Poverty and Social Exclusion in the Nordic Countries

- Preliminary Results from EU-SILC 2005

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Aim

• Preliminary Results from EU-SILC 2005
• Comparative picture of Poverty in cross-Nordic and cross-European context
  - Prevalence
  - Risk profile
  - Composition of the poor population
  - Background factors
## Data

- European Union statistics on income and living conditions 2005 (EU-SILC)

Number of persons living in households which adult members were interviewed for the study:

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>31276</td>
</tr>
<tr>
<td>Finland</td>
<td>29112</td>
</tr>
<tr>
<td>Iceland</td>
<td>8927</td>
</tr>
<tr>
<td>Norway</td>
<td>15716</td>
</tr>
<tr>
<td>Sweden</td>
<td>15319</td>
</tr>
</tbody>
</table>

Even marginal societal issues like poverty and even subgroups of poverty can be analyzed with large enough data-sets!
Indicator 1: Income poverty

• Equivalent disposable income less than 60% of the median in a country in question
• Semi-official EU at risk of poverty indicator (primary Laeken indicator)
Indicators 2: Felt economic hardship

• To the interviewed persons was presented a question: “A household may have different sources of income and more than one household member may contribute to it. Thinking of your household’s total monthly income is your household able to make ends meet?

• Alternatives:
  With great difficulty
  With difficulty
  With some difficulty
  Fairly easily
  Easily
  Very easily”

• Those who responded with great difficulty or with difficulty were here counted as poor
Income poverty in the Nordic Countries at 2005, %
Income poverty line in the Nordic countries at 2005, € per equivalent person per month

Denmark
Finland
Norway
Sweden

€/month

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Economic Hardship in the Nordic countries at 2005, %
Income poverty and economic hardship in the Nordic countries at 2005, %

- Denmark
- Finland
- Iceland
- Norway
- Sweden
Income poverty by age in the Nordic countries at 2005, %
Economic hardship by age in the Nordic countries at 2005, %
Income poverty by household type in the Nordic countries at 2005, %

[Bar chart showing income poverty by household type for Denmark, Finland, Iceland, Norway, and Sweden]
Economic hardship by household type in the Nordic countries at 2005, %

[Bar chart showing economic hardship by household type for different Nordic countries at 2005, with categories including Single, 2A, under 65, 2A, 65-, Single parent, 2A+1CH, 2A+2CH, and 2A+3+CH.]

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Sources of income and the risk of poverty in Finland 1995, 2000 and 2005, %

- Wage-earnings
- Other self-employed
- Farming
- Pension
- Study allowance
- Earnings-rel. Unempl. Compensation
- Min. unempl. Compensation
- Housing allowance
- Social assistance
- Whole population

Poor according to at least two of three indicators (income, accumulated deprivation and economic hardship)
Accumulation of unemployment and the risk of poverty in Finland 2005, %

Poor according to at least two of three indicators (income, accumulated deprivation and economic hardship)
Social policy and poverty, what works

• Paid work is best means and guarantee against poverty
• Earnings-related social insurance when social risks happen
• Universal adequate minimum benefits
Trends of poverty threshold and the level of social assistance in Finland 1990-2005, 2003 price level

"EU poverty line minus housing cost 300€"

Social assistance minus housing costs
Income poverty line in Europe at 2005, € per equivalent person per month
Economic hardship in Europe at 2005, %

The diagram shows the percentage of economic hardship in various European countries at 2005. Countries are listed in alphabetical order, and the length of the bars represents the percentage of hardship.

Notable countries with higher percentages of hardship include Luxembourg, Denmark, Estonia, and Ireland. Countries with lower percentages include Latvia, Slovakia, and the Czech Republic.
Income poverty and economic hardship in Europe at 2005, %

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Post transfer poverty and the proportional poverty reduction effectiveness of the income redistribution system 2001, %
To summarize

- The Nordic countries are rather similar and distinct to the other Europe
- The Nordic countries are doing better
- However there is also in the NC around 10% of the population living in poverty!
- Paid work is best means and guarantee against poverty (dual earner labour market participation pattern in particular)
- Earnings-related social insurance is good guarantee against poverty
- Universal adequate minimum benefits should be a good guarantee against poverty, but the question is: are they at the adequate level in all the Nordic countries anymore
- The life cycle of poverty has turned upside down
- One earning is no more enough to make ends meet (singles, single parents, and two adult families)
- Big trouble and challenge is young adults unsecure position in labour markets
- Single parenthood is a great risk of poverty
- Accumulation of social risks increases strenghly the risk of poverty
- Social policy matters: the stronger the redistribution system, the less poverty
Future of the strand, to analyze:

- living costs, including housing – methodological exercise to develop indicators to analyze poverty
- adequacy of the basic benefits
- detailed analysis of subgroups of poverty (families, single parents, ethnic minorities, young adults, old aged (with Axel West Pedersen) etc.
- regional variations, poor neighbourhoods
- the meaning of poverty (correlation of poverty and other forms of ill-being, social exclusion, permanency, and variation of severity of poverty inside the poor population)
  - even qualitative material will be collected