Subjective poverty - theory, measurement and interpretation

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Poverty as a subject of statistical measurement

✓ Poverty is a complex phenomenon. As a concept it is defined and understood in different ways. The choice of a particular definition of poverty and of the measurement method used determines the results of the assessment.

✓ The decision on how to measure poverty involves, among other things, the choice to consider poverty in an objective or in a subjective way.

✓ The main characteristic of the subjective approach to poverty measurement is that the threshold between poor and non-poor is determined on the basis of people’s perception of their own well-being.

✓ The use of the so-called subjective approach does not eliminate the necessity for the researcher to make certain arbitrary decisions. These decisions are made at different stages of the research and are of different nature. This makes it difficult to clearly divide the applied methods and obtained indicators into subjective and objective measures.
Methods of measuring subjective poverty (described in the literature and used in research practice)

- **the direct, strictly subjective measurement of poverty** (people assess themselves as poor or not without reference to the definition of poverty formulated by others);

- **indirect subjective poverty measurement** (questions asked to respondents do not directly refer to feelings of poverty, but concern subjective assessments of various aspects of living standards (e.g. ability to "make ends meet", ability to satisfy various needs);

- ‘**objectivised’ (quasi-subjective) measurement** (includes an approach based on so-called subjective poverty lines (thresholds) assessed with the use of statistical methods. In this approach, only the respondents' opinions about their own situation are subjective in nature, and these opinions constitute the starting point for the determination of poverty lines).

- **public opinion surveys on the perception of poverty as a social phenomenon** (this type of survey allows, for example, to answer the question of how widespread poverty is perceived by people in a given country, what are the causes of poverty according to the public, what should be the role of the state in the fight against poverty, what forms of support the poor need, etc.)
Overview of different approaches to measuring subjective poverty
Poverty defined in a fully subjective way (direct self-identification as poor, feeling of poverty) - examples of questions

Colombia (National Quality of Life Survey (ECV), Periodicity of data collection: annual since 2010)
Do you consider yourself poor?
• Yes
• No

Israel (Social Survey, Periodicity of data collection: annual)
From age 15 until now, were there periods in which you felt poor?
• Frequently;
• Sometimes;
• Seldom;
• Never

When was the last time you felt poor?
• In the past year;
• Over one year ago, up to five years ago;
• More than five years ago.

Malta (EU-Statistics on Income and Living Conditions (national question), Periodicity of data collection: annual)
Over the past year, would you consider your household as ‘poor’?
Poverty line approach – perceived poverty line

How many pounds a week, aftertax, do you think are necessary to keep a household such as the one you live in, out of poverty?

How far above that level would you say your household is?

• A lot above that level of income
• A little above
• About the same
• A little below
• A lot below that level of income
• Don’t know

Source: PSE survey, UK
‘Objectivised’, quasi-subjective poverty lines (so-called subjective poverty lines (thresholds) assessed with the use of statistical methods)

The idea of the ’objectivized’ (quasi-subjective) poverty lines

Poverty thresholds:

• fixed for the whole population or some subpopulations defined by objective criteria (household/family size or composition, main income source, place of living, etc.) – it makes the thresholds „objective”

• constructed on the basis of the individual subjective assessments (opinions) about households’ own or imagined financial situation aggregated („averaged”) on the level of population (subpopulation) – this justifies the term „subjective”

• quite advanced methods of aggregation, including models and regression

Poverty defined as: actual household’s income < poverty threshold calculated for the subpopulation, to which the household belongs

Examples:

• Leyden Poverty Line (LPL)
• Subjective Poverty Line (SPL)
• The Centre for Social Policy Poverty Line (CSP)
• Quasi LPL
Leyden Poverty Line (LPL)

This method is based on the Welfare Function of Income (WFI) \( U(y) \), which is derived from a particular survey question, the Income Evaluation Question (IEQ):

'Please try to indicate what you consider to be an appropriate amount for your household for each of the following cases. Under my/our conditions I would call an after-tax household income per week/month/year of:

- about..... very bad
- about..... bad
- about..... insufficient,
- about..... sufficient,
- about..... good,
- about..... very good.

Please enter an answer on each line and underline the period you refer to.'
This method states that households are poor if their incomes are not sufficient “to make ends meet” according to their opinion. This measure is based on level attitude question—the Minimum Income Question (MINQ):

• 'What do you consider as an absolute minimum net income for a household such as yours? In other words, we would like to know an income amount below which you won't be able to make both ends meet. about ..... per week / per month / per year

Please underline the period you refer to.'
The Centre for Social Policy Poverty Line (CSP)

This line uses the MINQ, some standard information, and a special multi-level attitude question which we, for convenience, call the "Deleeck question" and which reads as follows:

'Can you make ends meet with the actual net income of your household:
• with great difficulty,
• with difficulty,
• with some difficulty,
• rather easily,
• easily,
• very easily?'
Subjective poverty as perceived ’economic stress’

