5 Who Is Poor in Our Society?

Many people believe that everyone in society should be able to achieve a minimum level of material welfare. People whose material welfare is below this minimum level are regarded as poor. Two standard measures are used to measure poverty in our society: the *risk of poverty* and *material deprivation*.

The risk of poverty measures income poverty, i.e. the percentage of the population living in a family whose disposable income is below the poverty line. Material deprivation offers a complementary perspective on poverty and measures the percentage of the population with no access to certain goods or services that most people consider necessary to achieve a minimum level of material welfare.

In this chapter, we examine how many poor people there are according to these two standards, together with their socio-demographic characteristics. We also look at the overlap between income poverty and material deprivation. However, in this chapter we will continue to focus on the material aspects of well-being. Some non-material aspects will be discussed in the following chapters.

Risk of Poverty

To measure the risk of poverty, we compare the disposable income of each family with the poverty line. As in the previous chapter, once again we use the modified OECD equivalence scale to take family composition into account when measuring disposable income. The poverty line in Belgium is set at 60% of the median disposable income. The median disposable income is the amount of disposable income 50% of Belgians have less than and the other 50% more than. In the previous chapter's parade, this would be the income of the people who pass by right in the middle of the parade, after 30 min. Our research shows that the median disposable income in 2016 was 1620 euros per month, making the poverty line 972 euros per month.

B. Capéau et al., *Well-being in Belgium*, Economic Studies in Inequality, Social Exclusion and Well-Being, https://doi.org/10.1007/978-3-030-58509-9_5

Table 5.1 Percentage of people living below the poverty line in previous SILC surveys and MEQIN

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SILC	14.7	15.2	14.7	14.6	14.6	15.3	15.3	15.1	15.5	14.9	15.5
MEQIN											14.5

According to our study, 14.5% of the Belgian population lived below the poverty line in 2016. This figure is comparable with the figures from the SILC survey. This survey is conducted annually and forms the main source of information for EU poverty policy. Table 5.1 shows the percentage of people living below the poverty line in previous SILC surveys. The table shows that there has been a surprisingly constant rate of about 15% poor people in Belgium for over 10 years.

To further refine the analysis, we will divide the Belgian population into four groups. Firstly, we split the people living below the poverty line into two groups. By *poor*, from now on we are referring to people who live on a disposable income which is between 60 and 50% of the median income. The *very poor* are the people who live on a disposable income of less than 50% of the median income. We refer to the people who live on an income of between 60 and 70% of the median income as *vulnerable*. We regard all other people as *non-poor*. According to this classification, in Belgium there were 6.6% very poor people, 8.0% poor people (the sum of the two yields the 14.5% we mentioned previously) and 7.7% vulnerable people. The remaining 77.8% are non-poor.

Table 5.2 shows some socio-demographic characteristics of the people in these four groups. Here and in the rest of this chapter, we will limit ourselves to the adults in our sample for whom we have income data.

The first striking finding relates to the gender of the poor. While women make up half the adult population of Belgium, they account for remarkably more than half of the poor and vulnerable adults. Moreover, people who are not in a relationship and migrants appear to be over-represented in the group of very poor Belgians.[1] Another notable characteristic of the poor population in Belgium is their level of education. While the low-skilled account for one-third of the total adult population, they represent between 47.3 and 61.7% of the very poor and poor population (we regard people as low-skilled if they do not at least have a certificate of secondary education). We refer to a person who is not working and is actively looking for work as unemployed. The unemployed are clearly over-represented among the poor and very poor. Finally, unlike a few years ago, pensioners are no longer over-represented in the very poor population. By pensioners, we mean people who are retired, including people who have taken early retirement but not those on an early leavers scheme. Although they account for 28.4% of the total population, they only represent 13.6% of the very poor group. At the same time, we note that

[1]In this book, the term “migrants” refers to people who were not born in Belgium.

