

A pan-European perspective on low-income dynamics in the EU

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Microdata

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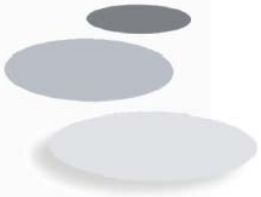
Overview

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- Introduction
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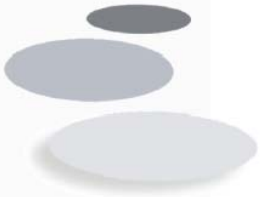
Background

- Goedemé, T., Zardo Trindade, L., and Vandenbroucke, F. (forthcoming), '**A pan-European perspective on low-income dynamics in the EU**' in Cantillon, B., Goedemé, T. & Hills, J. (eds.) *Improving poverty reduction in Europe*. Oxford: Oxford University Press.
- Goedemé, T., and Collado, D. (2016), '**The EU convergence machine at work. To the benefit of the EU's poorest citizens?**' in *Journal of Common Market Studies*, 54(5): 1142-1158, <http://dx.doi.org/doi:10.1111/JCMS.12382>.
- Goedemé, T., Collado, D., and Meeusen, L. (2014), ***Mountains on the move: recent trends in national and EU-wide income dynamics in old and new EU Member States***, ImPRovE Working Paper No. 14/05, Antwerp: Herman Deleeck Centre for Social Policy - University of Antwerp, 34p.



Introduction

- Usual poverty & inequality measurement: national perspective
- However EU perspective also relevant:
 - Social cohesion in the EU (vs. social inclusion)
 - Intra-EU migration
 - EU social policy initiatives
- => contrasting national & EU-wide dynamics



Introduction

- EU-wide low-income proportion (LIP)
- Trends in the EU-wide income distribution by looking at those with an income below 60 % of the EU-wide median equivalent disposable household income
- EU-wide low-income gap (LIG)
- Normalised EU-wide 'poverty gap' averaged over total population



Data & Methods

- Data:
 - Break in time series in 2008: Spain, France, Austria and Cyprus
 - EU-SILC 2008 UDB version 7 and EU-SILC 2007 UDB version 6 (UK)
 - EU-SILC 2009 UDB version 7 and EU-SILC 2008 UDB version 7 (UK)
 - EU-SILC 2010 UDB version 6, and EU-SILC 2009 UDB, version 7 (UK)
 - EU-SILC 2011 UDB version 5 and EU-SILC 2010 UDB version 6 (UK)
 - EU-SILC 2012 UDB version 3 and EU-SILC 2011 UDB version 5 (UK)
 - EU-SILC 2013 UDB version 2 and EU-SILC 2012 UDB, version 3 (UK)
 - EU-SILC 2014 UDB version 1 and EU-SILC 2013 UDB version 2 (UK)
 - Breaks: 2011 wave in Denmark, the 2012 wave in the UK and the 2014 wave in Estonia



Data & Methods

- Variance estimation
 - Take as much as possible account of sample design
 - Assume no covariance between waves

 - Goedemé (2013), Zardo Trindade & Goedemé (2016)
 - <https://timgoedeme.com/eu-silc-standard-errors/>.

 - Whenever possible, take relativity poverty line into account



Data & Methods

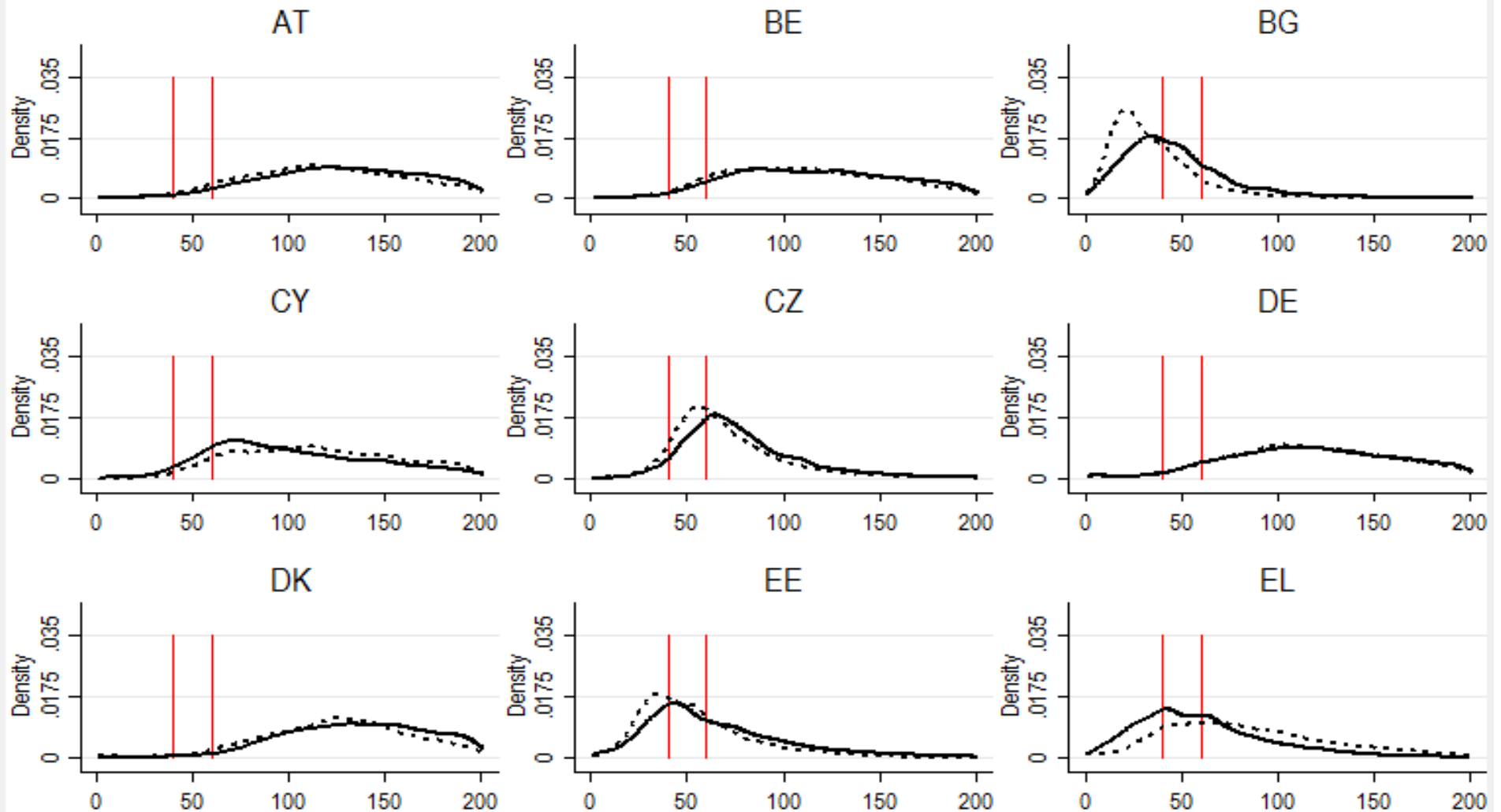
- Income
 - Equivalent disposable household income
 - Converted into Purchasing Power Standards
 - PPPs final household consumption Eurostat
 - Expressed as percentage of year-specific EU-wide median
 - Mimic AROP60 methodology with year-specific EU-wide median income as reference



