

Definition and measurement

Perceptions of a decent standard of living vary across countries and over time. Thus no commonly agreed measure of poverty exists across OECD countries. As with income inequality, the starting point for poverty measurement is equivalised household disposable income provided by national consultants (see “Definition and measurement” under EQ1. Income inequality). People are classified as poor when their equivalised household income is less than half of the median prevailing in each country. The use of a relative income-threshold means that richer countries have the higher poverty thresholds. Higher poverty thresholds in richer countries capture the notion that avoiding poverty means an ability to access to the goods and services that are regarded as customary or the norm in any given country. The poverty rate is a headcount of how many people fall below the poverty line.

Poverty measures the relative numbers of people at the bottom end of the income distribution. Often a society’s equity concerns are greater for the relatively disadvantaged. Thus poverty measures often receive more attention than income inequality measures. Poverty concerns are often greater for certain groups like older people and for children, since they have no or limited options for working their way out of poverty.

The average OECD country poverty rate was 11% for the OECD (Panel A, EQ2.1). Poverty rates were particularly high in Chile, Israel and Mexico. Czech and Danish poverty rates, in contrast, were about one in twenty people. Other Nordic and European countries also had low poverty. The bottom part of the table is dominated by Anglophone countries, Mediterranean countries and the two OECD-Asia countries.

Poverty rates generally increased moderately over the period from mid-1980s to mid-2000s for the OECD (Panel B, EQ2.1). Large rises occurred in the Netherlands and Sweden. On the other hand Belgium, Greece, Chile and Portugal were most successful in reducing their poverty rate.

In some countries older people were more likely to be poor, while in other countries child poverty was a greater issue (EQ2.2). While Korea had a very high poverty rate for the elderly and low child poverty, Turkey had much higher child poverty than pensioner poverty. The United States, Chile and Mexico, sharing quite high overall poverty rates, had relatively equally high poverty rates amongst the two dependent age groups. The Nordic countries combined low poverty rates for both the young and the old.

Faster economic growth is often seen as the solution to poverty problems (EQ2.3). However, economic growth and poverty have not been strongly related within the OECD in the past generation. There is little evidence of a relationship between poverty and household income growth in either a positive or negative direction. For example, Ireland has had very rapid income growth over the period and a large rise in poverty, while income growth has stagnated in Belgium in combination with a considerable reduction in poverty.

Further reading

OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, OECD Publishing, Paris.

Figure notes

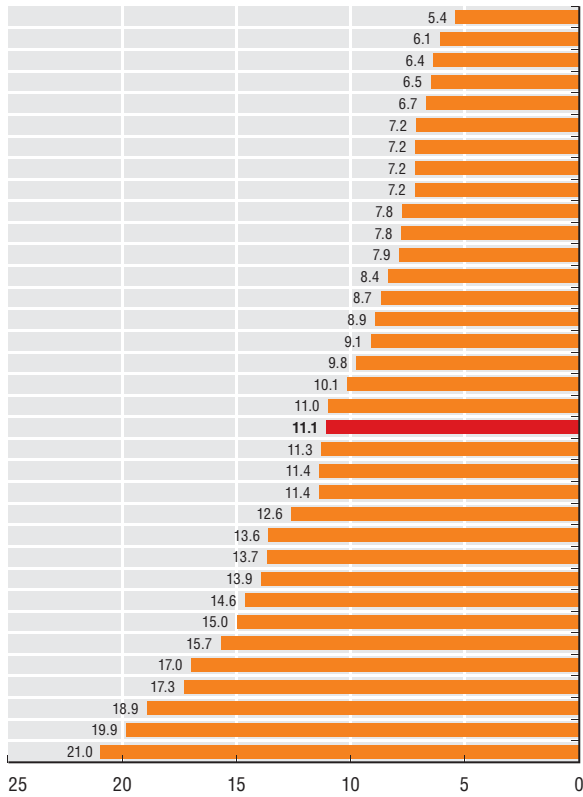
Figure EQ2.1, Panel A: Poverty rates coefficients refer to mid-2000s for Greece and Switzerland.

Figures EQ2.1, Panel B and EQ2.3: No changes available for Estonia, Iceland, Korea, Poland, the Slovak Republic, Slovenia and Switzerland. Changes are available from mid-1990s for Australia, Chile, Israel and Portugal. Changes are available until 2000 for Austria, Belgium, the Czech Republic, Ireland, Portugal and Spain, as current data from EU-SILC are not comparable with earlier years for these countries.

