enforced lack of durables”**:
  - Colour TV
  - Telephone
  - Personal car
  - Washing machine
- **Housing conditions**
  - Leaking roof, damp walls/floors/foundations, or rot in window frames
  - Accommodation too dark
  - No bath or shower in dwelling
  - No indoor flushing toilet for sole use of household

# First results

- **Results on the basis on new EU-SILC 2004 data, available for 12 EU15 MS + Estonia + Norway**
- **Confirm analysis based on ECHP and SILC 2003 (CFA)**
- **Incidences item by item**
  - **Very different levels depending on country/items**

*Table 1: Share of people affected by material deprivation in each dimension*

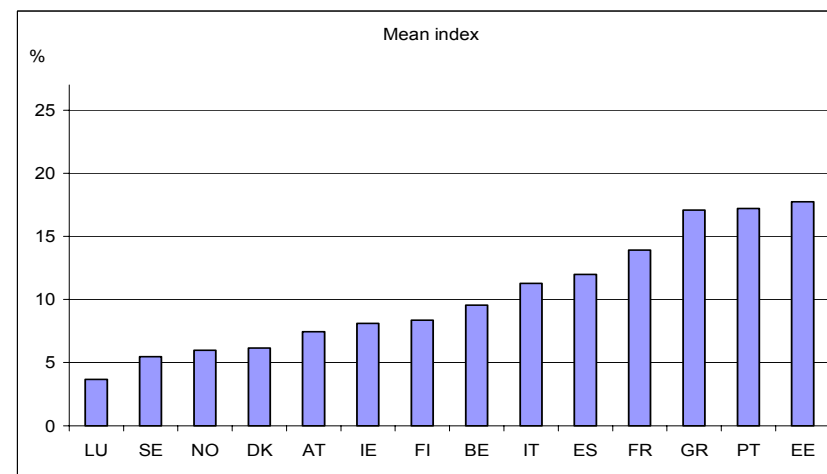
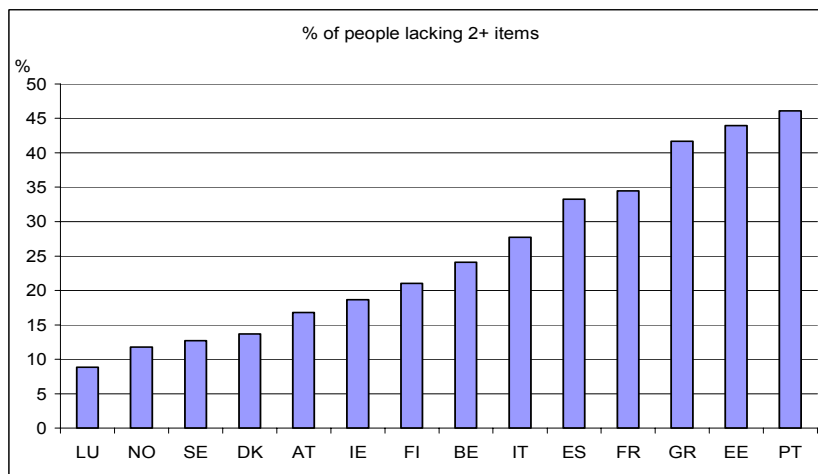
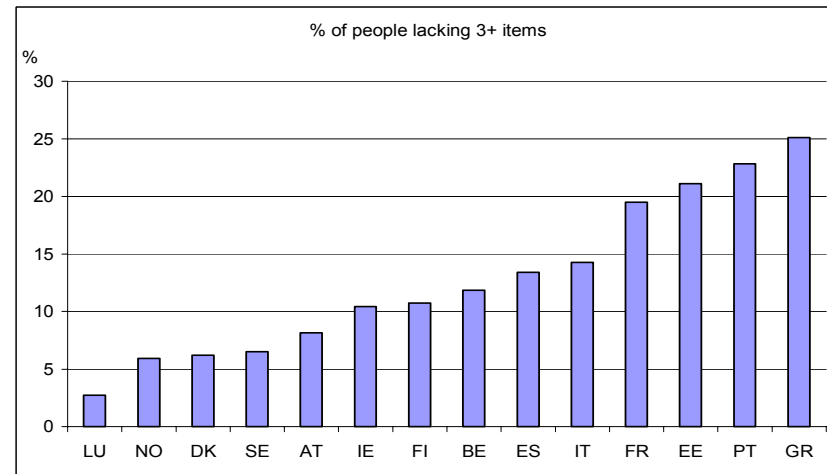
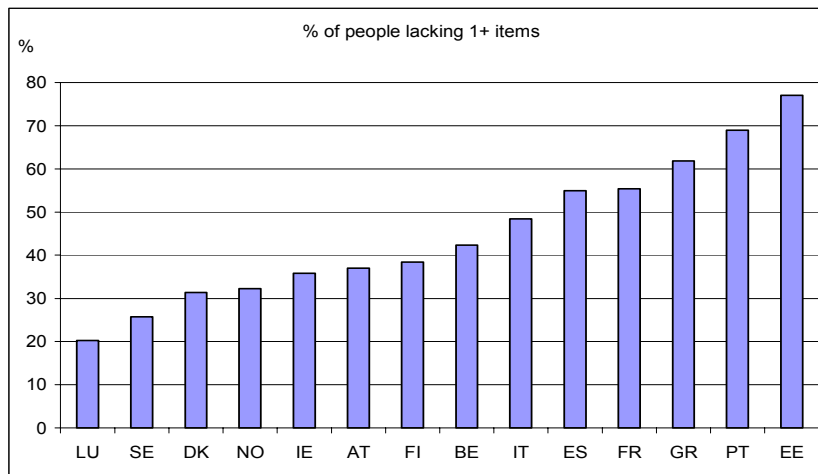
People lacking :	AT	BE	DK	EE	ES	FI	FR	GR	IE	IT	LU	NO	PT	SE
<b>Economic strain (2+)</b>	16	22	11	28	32	18	33	39	16	27	8	10	44	11
<b>Durables (1+)</b>	6	9	10	34	7	10	11	13	11	5	1	6	16	6
<b>Econ+ Dur. (2+)</b>	17	24	14	44	33	21	34	42	19	28	9	12	46	13
<b>Housing (1+)</b>	14	23	12	46	29	9	22	24	17	27	20	11	39	9

