

## POVERTY RATES AND GAPS

Avoiding economic hardship is a primary objective of social policy. As perceptions of “a decent standard of living” vary across countries and over time, no commonly agreed measure of “absolute” poverty across OECD countries exists. A starting point for measuring poverty is therefore to look at “relative” poverty, whose measure is based on the income that is most typical in each country in each year.

### Definition

The poverty rate is the ratio of the number of people (in a given age group) whose income falls below the poverty line; taken as half the median household income of the total population. However, two countries with the same poverty rates may differ in terms of the relative income-level of the poor. To measure this dimension, the poverty gap, i.e. the percentage by which the mean income of the poor falls below the poverty line, is also presented.

Income is defined as household disposable income in a particular year. It consists of earnings, self-employment and capital income and public cash transfers; income taxes and social security contributions paid by households are deducted. The income of the household is attributed to each of its members, with an adjustment to reflect differences in needs for households of different sizes (i.e. the needs of a household composed of four people are assumed to be twice as large as those of a person living alone).

### Overview

Across OECD countries, the average poverty rate was about 11% in the 2010s. There is considerable diversity across countries: poverty rates are 20% or more in Israel and Mexico, but below 7% in the Czech Republic, Denmark and Iceland. Poverty rates vary across age groups: in Korea, older people are more likely to be poor, while Turkey child poverty is a greater issue. The United States, Chile and Mexico share quite high overall poverty rates, while the Nordic countries combine low poverty rates.

On average, in OECD countries, the mean income of poor people is 30% below the poverty line (poverty gap), with larger gaps in Korea, Mexico, Spain and the United States and lower ones in Belgium, Finland, Luxembourg, and Slovenia. In general, countries with higher poverty rates also have higher poverty gaps.

From the mid-1990s to the 2010s, poverty rates rose in 17 out of 20 countries for which data are available, resulting in an overall increase of 1.5 percentage points for the OECD as a whole. The largest rises were experienced by Israel and Sweden, and the largest declines were registered in the Italy and Mexico.

### Comparability

Data used here were provided by national experts applying common methodologies and standardised definitions. In many cases, experts have made several adjustments to their source data to conform to standardised definitions. While this approach improves comparability, full standardisation cannot be achieved.

Measurement problems are especially severe at the bottom end of the income scale. As large proportions of the population are clustered around the poverty line used here, small changes in their income can lead to large swings in poverty measures. Small differences between periods and across countries are usually not significant.

Results refer to different years. “Around 2010s” data refer to the income in 2010 in all countries except Hungary, Ireland, Japan, New Zealand, Switzerland and Turkey (2009); and Chile and Korea (2011). “Mid-1990s” data refer to the income earned between 1993 and 1996. “Mid-1980s” data refer to the income earned between 1983 and 1987 in all countries for which data are available except Greece (1988); Portugal (1990); and the Czech Republic (1992). “Around 2010s” data for Austria, Belgium, Ireland, Portugal and Spain are based on EU-SILC and are not deemed to be fully comparable with those for earlier years.

### Sources

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### Further information

#### Analytical publications

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#### Statistical publications

- OECD (2014), *Society at a Glance: OECD Social Indicators*, OECD Publishing.

#### Websites

- Income Distribution Database, [www.oecd.org/social/income-distribution-database.htm](http://www.oecd.org/social/income-distribution-database.htm)

