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Subjective poverty and social capital: a comparison among European countries ^{*}_—

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Extended abstract

Measuring poverty and understanding why it occurs represent, nowadays, a core task for both researchers and policy-makers in advancing towards the eradication of poverty.

An increasing interest has recently been shown in literature towards subjective poverty arguing that it depends on people's perceptions and not exclusively on the income needed to satisfy household needs.

In particular, several empirical studies have shown how and to what extent in Europe self-perceived poverty is associated with household size and type, with available household resources (Van Praag and Van der Sar, 1988; Ravallion and Lokshin, 2002; Castilla, 2010), with individual and household socioeconomic characteristics (i.e. gender, age, employment status, education, tenure status, the area of residence) (Ravallion and Lokshin, 2002; Stanovnik and Verbic, 2004; Istat, 2008; Isae, 2009).

Limited attention has been, instead, devoted to the analysis of the relationships with household and community social capital endowment despite its growing importance as a major determinant of economic well-being at micro and macro level that has increased its implications in social policy as a tool to achieve better outcomes of traditional public policies for poverty reduction.

The EU-SILC survey and the Eurostat database offer a new opportunity for research in this field in a comparative perspective, because they provide comparable and high quality cross-sectional indicators for EU member and non-member countries.

In a previous multiple correspondence analysis conducted on the 2008 EU-SILC survey and Eurostat database (Guagnano, Santarelli, Santini, 2013), the authors found that a proxy of subjective poverty ("Ability to make ends meet", which has the following response categories: with great difficulty; with difficulty; with some difficulty; fairly easily; easily; very easily) is associated with two sets of variables describing, respectively, the household socioeconomic characteristics (age, gender, marital status, education, employment status, work intensity status, branch of activity, at risk of poverty and social exclusion, general health, house/flat size, tenure status, dwelling type, household type, equivalised disposable income, poverty and deprivation indicator, financial burden of housing cost, debts, family/children social exclusion, housing, cash and alimonies received) and the household/community social capital endowment. As to this latter, the proxy variables selected are indicators of the level of: social behaviour (SB) , population socioeconomic characteristics that facilitate/hinder the development of social and economic cooperative behaviour; social relationships (SR) , measures of the potential and actual degree of social relationships; some specific territorial and environmental characteristics which are significant determinants of social capital formation. A complete list of all variables is provided in the Appendix (Table1A and 2A).

Moreover, the analysis highlights the existence of four groups of countries, partially overlapping the traditional welfare state classification (see Esping Andersen, 1990): Lithuania, Bulgaria, Romania, Estonia, Poland, Latvia, Hungary and Slovakia show low levels of economic well-being and high levels social capital endowment; countries such as Italy, Portugal, Greece, Cyprus, Slovenia and Czech Republic are characterized by poor household economic well-being but also by low social capital endowment; in Sweden, Finland, Denmark, Great Britain and Ireland there are high levels of both economic well-being and social capital endowment; finally, the remaining countries are characterized by high household economic well-being and low social capital endowment.

In the light of these results, the present work aims to highlight: a) to what extent perception of poverty in Europe is affected by the respondent/household socioeconomic characteristics and household/community social capital endowment; b) which of the social capital components have a higher impact on subjective poverty and can be regarded as primary risk factors in household poverty status; c) if and to what extent perception of poverty is affected by the typology of the country where families live.

In order to pursue this aim, we estimate a generalized ordered logit model (Williams, 2006), in which the dependent variable is "Ability to make ends meet".

As to the predictors referring to household/community social capital endowment, we consider the following five social capital indicators (taking into account Table 2A):

i) two simple indicators of social behaviour;

ii) one composite index of social relationships (computed as the arithmetic mean of variables on possession of pc, number of hours of childcare, number of family workers in family business);

iii) two territorial context composite indicators: the first one at household level (it is the arithmetic mean of EU-SILC variables on overcrowding, housing and environmental conditions - leaking roof, darkness, noise, pollution) and the second one at community level (it is the arithmetic mean of Eurostat indices on housing deprivation rate, different aspects of environmental pollution, grime or other environmental problems).

A confirmation of the results obtained by multiple correspondence analysis would reinforce the idea that in many countries poverty reduction policies should enhance household economic well-being not only through traditional income support measures, but also facilitating the development of desirable forms of social capital which strengthen mutual trust and foster model behavior (i.e. reducing criminality and improving housing and environmental conditions).

Key words: subjective poverty, social capital, EU-SILC.