Results

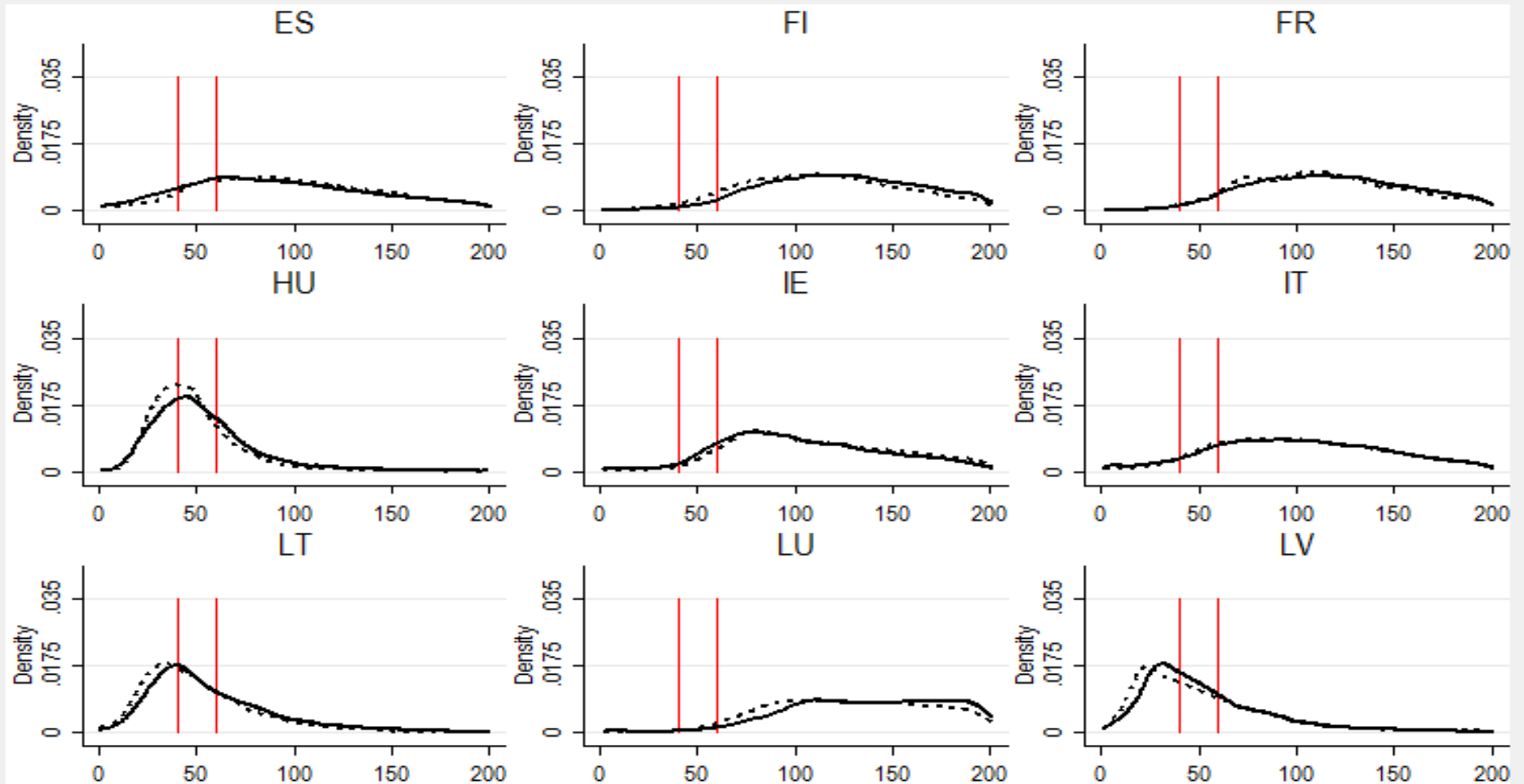
- Overall trends in the income distribution
- The LIP and LIG across countries
- The composition of the LIP and LIG
- LIP and LIG vs. national AROP60