Source: Eurostat, EU-SILC survey year 2004. Reference population: people aged 0+. Figures are rounded.

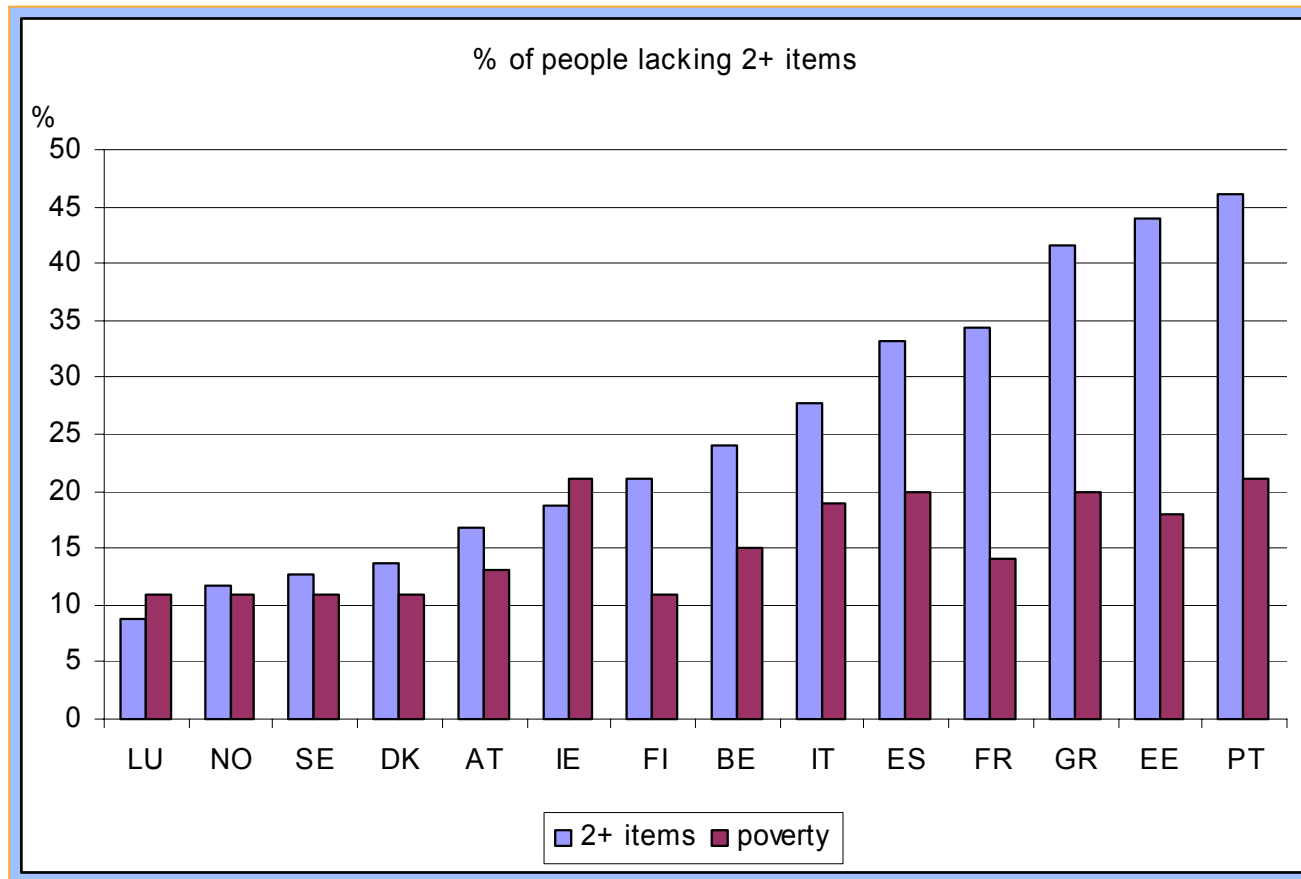
# First results: indicator

- **Indicator: % of people lacking at least X items in one dimension**
  - Advantage of transparency
  - Accumulation of deprivations at individual level
  - Close to the collective representation of deprivation
- **The proportion of people deprived depends on:**
  - The number of items in each dimension
  - The items included in the dimension (some items can be more dominant than others)
  - The threshold chosen

