

Does a warm home mean the same thing in Finland and Portugal? – Evaluation of the cross-country comparability of the material deprivation index and discussion of alternative measures

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This paper examines the cross-country comparability of the material deprivation index, using the order of curtailment of deprivation items.

Since 2009 a material deprivation index is used by the EU which is based on nine items. In 2012 a partially different set of thirteen items was suggested to measure material deprivation based on various methodological considerations [Guio, Gordon & Marlier].

Households have an ordering among deprivation items and they first curtail the ones which are higher up on the list. The last item in the deprivation order is the most essential for the households, they give it up only after every other item. This deprivation order is common for many households in Europe as shown by Deutsch et al. [2015] and Guio & Pomati [2015], although smaller differences among countries do exist.

The variations in the ranks of the different deprivation items are compared. Some items (such as holiday expenses, leisure activities and shoes) have a very similar position in the curtailment order in different countries, while others (such as paying arrears, keeping the home adequately warm and having a car) have a high variation in their rank. This raises caution for the cross-country comparability of the material deprivation index.

Possible causes of the higher variations are examined by correlating the ranks with external variables which we consider non-related to material deprivation. In one such case it is found that the rank of keeping the home adequately warm has a correlation of -0.64 with the average yearly temperature of the country. The variation in the ranks of the order of curtailment is compared with the variation in the ranks of the proportion of the population considering the deprivation items necessities, using 2007 Eurobarometer results. The two kinds of variations have significant differences.

The second part of the analysis examines possible alternatives to measure material deprivation: a different set of weights or a different set of deprivation items. The considered alternative measures are calculated from EU-SILC cross-sectional data.

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References:

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