Results



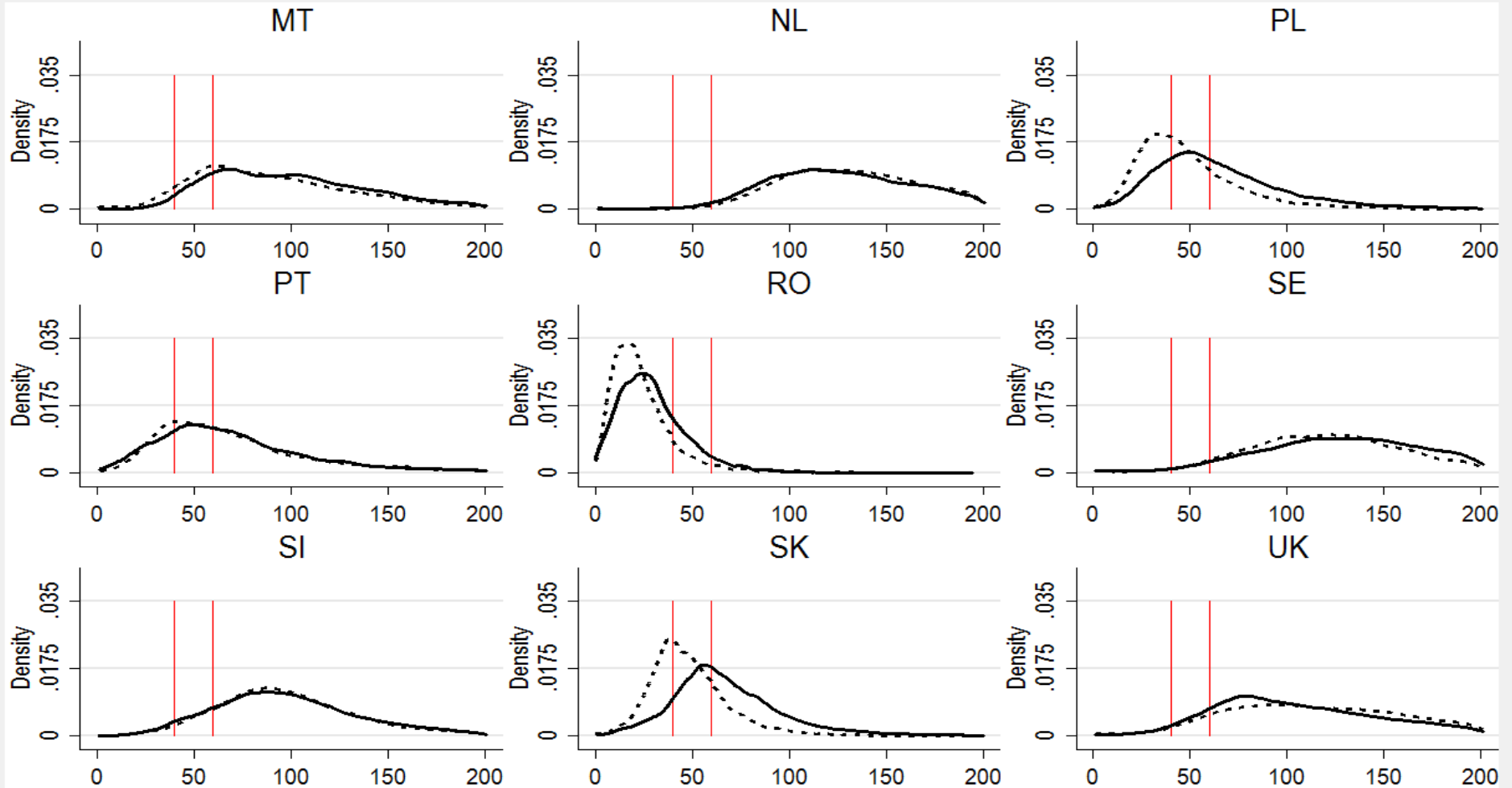
— 40/60 percent of the EU-wide median income
..... 2008
———— 2014

