

## I. ABSTRACT

Empirics of Subjective Poverty in the European Union
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Subjective poverty

Identifying patterns in the development of crucial socio-economic indicators is a challenging task, and the ways such developments are presented can influence policies and public opinion. Although the EU recognizes the importance of both objective and subjective dimensions of well-being, no official subjective poverty statistics are reported in the EU. Though governmental policies have significant impacts on people's lives, these impacts may not be fully captured by official statistics.

Existing studies into subjective poverty in the EU have frequently studied only single countries or aimed to investigate very specific aspects of subjective poverty. Consequently, there is a gap in available official statistics, and, to the best of our knowledge, in existing literature on the topic. This presentation contributes to the existing literature on poverty by re-examining its subjective dimension. Its main goal is to report on recent empirics on levels, thresholds, and trends in subjective poverty rates in the European Union.

The estimations performed in this study are based on an official micro-dataset of EU-SILC survey responses (European Union Statistics on Income and Living Conditions). To identify subjectively poor households, we utilize a traditional intersection approach employing control variables. We find that the lowest levels of subjective income poverty are reported in Northern Europe, while the highest occur in the East and South. We next compare the officially reported national poverty lines to the estimated (national) social subjective poverty lines. The officially reported national poverty lines are based on 60% of national median adult equivalent income. For the majority of countries, (national) subjective poverty lines are higher than officially reported national relative income poverty lines. We further examine trends in subjective poverty rates. The results show consistent decreasing trends in subjective poverty in 16 out of 28 countries, whereas an increasing trend is found only in Luxembourg.

Findings reported in this study are particularly important for policy implications, as they suggest that relying on relative income poverty lines may result in underestimates of poverty from the perspective of those who are functioning near the minimum income as reflected in nationally derived subjective poverty thresholds experiencing it. In addition, subjective poverty statistics not only reflect evaluations of individuals' living situation, they may also capture comparisons with other people's living standards.

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