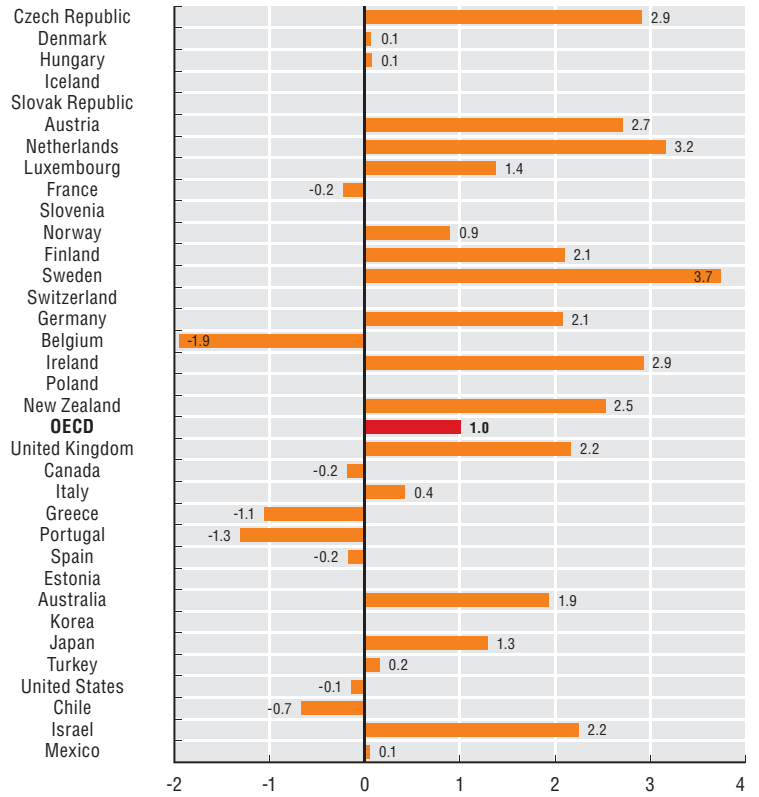
Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

EQ2.1. Poverty has been rising

Panel A. Percentage of persons living with less than 50% of median equivalised household income, late-2000s

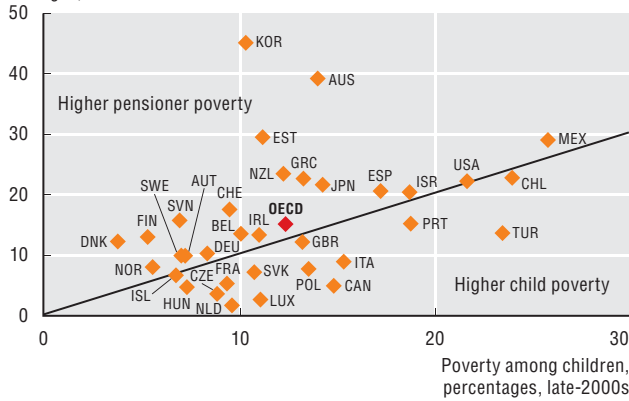


Panel B. Annual average change in poverty rate between mid-1980s and late-2000s, percentages



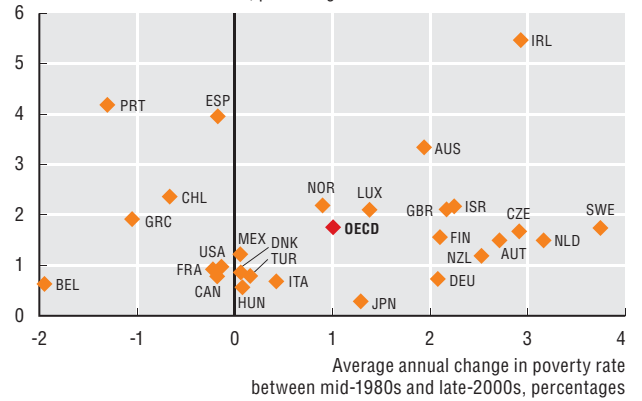
EQ2.2. Poorer pensioners or poorer children?

Poverty among people of retirement age, percentages, late-2000s



EQ2.3. Income growth is no poverty solution

Real average annual change in median household income, between mid-1980s and late-2000s, percentages



Source: Provisional data from OECD Income Distribution and Poverty Database (www.oecd.org/els/social/inequality).

StatLink <http://dx.doi.org/10.1787/888932381893>



From:
Society at a Glance 2011
OECD Social Indicators

Access the complete publication at:
https://doi.org/10.1787/soc_glance-2011-en

Please cite this chapter as:

OECD (2011), "Poverty", in *Society at a Glance 2011: OECD Social Indicators*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/soc_glance-2011-17-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.