Results

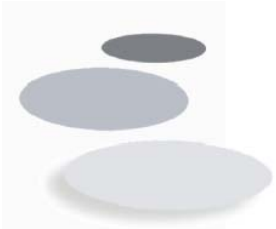


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Results

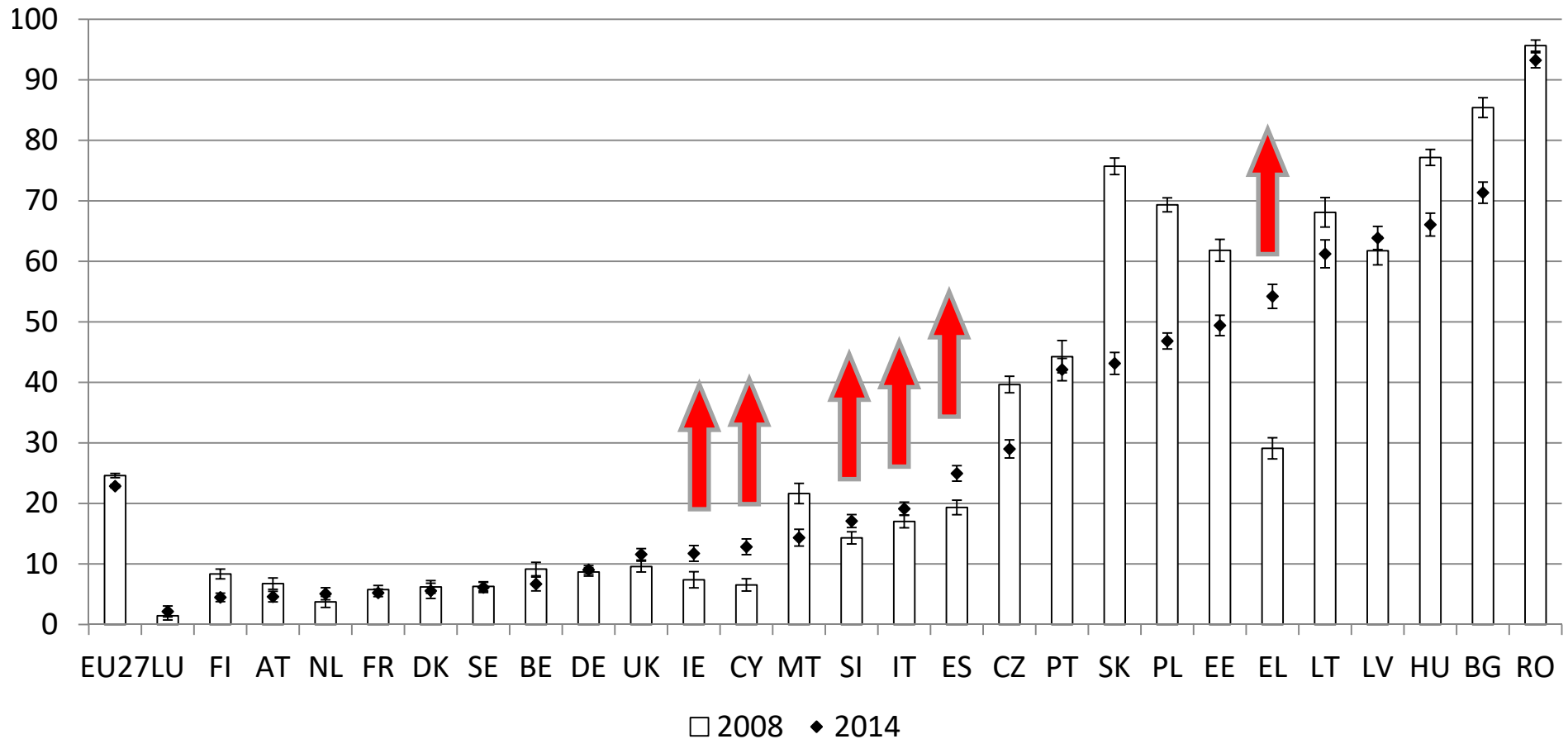


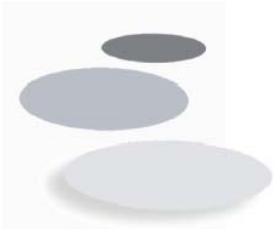
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LIP decreased, with strong variation

