

Recent debates on poverty and inequality

A Special issue in memory of Leonor Vasconcelos Ferreira (1960-2008)

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THE SCIENTIFIC CONTRIBUTION OF LEONOR VASCONCELOS FERREIRA

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MONETARY POVERTY, MATERIAL DEPRIVATION AND CONSISTENT POVERTY
IN PORTUGAL

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Monetary Poverty, Material Deprivation and Consistent Poverty in Portugal*

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resumo

Neste artigo utilizamos os dados do Inquérito às Condições de Vida e Rendimento (EU-SILC) para definir uma medida de pobreza consistente para Portugal. É consensual que ser pobre não se reduz a não ter rendimentos monetários suficientes. A pobreza inclui também a falta de acesso aos recursos necessários para desfrutar de um nível de vida de qualidade mínima e participar activamente na sociedade a que pertencemos. A coexistência de privação material e pobreza monetária leva à definição do conceito de pobreza consistente. A avaliação da privação material e a identificação das famílias e indivíduos que vivem em situações de pobreza consistente podem tornar-se elementos fundamentais da estratégia nacional anti-pobreza e instrumentos cruciais na definição dos grupos alvo da política social.

résumé / abstract

Dans cet article nous utilisons le composant Portugais de L'enquête EU-SILC pour développer une mesure de la pauvreté consistante au Portugal. Il est généralement accepté qu'être pauvre n'est pas limité à l'absence de ressources monétaires suffisantes. Pauvreté signifie aussi n'avoir pas l'accès aux ressources nécessaires pour jouir d'un niveau de vie de qualité minimum et engager à la vie en société. La coexistence de privation matérielle et pauvreté monétaire résulte dans le concept de pauvreté consistante. L'évaluation de la privation matérielle et l'identification des ménages et individus qui vivent en situation de pauvreté consistante peuvent devenir un élément essentiel de la stratégie nationale anti-pauvreté et un instrument crucial dans la définition des groupes plus vulnérables de la population.

In this paper we use the Portuguese component of the European Union Statistics on Income and Living Conditions (EU-SILC) to develop a measure of consistent poverty in Portugal. It is widely agreed that being poor does not simply mean not having enough monetary resources. It also reflects a lack of access to the resources required to enjoy a minimum standard of living and participation in the society one belongs to. The coexistence of material deprivation and monetary poverty leads to the concept of consistent poverty. The assessment of material deprivation and the identification of the households and individuals living in consistent poverty could become essential parts of the national anti-poverty strategy and crucial instruments in the definition of the target groups in social policy.

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1. Introduction



The use of both income and deprivation criteria to identify the most vulnerable sectors of the society has become increasingly popular in both the poverty and social policy literature. The adoption by the Indicators Sub-Group of the Social Protection Committee of the European Union in 2009 of a new broader indicator of material deprivation also contributed to the recent increase in the discussion on multidimensional measures of poverty, deprivation and social exclusion.

This broader definition of poverty as the lack of both monetary and non-monetary resources became more pertinent after Ringen's (1988) criticism of exclusively using income to identify poverty. This criticism was clearly inspired by Townsend's (1979) definition of poverty:

«Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged, or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual that they are, in effect, excluded from ordinary living patterns, customs and activities (p. 31)».

At European level, the limitations of a monetary-only definition of poverty gathered a new emphasis with the enlargement of the EU into Eastern Europe and consequent increase in the heterogeneity of the standards of living of the enlarged EU population.

In this paper we analyse the implication of the simultaneous use of monetary poverty and material deprivation indicators to characterise the most vulnerable individuals and households in Portugal. We use the micro-data of the Portuguese component of the 2008 wave of the EU-SILC, made available by INE-Statistical Portugal, to develop measures of monetary poverty and material deprivation for Portugal¹. Their joint usage will achieve a much more thorough and detailed analysis of the multiple dimensions of poverty and will lead to a more efficient design and implementation of policies to fight poverty.

The first aim of this paper is to examine the methodological issues concerning the construction of a measure of material deprivation using the multiple material deprivation indicators available. The second aim is to characterise material deprivation in Portugal and to identify the households which suffer from higher deprivation levels. The relationship between the national level of monetary poverty and the extent and depth of material deprivation experienced by the population is also analysed. Finally, the identification of the sectors of the population which are consistently poor will allow a detailed analysis of multidimensional poverty in Portugal and contribute to highlight the relationship between income poverty and material deprivation.

2. Poverty and Material Deprivation

Studies of poverty generally concentrate their efforts on the description of the population that is poor, how many are income poor (poverty incidence) and how poor they are (poverty intensity) using measures of the monetary dimension of poverty. In 2007, 18.5% of the Portuguese were poor, i.e., the annual disposable equivalent income of about 1.97 million people was below €4886, the poverty line² in that year (see Table 1). The poverty intensity³ was equal to 23.2%.

1. We acknowledge the INE-Statistical Portugal for allowing us access to the data (Protocol INE/MCES, process 237).

2. The poverty line is defined as 60% of the median of the equivalent disposable income.

3. The concept of «poverty incidence» used in this paper is equivalent to Eurostat's «people in risk of poverty».