Only subjective opinions, without calculating any objective poverty thresholds; examples:

- actual income < declared minimal income (MINQ question)
- ’making ends meet’ with difficulty or great difficulty (Deleeck question)
### Applied so-called subjective poverty measures (based on EU-SILC 2019) – Poland

<table>
<thead>
<tr>
<th>Indicator/measure</th>
<th>Poverty determing method (approach)</th>
<th>Poverty rate (% of persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator of subjective economic stress – difficulties to make ends meet</td>
<td>Indirect (proxy) measure of subjective poverty subjective assessment of the ability to make ends meet ('Deeleck question')</td>
<td>15,6</td>
</tr>
<tr>
<td>Subjective income poverty rate – so-called MINQ poverty rate</td>
<td>Indirect (proxy) measure of subjective poverty based on the question on ‘lowest monthly income to make ends meet’ (so-called minimal income question, MINQ)</td>
<td>23,5</td>
</tr>
<tr>
<td>Poverty rate based on the SPL method</td>
<td>Measure of quasi-subjective poverty (‘objectivised’ approach). subjective assessments (answers to the question of the minimum income needed to make ends meet, MINQ) are only the starting point for estimating so-called objectivized poverty lines assessed with the use of statistical methods</td>
<td>20,2</td>
</tr>
<tr>
<td>Poverty rate based on the quasi LPL method</td>
<td>Measure of quasi-subjective poverty (‘objectivised’ approach). subjective assessments (the ability to make ends meet based on ‘Deeleck question’) are only the starting point for estimating so-called objectivized poverty lines assessed with the use of statistical methods</td>
<td>28,4</td>
</tr>
</tbody>
</table>
Perception of poverty as a social phenomenon - examples
There are different ways of defining when people are poor in (OUR COUNTRY). Which of the following statement would best correspond to your definition of being poor?

<table>
<thead>
<tr>
<th>Country</th>
<th>Their resources are so limited that they cannot participate fully in the life of the society they live in</th>
<th>They depend on charity or public subsidies</th>
<th>They have less than (NATIONAL POVERTY THRESHOLD) per month to live on</th>
<th>They have a very low social status in our society, independently from their resource</th>
<th>They cannot afford the basic goods they need to live (food, shelter, clothes, etc.) (SPONTANEUS)</th>
<th>It is impossible to define poverty just by one statement (SPONTANEUS)</th>
<th>Other (SPONTANEUS)</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>15</td>
<td>12</td>
<td>12</td>
<td>10</td>
<td>40</td>
<td>8</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>24</td>
<td>27</td>
<td>17</td>
<td>7</td>
<td>19</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Poland</td>
<td>19</td>
<td>28</td>
<td>29</td>
<td>9</td>
<td>9</td>
<td>4</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Romania</td>
<td>25</td>
<td>9</td>
<td>21</td>
<td>11</td>
<td>27</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>25</td>
<td>27</td>
<td>8</td>
<td>9</td>
<td>18</td>
<td>9</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>European Union</td>
<td>26</td>
<td>24</td>
<td>18</td>
<td>9</td>
<td>17</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Special Eurobarometer 355 (2010).
## Assessment of the public policies

<table>
<thead>
<tr>
<th>Country</th>
<th>Making things better</th>
<th>Not having much impact</th>
<th>Making things worse</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>10</td>
<td>60</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>37</td>
<td>47</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>Poland</td>
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<td>60</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Romania</td>
<td>11</td>
<td>57</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>21</td>
<td>65</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>European Union 27</td>
<td>17</td>
<td>63</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Special Eurobarometer 355 (2010).
Taking your place of residence into consideration - city, town, village - what kind of assistance is most needed (3 possible indications)
% of persons in households aged 16 or more

- Assistance in finding a job: 43.1%
- Assistance in taking care of chronically ill, disabled: 31.7%
- Improving accessibility of free medical services: 27.6%
- Assistance in running the household for persons (e.g., cleaning, washing, shopping, cooking): 24.8%
- Financial benefits: 15.8%

Source: Social Cohesion Survey 2015, 2018, CSO of Poland
Final remarks

➢ Subjective poverty measurement is not an alternative to objective poverty measurement, but should be considered as complementary. The subjective approach shows the problem of poverty from a different perspective than the objective one.

➢ Applying a subjective approach allows to better understand what poverty means to people, as well as to verify whether objective assessments of poverty are consistent with the social perception of this phenomenon.

➢ Subjective measures also provide information on 'public moods/social climate', which can influence people's behaviour in the economic, social and political spheres.

➢ Statistical analyses related to the use of subjective and quasi-subjective measures may also be used to verify and even construct measures of an objective nature.

➢ The purpose of using different measures of poverty should be to enrich knowledge of the phenomenon, not to introduce 'information noise' in this regard. Each indicator has its own advantages and disadvantages and a different interpretation, which should be clearly communicated to the users of the data, including the general public.
References


Thank you for your attention

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