# Does the country ranking depend on the threshold chosen?

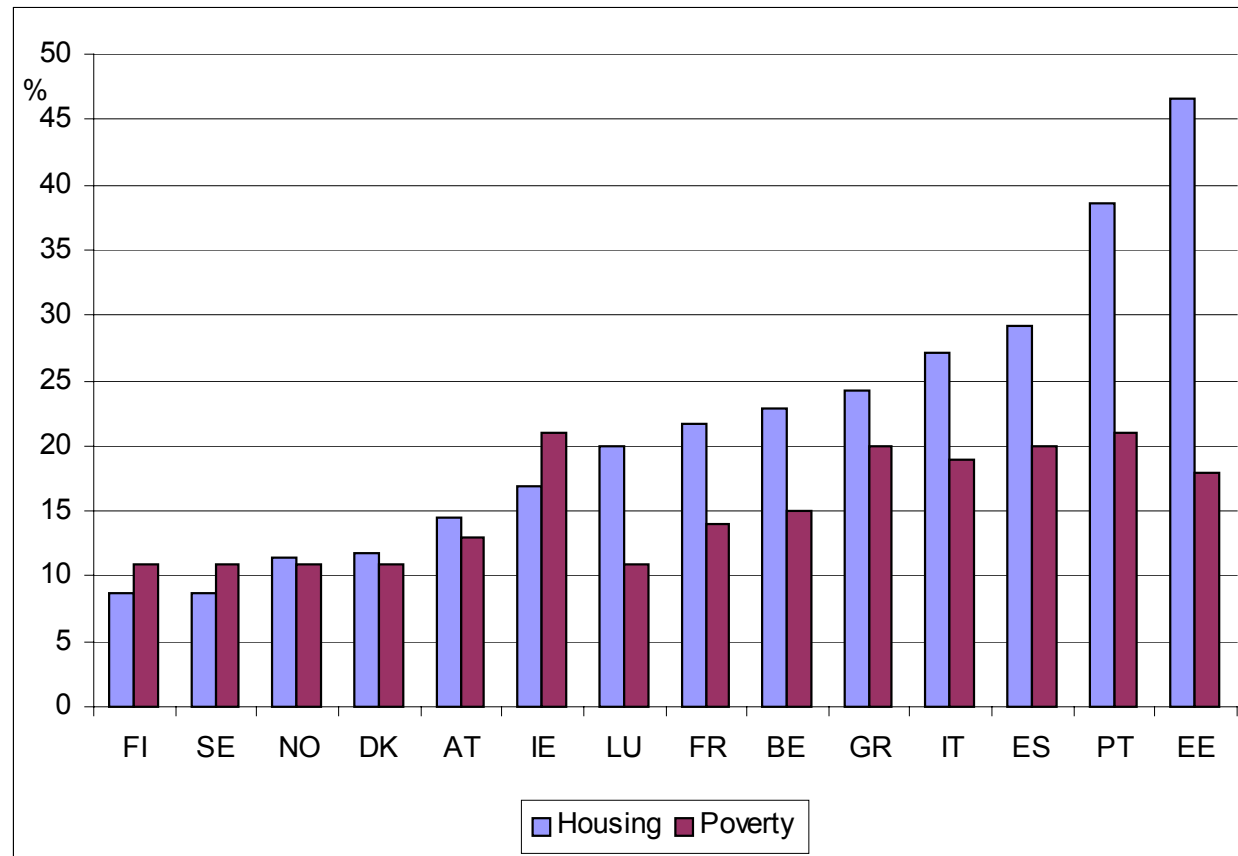


# Material deprivation vs. At-risk-of- poverty



**Economic strain + enforced lack of durables**

# Housing deprivation vs. At-risk-of- poverty



**Lack of 1 item or more in the housing dimension**

# Consistent poverty

***Proportion of the population 'poor', lacking at least 2 items in the strain + durables dimension, and suffering from both problem, %***

	AT	BE	DK	EE	ES	FI	FR	GR	IE	IT	LU	NO	PT	SE
<b>Consistent poverty</b>	5	8	3	13	11	5	9	14	8	11	4	3	14	3
<b>Poverty rate among the 'deprived'</b>	31	32	24	30	34	26	27	33	45	40	45	28	32	24
<b>Deprivation rate among the 'poor'</b>	41	53	31	67	56	50	69	68	41	59	35	31	69	31



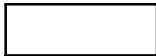
Source: Eurostat, EU-SILC survey year 2004. Reference population: people aged 0+.

# Focus on children

## Deprivation rates in each dimension, children and total population, %

	AT	BE	DK	EE	ES	FI	FR	GR	IE	IT	LU	NO	PT	SE
	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15	ALL 0-15
Economic strain														
2+	15 17	22 29	11 13	28 31	32 30	18 24	32 37	39 33	16 22	27 28	9 13	10 13	42 44	12 15
Durables														
1+	6 6	9 10	10 9	34 31	7 7	10 6	11 13	13 9	12 12	5 5	1 1	6 5	16 17	6 7
Housing														
1+	14 14	23 23	12 13	47 48	29 28	9 9	22 22	24 20	17 17	27 27	20 23	11 13	39 37	9 9
Poverty														
	13 15	15 17	11 9	18 20	20 24	11 10	14 14	20 20	21 22	19 26	11 18	11 8	21 23	11 11

Source: Eurostat, EU-SILC survey year 2004. Reference population: people aged 0+.

-  Differences significant and at the advantage of children
-  Differences significant and at the disadvantage of children
-  Differences not significant between children and total population

# Should all items have the same weight?

- **Principles of construction of weights:**
  - The item weights vary positively with the proportion of “haves” and are normalized to 1 over items in the dimension;
  - The reference population chosen is the country ;
- **Difficult to choose a threshold**