Table 5.2 Socio-demographic characteristics of the adults in the four groups classified by level of income poverty

	Belgium	Very poor	Poor	Vulnerable	Non-poor
Female	50.4	54.8	52.7	57.4	49.3
In a relationship	69.1	62.2	67.9	54.5	71.0
Migrant	13.2	39.7	32.3	15.9	9.5
Low-skilled	33.3	47.3	61.7	48.3	28.5
Unemployed	6.5	36.7	24.9	7.3	2.7
Retired	28.4	13.6	24.5	35.4	29.2

pensioners are over-represented in the vulnerable group (35.4%). In Chap. 19, we will discuss the well-being of elderly Belgians in greater depth.

Material Deprivation

In Chap. 1, we already mentioned why disposable income is often used to measure poverty. After all, disposable income enables people to buy the goods and services that are considered necessary to function in society: food, clothing, housing, transport, cultural goods and so on. A more direct way of measuring poverty is to examine the extent to which people have access to certain necessary goods or services.

In poverty research, it is customary to focus on the following nine goods and services when doing so: (1) the ability to pay rent or a mortgage, (2) the ability to keep the home adequately warm in winter, (3) the ability to pay an unexpected expense of 1000 euros, (4) the ability to buy meat, fish or a vegetarian equivalent for the whole family at least every two days, (5) the ability to go on a week holiday with the whole family at least once a year, (6) being in possession of a colour TV, (7) of a washing machine, (8) of a car and (9) of a telephone (landline or mobile).

In order to facilitate the comparison with the previous paragraph, once again we divide the Belgian population into four groups. We say that a person is *severely materially deprived* if he or she cannot pay for at least four of these goods or services. If a person is unable to pay for three of these goods and services, we regard him or her as *materially deprived,* and we refer to this person as *vulnerable* if he or she cannot pay for two of these goods or services. The Belgian population can then be broken down as follows: 77.4% of Belgians are not in a vulnerable position or materially deprived, 10.7% are vulnerable, 5.7% are materially deprived and 6.2% are severely materially deprived.

For these four different population groups, Table 5.3 shows the percentage of people who are unable to purchase each of these nine goods or services. We note, for example, that 29.2% of the total population are unable to pay an unexpected expense of 1000 euros, while no less than 98.1% of people who are severely materially deprived do not have this capacity. We also see that material deprivation

Table 5.3 Percentage of people who are unable to pay for necessary goods and services in the four groups, broken down by level of material deprivation

		Belgium	Severely deprived	Deprived	Vulnerable	Not deprived
1	Rent or mortgage	13.8	66.8	69.9	30.2	3.2
2	Heating	3.0	36.0	3.3	4.4	0.1
3	Expense of 1000 euros	29.2	98.1	98.7	86.7	10.5
4	Meat	2.4	31.8	3.8	1.0	0.1
5	Holiday	20.4	97.1	79.3	69.6	3.1
6	Television	0.6	4.0	4.4	0.4	0.1
7	Washing machine	3.0	38.2	6.8	0.0	0.3
8	Car	6.0	53.9	31.9	5.4	0.4
9	Telephone	1.4	16.4	1.9	2.3	0.0

mainly takes the form of difficulty in paying the rent (69.9% of deprived people and 66.8% of severely deprived people) and the inability to buy a car (31.9% of deprived people and 53.9% of severely deprived people). We also note that buying meat, fish or a vegetarian alternative at least every two days is a problem for 31.8% of severely deprived people, whereas this problem only affects 2.4% of the Belgian population as a whole.

As in the previous section, we can now also study the socio-demographic characteristics of the adults in our sample who are materially deprived. The same socio-demographic characteristics that stood out with regard to the risk of poverty are also reflected in material deprivation. In general, the conclusions are similar to those for the analysis of income poverty. For this reason, we will not go into this in more detail here.

How Many Belgians Are Both on a Low Income and Materially Deprived?

As part of the Europe 2020 strategy, the European Union aims to reduce the total European population at significant risk of poverty or social exclusion by 20 million people. Here, it is assumed that people are at significant risk of poverty or social exclusion when faced with at least one of the following three problems: (1) income poor, (2) materially deprived, or (3) a very low work intensity (these are the people living in a family in which the people of working age have worked less than 20% of a full-time equivalent over the past year). In the first sections of this chapter, we examined income poverty and material deprivation separately. We will now look at the extent to which these two measures identify the same people, i.e. how many people are both low income and materially deprived at the same time. We will examine employment more closely in Chap. 9.