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APPENDIX

Table 1A - Respondent and household socioeconomic characteristics (Source: EU-SILC 2008)

Label

Variable name

Categories

AGE

Age

< 24

25-29

30-34

35-39

40-44

45-49

50-54

55-59

60-64

65-79

80+

GEN

Gender

1 Male

2 Female

MST

Marital status

1 Never married

2 Married

3 Separated or divorced

4 Widowed

EDU

Educational qualification

1 Low

2 Medium

3 High

EMP

Employment status

1 Working

2 Unemployed

3 Retired

4 inactive

LWI

Low work intensity status

0 No LWI

1 LWI

HTH

General health

1 Very good

2 Good

3 Fair

4 Bad

5 Very bad

RISK

At risk of poverty or social exclusion

1 Not at risk

2 At risk of poverty

3 At risk of poverty , severely materially deprived , LWI

ROO

House/flat: number of rooms

1 1 room

2 2 rooms

3 3 rooms

4 4 rooms

5 5 rooms

6 6+ rooms

TST

Tenure status

1 Owner

2 Tenant or subtenant paying rent at prevailing / market rate

3 Accommodation is rented at a reduced rate or provided free

1 Detached house

2 Semi-detached house

DTY

Dwelling type

3 Flat in building < 10 dwellings

4 Flat in building ≥ 10 dwellings

TYPE

Household type

1 One person household

2 2 adults both adults < 65 years

3 2 adults , at least one adult ≥ 65 years

4 Other without dependent children

5 Single parent and ≥ 1 dependent children

6 2 adults, one dependent child

7 2 adults, two dependent children

8 2 adults and ≥ 3 dependent children

9 Other households with dependent children

10 Other type

HDI

Equivalised disposable income

1 1st quintile

2 2nd quintile

3 3rd quintile

4 4th quintile

5 5th quintile

POI

Poverty indicator

0 Not at risk of poverty

1 At risk of poverty

SMD

Severely materially deprived household

0 Not severely deprived

1 Severely deprived

HCO

Financial burden of the total housing cost

1 A heavy burden

2 Somewhat a burden

3 Not burden at all

DEB

Debts for hire purchases or loans

0 Non Debts

1 Debts

WIS

Work intensity status

1 $WI = 0$

2 $0 < WI < 0.5$

3 $0.5 \leq WI < 1$

4 $WI = 1$

FAL

Family/children related allowances

0 No

1 Yes

AAL

Social exclusion not elsewhere classified – Allowances

0 No

1 Yes

HAL

Housing allowances

0 No

1 Yes

ICT

Regular inter-household cash received

0 No

1 Yes

ALI

Alimonies received (compulsory, voluntary)

0 No

1 Yes

116

Income received by people aged under 16

0 No

1 Yes

Table 2A – Social capital indicators

N° Label

Variable name

Categories

Source

Social behaviour (SB)

1

CRH

In your local area are there any problems of crime, violence or vandalism?

0 No

Yes

EU-SILC

2

CRC

Crime recorded by the police: total crime [Number of crimes per 100 inhabitants]

Low

2 Medium

3 High

Eurostat

Social relationships (SR)

3

PHO

Do you have a phone? (including mobile)

0 No

1 Yes

EU-SILC

4

TVC

Do you have a colourtv?

0 No

1 Yes

EJ-SILC

5

PC

Do you have a computer?

0 No

1 Yes

EU-SILC

6

CHI

Number of hours of child care by grandparents, others household members (outside parents), other relatives

1 None

2 Low

3 Medium

4 High

EU-SILC

7

FAW

Are there "family workers" in your family business? (number)

None

1 FAW

2 FAW

3 FAW

4+ FAW

EU-SILC

Territorial context (TC)

10

OCH

Overcrowded household

0 No

1 Yes

EU-SILC

OCC

Overcrowding rate

1 Low

2 Medium

3 High

Eurostat

H1C

Housing deprivation rate: % of total population living in a dwelling with a leaking roof, damp walls, floors

1 Low

2 Medium

3 High

Eurostat

12

H2H

Is your dwelling too dark, meaning is there not enough day-light coming through the windows?

0 No

1 Yes

EU-SILC

13

13H

Do you have too much noise in your dwelling from neighbors or from outside (traffic, business, factory)

0 No

Yes

EU-SILC

H3C

Environment of the dwelling: % of total population suffering noise from neighbors or from the street.

1 Low

2 Medium

3 High

Eurostat

14

H4H

Pollution, grime or other environmental problems in the local area such as smoke, dust, unpleasant smells

0 No

1 Yes

EU-SILC

H4C

Environment of the dwelling: % of total population suffering from pollution, grime or other environmental

1Low

2Medium

3High

Eurostat

15

AP1

Greenhouse gas emissions (in CO₂ equivalents)

1Low

2Medium

3High

Eurostat

17

AP3

Urban population exposure to air pollution by particulate matter (micrograms per cubic meter).

1Low

2Medium

3High

Eurostat

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