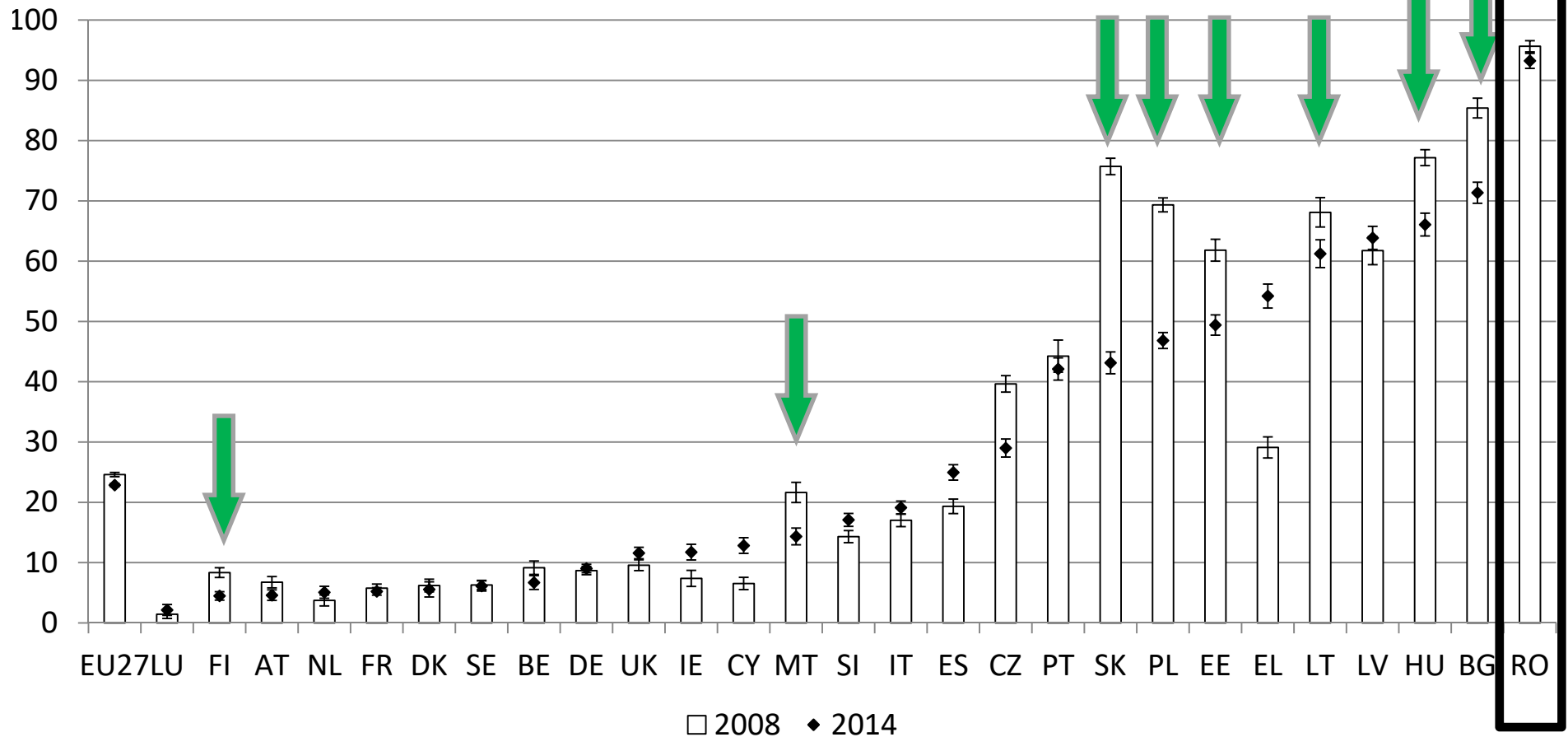
LIP, threshold = 60% EU-wide median





LIP decreased, with strong variation

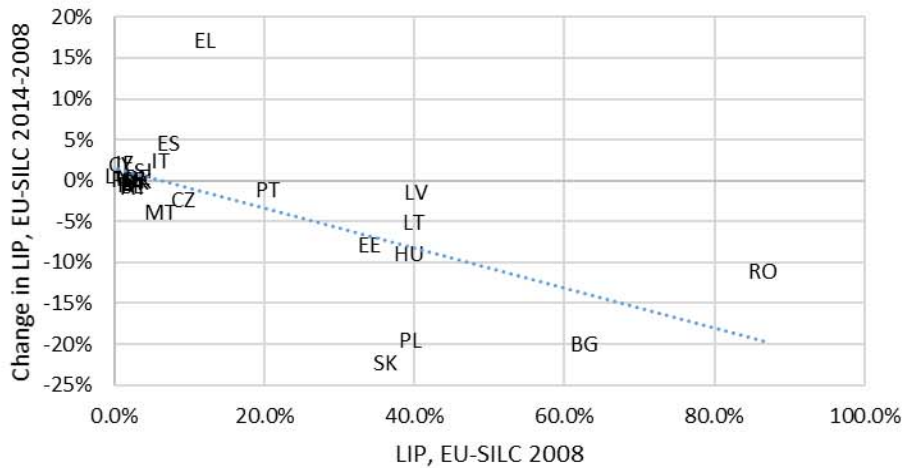
LIP, threshold = 60% EU-wide median



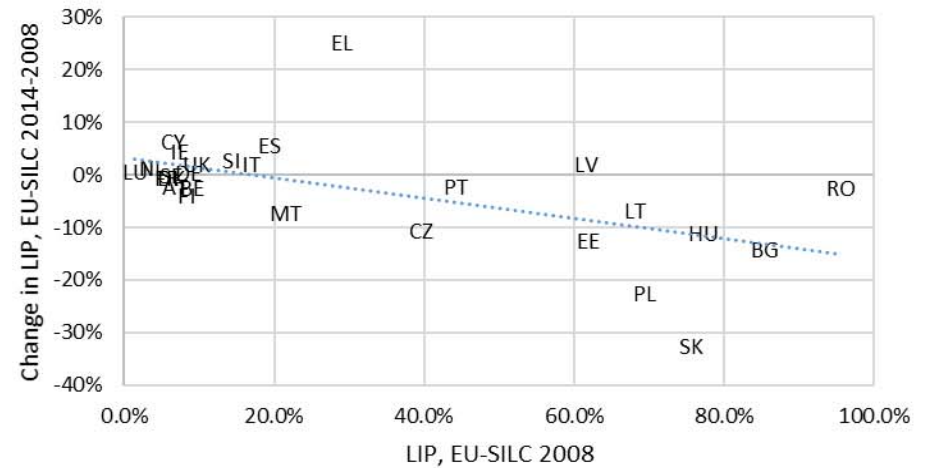
Some convergence in LIP and LIG

Percentage point change in the EU-wide low income proportion and the EU-wide low income gap ratio