Table 5.4 Income poverty in terms of income (rows) and material deprivation (columns)

	Severely deprived	Deprived	Vulnerable	Not deprived	Total
Very poor	1.9	1.2	0.8	2.7	6.6
Poor	2.1	1.3	2.1	2.5	8.0
Vulnerable	1.3	0.7	1.4	4.3	7.7
Non-poor	0.9	2.6	6.5	67.8	77.8
Total	6.2	5.7	10.7	77.4	100.0

In Table 5.4, we resume our breakdown of the total population into four groups based on income poverty (rows) and material deprivation (columns). For example, we can see that 67.8% of the population are not poor or deprived according to either of these two perspectives. However, it is also clear that 1.9% of the population are both very income poor and severely deprived. At the same time, they are among the 6.6% very poor according to disposable income and the 6.2% in a state of severe deprivation.

Table 5.4 shows that while there is an overlap between the two poverty measures, this overlap is far from perfect. There are several reasons why someone could be income poor but not materially deprived, or vice versa. Someone who is temporarily income poor but has been able to save or buy essential goods in the past is not in the same situation as someone who has the same income but without the savings or essential goods. In addition, although two people may have the same level of income, one of them may have many more needs. He or she might be ill, for example, incurring high healthcare costs as a result. This could lead to material deprivation for the sick person, even if their disposable income is above the poverty line.

It is important to study poverty risk and material deprivation in order to focus social policy on the least privileged in our society. Nonetheless, we can identify three key reasons why it can be dangerous to look, in the public debate, exclusively at the poverty measures in this chapter.

The first reason is that it is very difficult to determine when a family with a certain income level and family composition achieves the same material level of well-being as another family with a different income level and family composition. In this and the previous chapter, we used the modified OECD equivalence scale to correct for differences in family composition. This correction is used in the official poverty statistics for Belgium and Europe. However, the scientific basis for the use of a specific equivalence scale is rather weak and the results also greatly depend on the method chosen. For example, if we used the Oxford equivalence scale,[2] which allocates a smaller benefit to larger families, the proportion of Belgians living below the poverty line in 2016 would be 15.6% instead of 14.5%. The composition of the

[2]According to the Oxford equivalence scale, the first adult counts for 1, all other members of the family aged 14 years or above count for 0.7 and all children below the age of 14 count for 0.5.

population living below the poverty line will naturally vary too, with fewer single people and more large families, also causing child poverty to increase. This seemingly purely methodological change in equivalence scale would therefore bring about a change in social policy, with greater attention being paid to larger families. The point we wish to make is not that this policy choice is undesirable or bad, but merely that its justification has a rather flimsy basis. It would be better for the policy to directly address children's actual living conditions rather than making it dependent on the somewhat obscure methodological choice of a specific equivalence scale. We will examine children's living conditions in more depth in Chap. 18.

The second reason why poverty measures—as studied in this chapter—are not ideal for guiding and evaluating social policy is because they are based on the assumption that material welfare is equally distributed *within* the family. By definition, they assume that all family members will have the same level of material welfare. This is naturally an arguable assumption. In order to find out how well-being is actually distributed within the families, we need to go further and look inside the black box of the family, as it were. Our data makes this possible, as will become evident in Part II of this book.

The third reason for going beyond the poverty measures stated in this chapter is that non-material dimensions such as employment and health remain under the radar. After all, the loss of a job will have a much greater impact on well-being than simply reducing the disposable income. A job is also a source of self-esteem and satisfaction and offers a social network. We will discuss jobs and employment in Chap. 9. Not only is health essential for many people's well-being, it also has a significant impact on other dimensions such as the ability to earn an income. We will study health in the following chapters of this book. In the last part of this book, we then look for a measure of well-being that brings together the various different dimensions in a coherent way.