YRJÖ JAHNSSON LECTURES

Poverty in Europe A. B. Atkinson





Contents

LIST OF FIGURES AND THEIR SOURCES	ix
LIST OF TABLES	xii
PREFACE	xiii

1

10

INTRODUCTION Poverty in Rich Countries

World poverty and poverty in rich countries. Introduction to European Commission (EC) definition of poverty (50 per cent average income in Member State) and estimates of poverty in Europe in late 1980s. Structure of three Lectures.

LECTURE 1 10 Political Arithmetic: Financial Poverty in the European Union

Definition and measurement of poverty in Europe.

1.1 The Measurement of Poverty: Two Cautionary Tales Comparison of poverty in France and the United Kingdom in 1985. Different interpretations of 50 per cent average income as poverty standard, leading to different conclusions about relative poverty rates. A Pessimist's and an Optimist's views as to whether poverty is increasing in Ireland.

1.2 Absolute and Relative Standards

Adjustment of poverty standard over time. Relative standards or absolute, absolute or constant real income standards, absolute adjusted periodically, administrative benefit scale. Justifications. Standard of living and minimum rights approaches. Capabilities. Comparing poverty across countries. An EU standard?

1.3 Expenditure versus Income, Households versus Families, and Choice of Equivalence Scale

Different approaches to definition of 'resources', to unit of analysis, and to equivalence scales. Relation to data collected. Choice between income and expenditure. Different definitions of unit of analysis, and implications for poverty estimates. Disagreement about equivalence scales. Parameterisation of differences, and implications for level and composition of poverty population.

1.4 Differing Judgements and Dominance Criteria

Welfare economics and dominance criteria. Disagreement about the location of the poverty line. First-degree dominance condition and partial ordering. Poverty deficit curve and second-degree dominance. Relation between poverty and inequality. Marginal valuation of income and specific concern about poverty. Choice of poverty measure: headcount, poverty gap, and more general class of measures. Dominance condition covering disagreement about both poverty level and poverty measure.

1.5 National Studies of Poverty

Evidence from national studies of poverty in ten European Union countries. Sensitivity to definitions. Trends in poverty since late 1970s. Number of people living below legal minimum (social assistance minimum).

LECTURE 2 Economics of Poverty, Unemployment and Social Exclusion

The triangular relationship between poverty, unemployment and social exclusion, as illuminated by economic analysis.

2.1 Macro-economics of Unemployment and Poverty

Trade-off between unemployment and inflation. Problems with this analysis: stability of trade-off and distributional links. Shift-share

29

41

67

70

52

decomposition. European experience. Should we be concerned about European unemployment?

2.2 Economics of Unemployment and Exclusion in the Labour Market

Different explanations of unemployment and aggregate labour market model. Labour market flexibility and poverty. Need for model with differences among the employed. Competitive version of model. Interdependence. Model of job creation and bargaining. Effect of employment costs and role of employers.

2.3 Pricing of Goods and Exclusion from the Market

Inability to participate in consumption activities and social exclusion. Neglect of role played by firms in deciding prices and tariffs. Industrial economics. Effect of rising living standards. Social inclusion dictates rise in real poverty line. Impact of privatisation.

2.4 Exclusion, Rising Living Standards and the Availability of Products

People excluded from the market not by price but because the goods they would choose to buy are no longer available. Decision by monopolist about range of goods supplied.

2.5 Household Production, Time and the Take-Up Problem

Household as a 'small factory'. Activities and implications for definition of poverty line. Time constraints. 'Money poor' and 'time poor'. Non-take-up of means-tested benefits.

LECTURE 3 111 Political Economy of Poverty

Social and economic policy towards the elimination of poverty. The political economy of anti-poverty policy.

3.1 The Political Economy of an Official Poverty Line

What role is played by the existence of an official poverty line? Poverty targets and the classic theory of economic policy. Political competition and political commitment. 99

112

88

78

3.2 Pove	Targeting of Social Transfers and Efficiency in Alleviating erty	119
	Political attractions of greater targeting as means of meeting anti-poverty objective while cutting public spending. Vertical and hori- zontal transfer efficiency. Explicit formulation of anti-poverty objec- tive. The 'sharpness' of objectives.	
3.3	The Limits of Targeting via Means Tests Imperfect information and making mistakes. Work disincentives and the poverty trap. Legitimacy, freedom and political support.	130
3.4	Towards a European Minimum Social policy in the European Community. Development of a social dimension. Subsidiarity and fiscal competition. Need for European minimum.	140
3.5	What Form for a European Minimum? Means-tested assistance is the wrong route. (National) social insur- ance, and a Participation Income.	145

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POVERTY, POLICY AND MAINSTREAM ECONOMICS150APPENDIX ON STATISTICAL SOURCES153REFERENCES159INDEX176