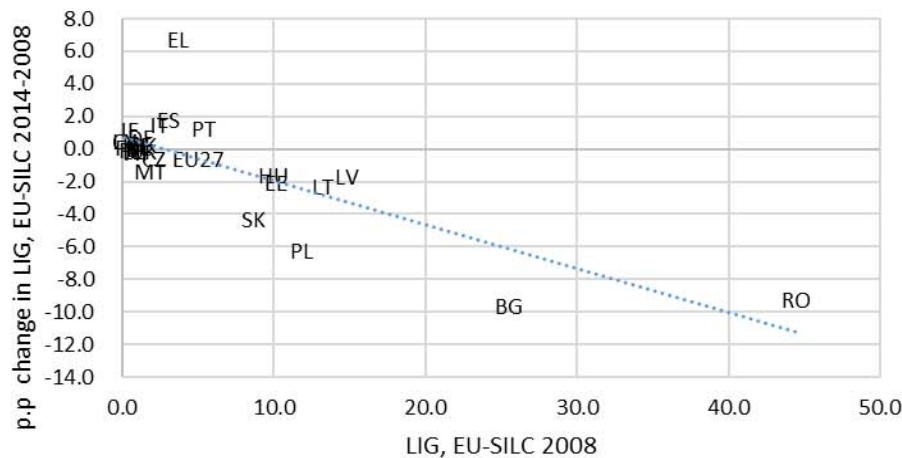
40% threshold LIP



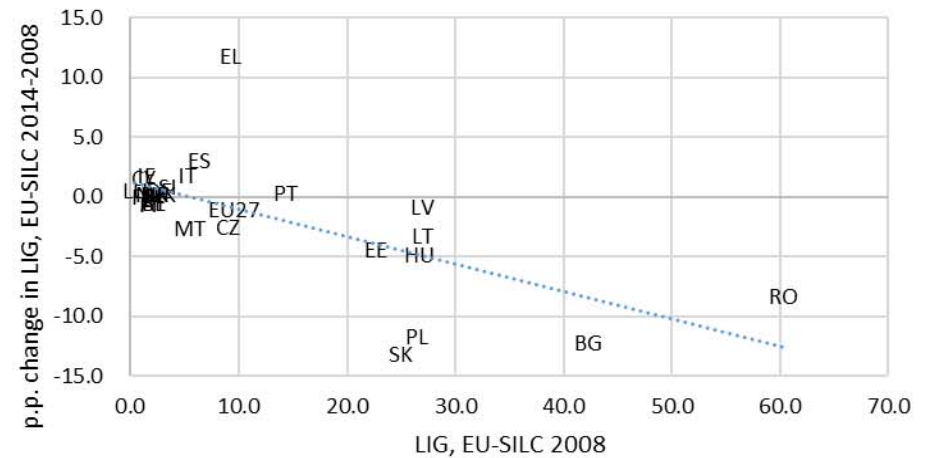
60% threshold LIP



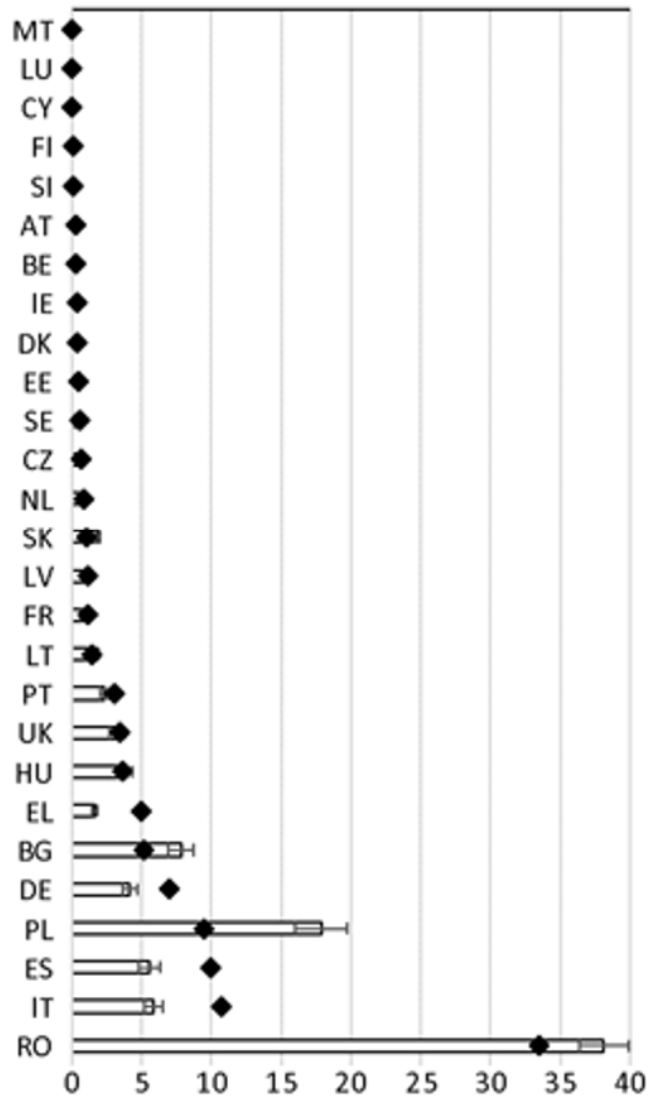
40% threshold LIG



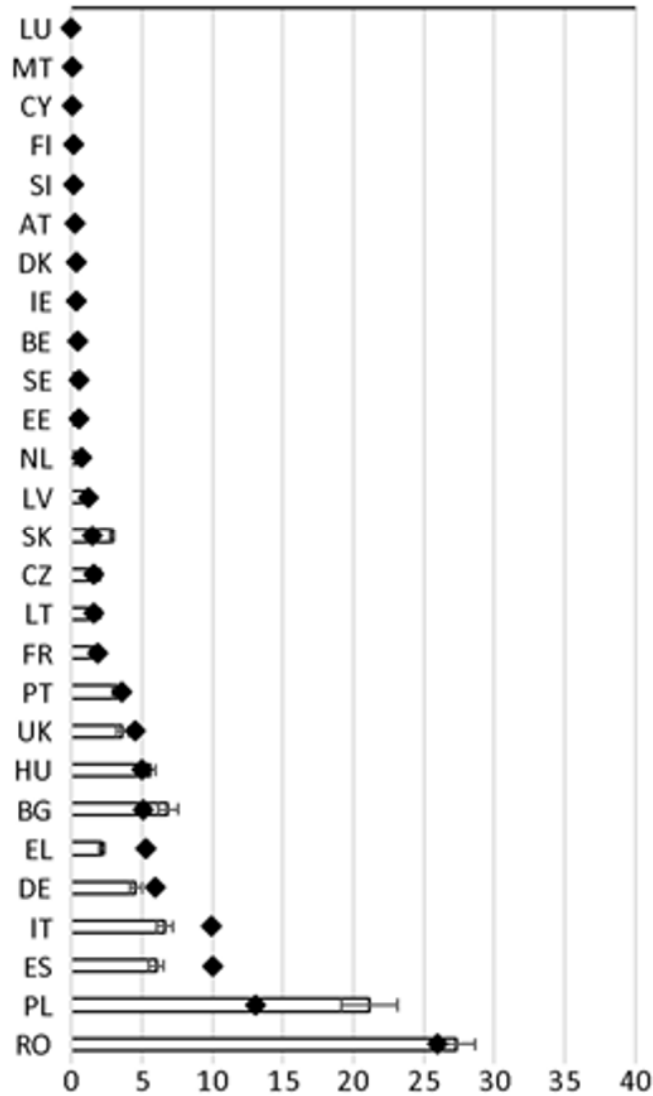
60% threshold LIG



40% threshold LIG



60% threshold LIG

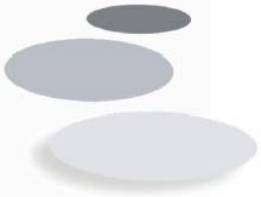


□ Share EU-SILC 2008

◆ Share EU-SILC 2014

Results

