

CoP Fairness 23 Nov. 2021

In-work poverty in Europe: is the EU indicator still fit for purpose?

IWP

A brief review of (old) issues

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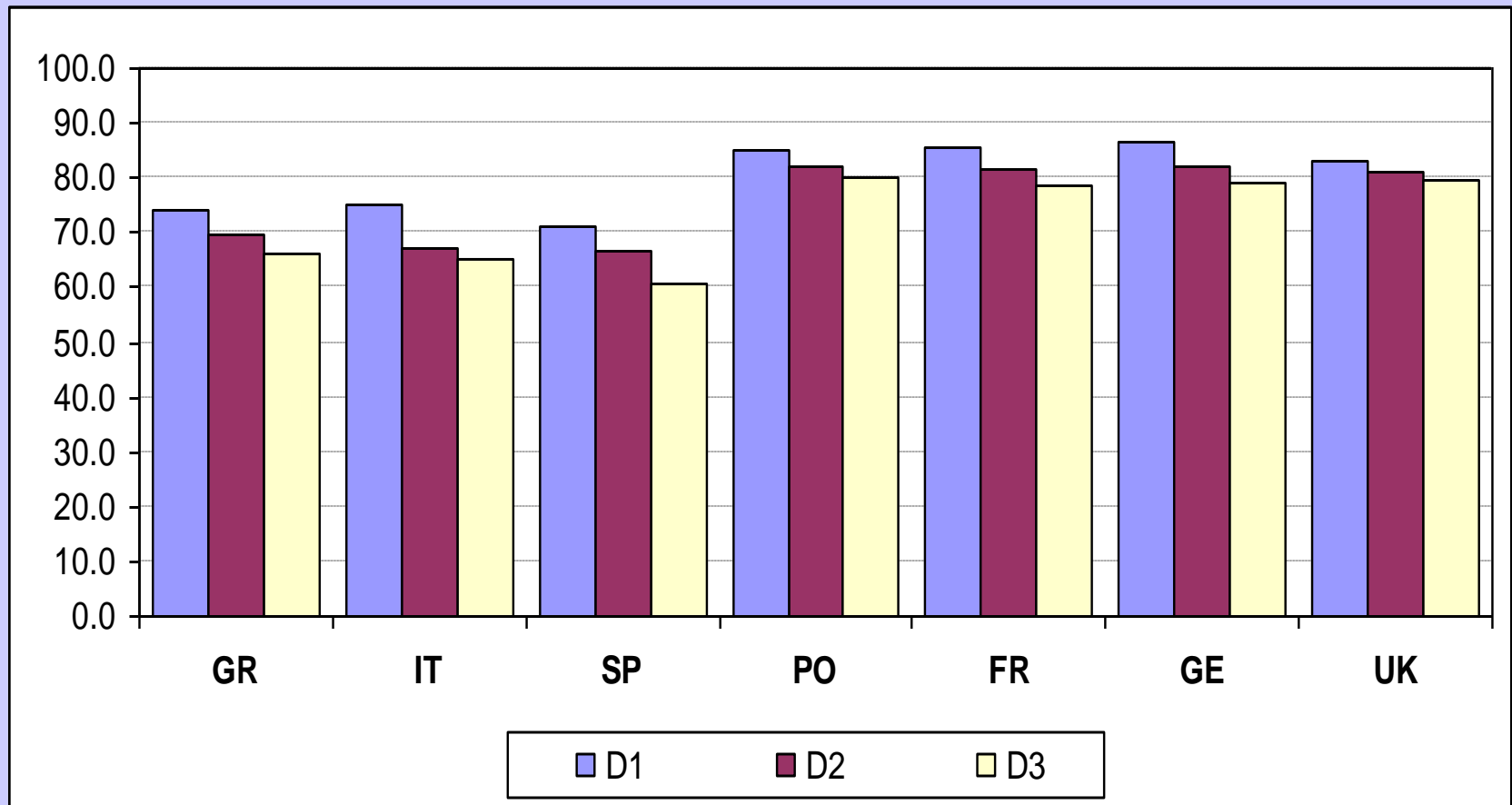
Main points

- **Definition of workers:
Selectivity**
- **Double level construction:
Individual + Household**
- **Issues**

