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Comparing Poverty Indicators in an Enlarged EU

In this paper, using the EU-SILC 2006 data-set, we seek to explore the extent to which a consideration of welfare regime and socio-economic variation in poverty levels and patterns and variation in the consequences of poverty for subjectively experienced economic stress can assist us in making informed choices between alternative poverty indicators. Poverty in the EU is normally defined in terms of income thresholds defined at the level of each member state. The "at-risk of poverty" indicator identifies those individuals falling blow 60% of national equivalent disposable income appropriately adjusted for household composition. However, the enlargement of the EU and the consequent widening of the gap in living standards between the richest and the poorest member states has had the consequence that a country such as this Ireland performs poorly in comparison with a number of the New Member States (NMS) despite enjoying obvious advantages in terms of material living standards. Such paradoxical findings have produced a number of different but interrelated responses. The first focuses on the limitations imposed by the entirely national frame of reference. An alternative critique takes as its starting point the fact that, employing a range of non-monetary indicators, a variety of studies in industrialized counties have shown that low income is an unreliable indicator of poverty. In this paper we seek to explore the strength of both critiques by comparing the outcomes associated with measuring being at risk of poverty and consistent poverty at both national and EU levels.