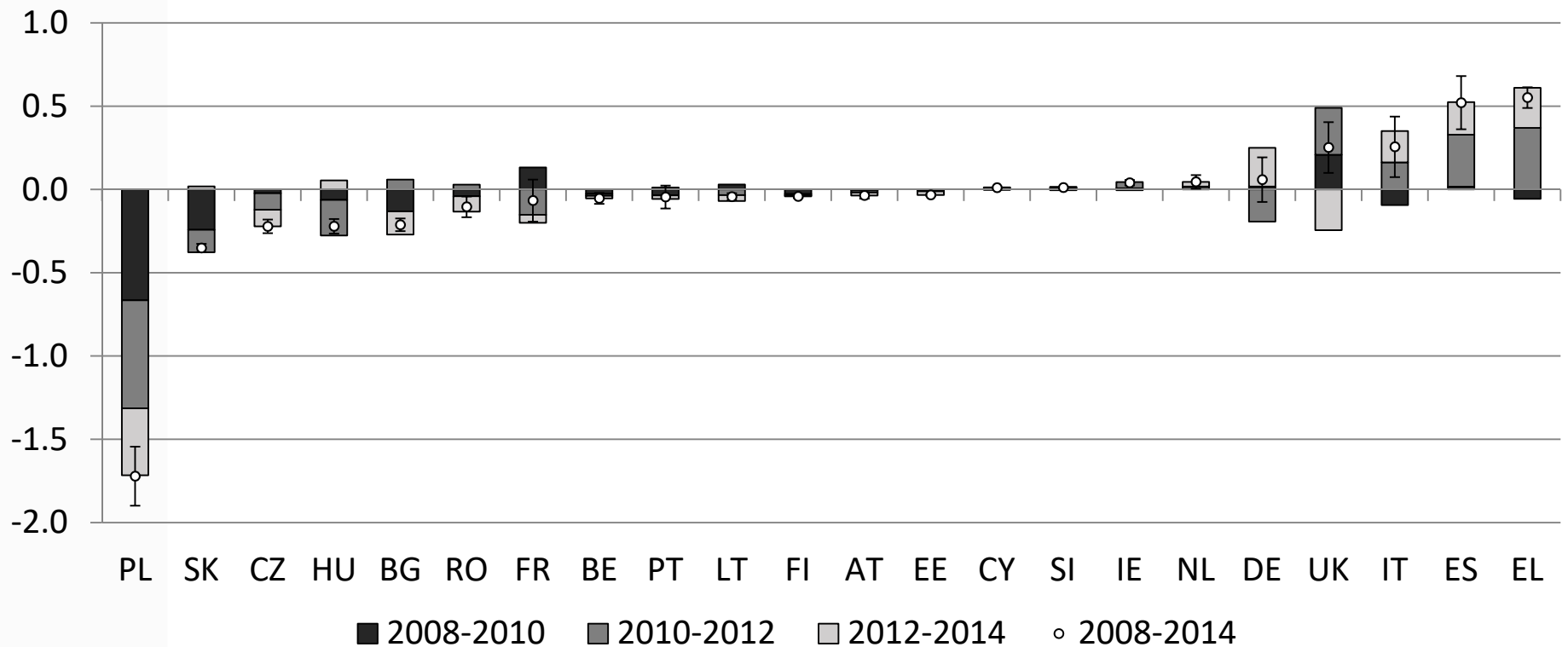
The diversifying composition of the LIG

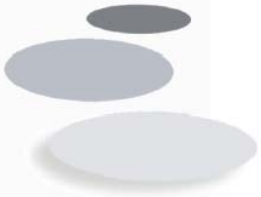


Trends dominated by Poland?

Absolute contribution to overall change in the EU-wide LIP

Threshold set at 60% of the EU-wide median income

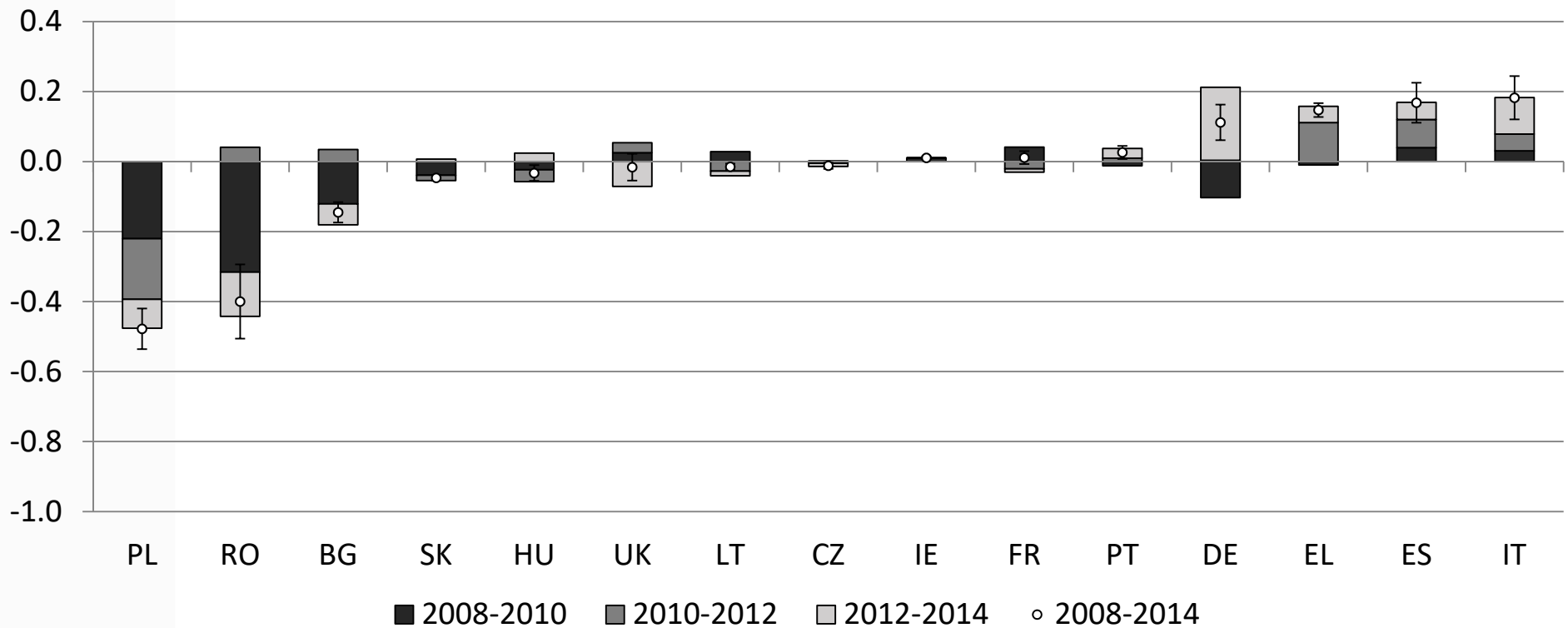


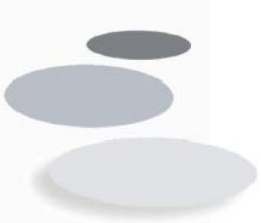


Trends dominated by Poland?