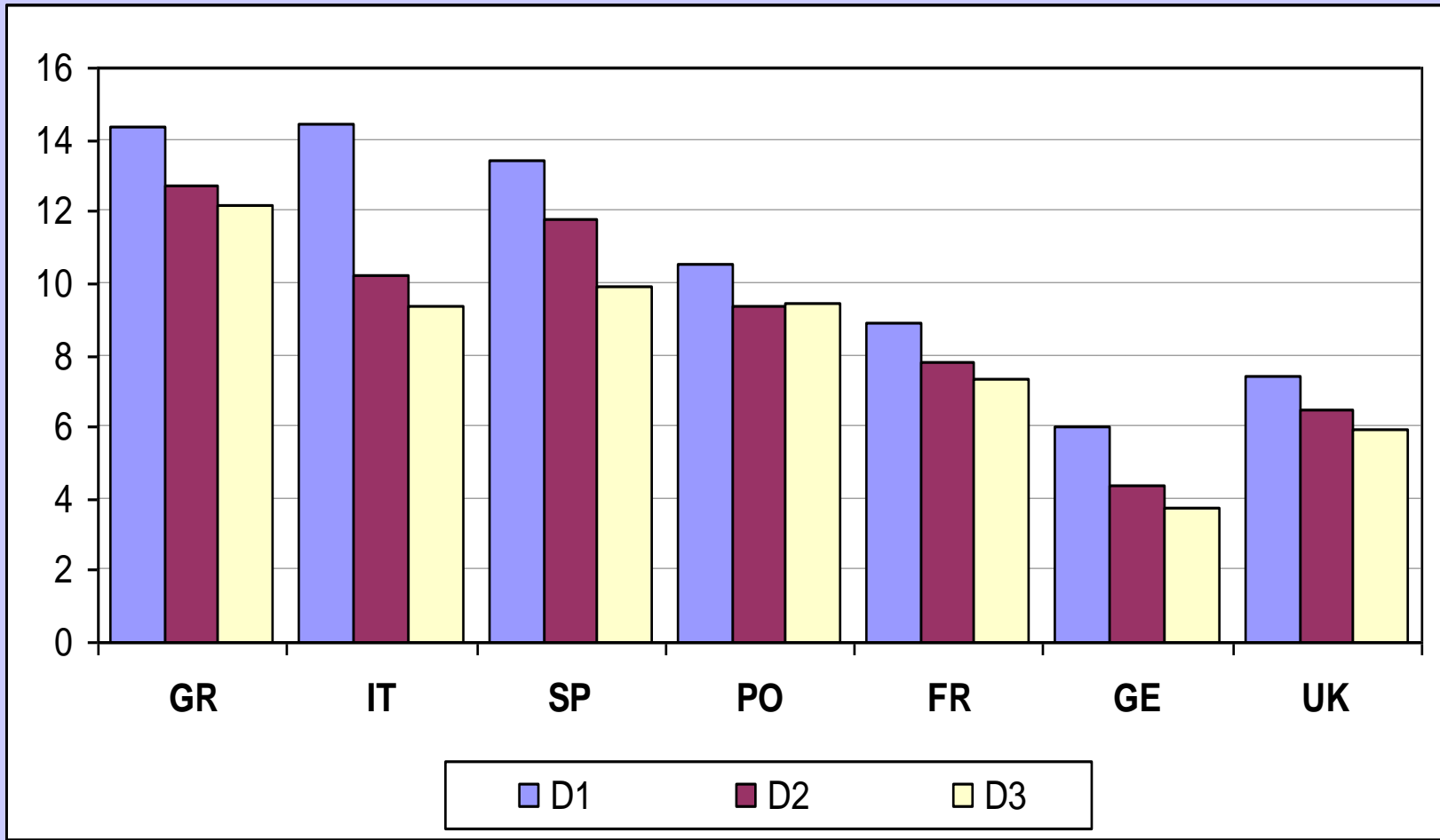
Workers

- D1 – (BLS) – end 1980s
At least 6 months (27 weeks) in the labor market
- D2 – (INSEE) – early 2000s
D1 + at least 1 month employed
- D3 – IWP (UE) – since 2003
More than 7 months employed (+
employed at the time of survey)

« Workers » as % of potential workers (aged 18-64, excluding students & pensioners)



% « workers » at-risk-of poverty



(% poor in the population of workers in the meaning of each definition)

Individual + Household

- In-work assessed at individual level
- Poverty assessed at HH level:
equivalised income (economies of scale) + assumed income pooling

All the HH members are poor or not poor

Issues

Why are the working poor poor?

- Labor market factors:
 - not enough work
 - Unemployment (up to a certain point)
 - Part-time
 - Case of the self-employed
 - low pay / low earnings
- Family factors:
 - children
 - the other adults do not work / earn enough

Issues

Level of analysis

- With the same individual LM characteristics some will be poor and some won't be poor
- Labor market factors appear only when they are not counterbalanced within the household
(+ gender paradox)

Issues

Gender paradox (*poverty in earned income*)

Table 14.6: Poverty in earned income and poverty risk by gender, 2007

| | DE | EE | EL | ES | FR | IT | LV | LU | PL | FI | SE | UK |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Men | | | | | | | | | | | | |
| At risk of poverty % | 6.6 | 6.6 | 15.4 | 11.9 | 6.6 | 11.8 | 9.5 | 9.5 | 12.8 | 4.2 | 6.8 | 7.8 |
| Poor In earned Income % | 11.7 | 8.1 | 11.4 | 10.9 | 8.2 | 7.6 | 16.0 | 8.6 | 16.1 | 8.7 | 11.4 | 11.2 |
| Women | | | | | | | | | | | | |
| At risk of poverty % | 7.9 | 9.1 | 12.2 | 8.7 | 6.0 | 6.9 | 10.2 | 9.2 | 10.5 | 4.6 | 5.7 | 7.5 |
| Poor In earned Income % | 32.3 | 19.2 | 28.4 | 24.6 | 21.9 | 16.7 | 22.4 | 35.3 | 26.1 | 11.6 | 19.0 | 30.0 |
| Gender ratio (% women/% men) | | | | | | | | | | | | |
| Poverty risk | 1.2 | 1.4 | 0.8 | 0.7 | 0.9 | 0.6 | 1.1 | 1.0 | 0.8 | 1.1 | 0.8 | 1.0 |
| Poverty In earned Income | 2.8 | 2.4 | 2.5 | 2.3 | 2.7 | 2.2 | 1.4 | 4.1 | 1.6 | 1.3 | 1.7 | 2.7 |

Source: EU-SILC Users' database. Population: Individuals in-work.

"Assessing and analysing in-work poverty risk". In: T. Atkinson & E. Marlier (eds), *Income and living conditions in Europe*, Luxembourg: EU Publications Office (2010). p.321.

Issues

Interpretation, cross-country comparison,
essence of the problem

- What drives changes over time?
- Are the levels comparable between countries?
- An indicator excluding large shares of vulnerable workers in times of increasing employment precariousness

Thank you for your attention