- **Mean index could be weighted, but it is not very transparent**

**Further questions?**

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# The way forward

- **Main constraint: Limited number of items available in EU-SILC**
- **Questions remain:**
  - **Too few items: selecting among the deprived**
  - **Differently across countries**
  - **Adequacy of the current list across enlarged EU**
- **We would need a choice of items**
  - **Large enough**
  - **Captures all key material deprivation situations**
  - **In a comparable way across countries**

# What we plan to do

- **A “reasoned” choice of items to be added to SILC**
- **How?**
  - **In depth analysis of EU-SILC 2005 for all 27 EU countries**
  - **Consensus Eurobarometer Survey (January 2007)**
  - **Relevant national expertise (incl. the views of those experiencing poverty)**
- **Improve SILC survey questions**
- **Test items in the 2008 SILC module**
- **Amend SILC based on the results of the module (available end 2009)**

# What we plan to do

- **Task Force to be set-up soon by Eurostat with both statisticians and members of the ISG**
  - **Validate indicator for economic strain + durables**
  - **Propose a way forward on housing**
  - **Propose a reasoned choice of items to be tested in the SILC 2008 module**
  - **Propose ways to regroup items in Dimension**
  - **Test feasibility and impact on comparability of a different selection of items depending on countries: e.g. 7 common EU items + 3 national items**

# What we plan to do

- **Ensure maximum comparability across EU-SILC survey questions**
- **Eurobarometer consensus survey (Jan 07)**
  - **More than 60 items will be tested in 27 countries**
  - **Financial stress, poor housing, enforced lack of durables, poor quality food and clothing, exclusion from essential social and leisure activities, children**
- **The need for child specific items**
- **Focus on poor housing: SILC module 2007**
- **The need for a regular assessment**

# Sensitivity (additional slide)