Absolute contribution to overall change in the EU-wide LIG

Threshold set at 40% of the EU-wide median income

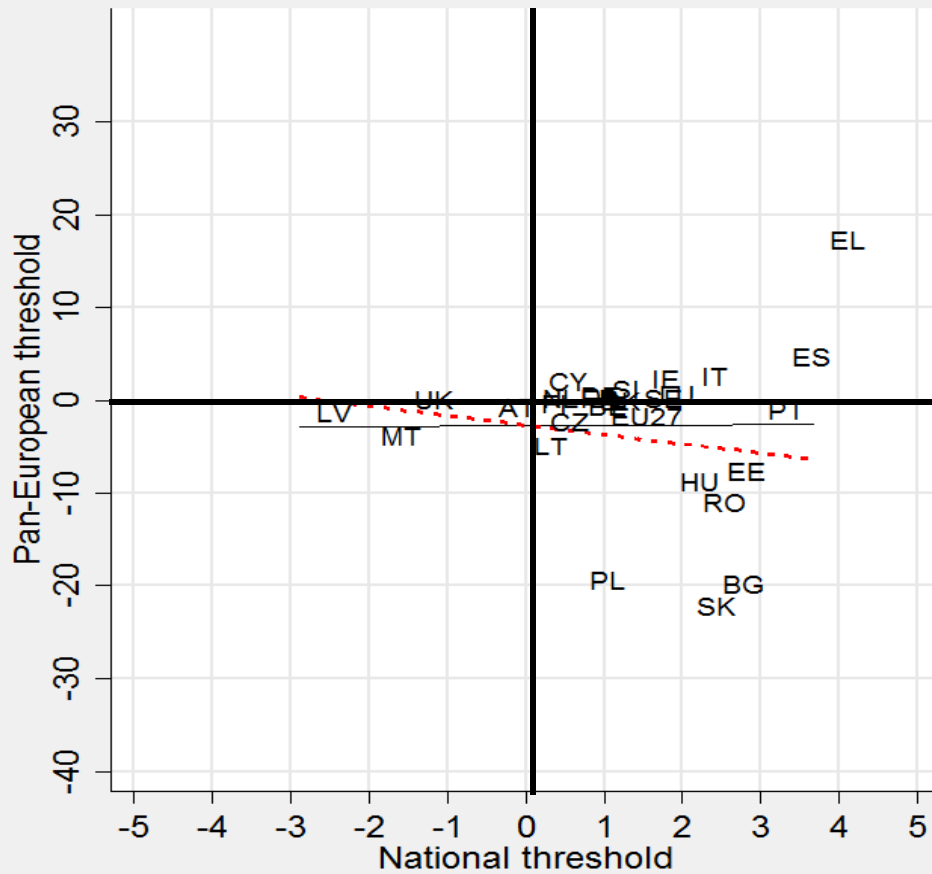




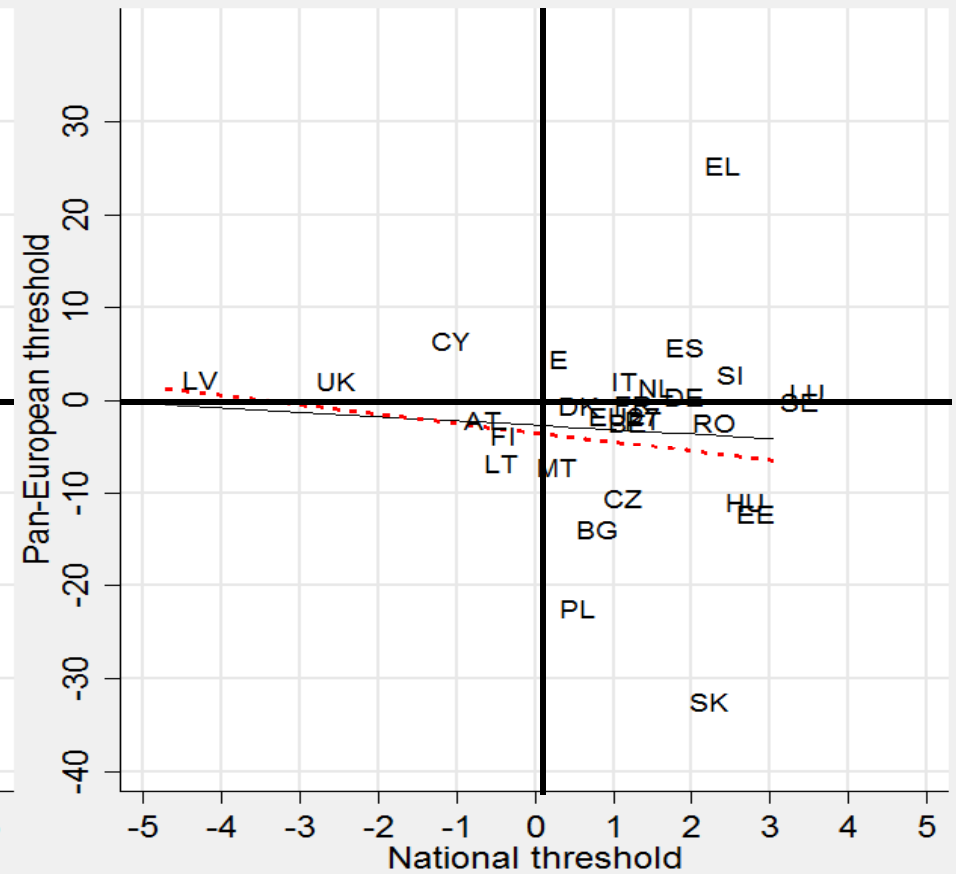
Trade-off between social cohesion and social inclusion?

p.p. change in the low income proportion

40% threshold



60% threshold



— Linear prediction incl. EL Linear prediction not incl. EL



Conclusion

- EU-wide perspective is relevant, and reveals substantial low-income dynamics concealed by national perspective
- Overall decrease in EU-wide LIG and LIP, but stagnation since EU-SILC 2010
- Underscore relative improvements in Poland, Slovakia, and Bulgaria, as well as the in deterioration of living standards Greece, Spain and Italy
- Bottom of EU-wide distribution much less dominated by New Member States PL and RO => diversification
- No country succeeded in substantially reducing the EU-wide low-income proportion while also substantially reducing the at-risk-of-poverty rate



Conclusion

- Collapse of the European ‘convergence machine’?
- Need of ‘true’ solidarity across borders to achieve both social inclusion and social cohesion?
- Need of dual perspective on solidarity: national and pan-European & methods to empirically support this perspective
- EU-wide LIP and LIG are helpful to this end