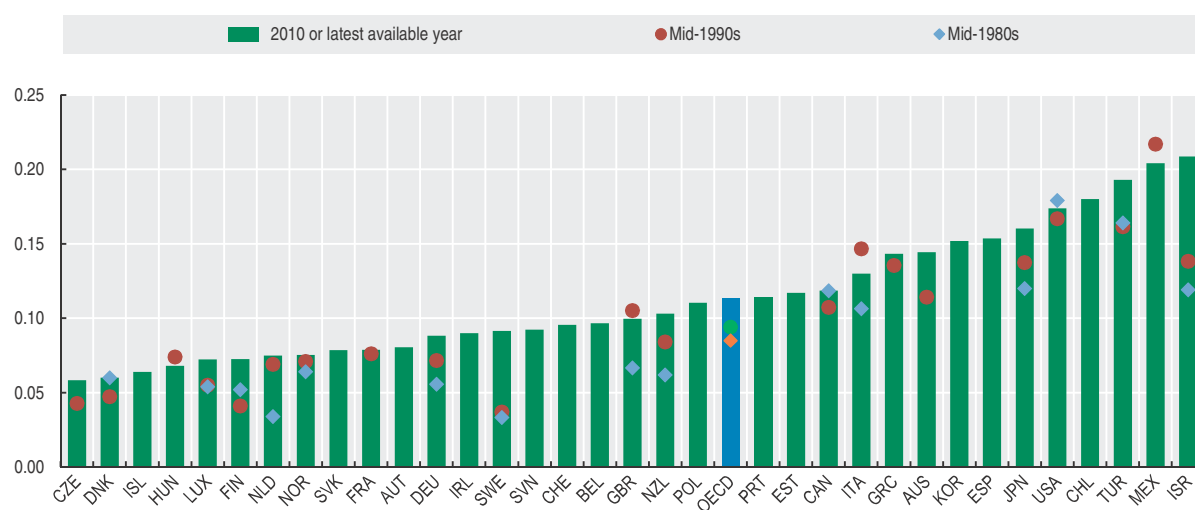

**Poverty rates and poverty gaps**

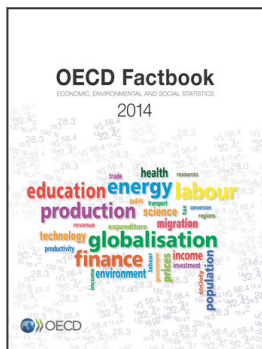
2010 or latest available year

	Relative poverty rates (50% median income)				Poverty gap (mean)
	Entire population	Children (age 0-17)	Working-age population (age 18-65)	Retirement-age population (over 65)	Entire population
Australia	0.14	0.15	0.10	0.36	0.25
Austria	0.08	0.08	0.07	0.11	0.24
Belgium	0.10	0.13	0.08	0.11	0.21
Canada	0.12	0.14	0.12	..	0.31
Chile	0.18	0.24	0.15	0.20	0.33
Czech Republic	0.06	0.09	0.06	0.04	0.23
Denmark	0.06	0.04	0.06	0.08	0.28
Estonia	0.12	0.12	0.13	0.07	0.33
Finland	0.07	0.04	0.08	0.10	0.19
France	0.08	0.11	0.07	0.05	0.24
Germany	0.09	0.09	0.08	0.11	0.24
Greece	0.14	0.18	0.13	0.16	0.34
Hungary	0.07	0.09	0.07	0.02	0.27
Iceland	0.06	0.07	0.07	0.03	0.29
Ireland	0.09	0.10	0.09	0.08	0.34
Israel	0.21	0.29	0.17	0.21	0.34
Italy	0.13	0.18	0.12	0.11	0.38
Japan	0.16	0.16	0.14	0.19	0.33
Korea	0.15	0.10	0.11	0.49	0.39
Luxembourg	0.07	0.11	0.07	0.02	0.21
Mexico	0.20	0.25	0.17	0.28	0.41
Netherlands	0.08	0.10	0.08	0.01	0.31
New Zealand	0.10	0.13	0.09	0.13	0.26
Norway	0.08	0.05	0.09	0.06	0.37
Poland	0.11	0.14	0.11	0.10	0.28
Portugal	0.11	0.16	0.10	0.10	0.25
Slovak Republic	0.08	0.12	0.08	0.04	0.29
Slovenia	0.09	0.09	0.08	0.17	0.21
Spain	0.15	0.21	0.15	0.13	0.42
Sweden	0.09	0.08	0.09	0.09	0.26
Switzerland	0.10	0.10	0.07	0.22	0.26
Turkey	0.19	0.28	0.15	0.18	0.31
United Kingdom	0.10	0.10	0.10	0.09	0.35
United States	0.17	0.21	0.18	0.15	0.38
EU 28	..	..	..	..	..
OECD	0.11	0.13	0.10	0.13	0.30
Brazil	..	..	..	..	..
China	..	..	..	..	..
India	..	..	..	..	..
Indonesia	..	..	..	..	..
Russian Federation	0.14	0.19	0.15	..	0.27
South Africa	..	..	..	..	..

 StatLink <http://dx.doi.org/10.1787/888933027627>
**Trends in poverty rates**

Relative poverty rates in mid-1980s, mid-1990s and 2010 or latest available year


 StatLink <http://dx.doi.org/10.1787/888933025062>



**From:**  
**OECD Factbook 2014**  
Economic, Environmental and Social Statistics

**Access the complete publication at:**  
<https://doi.org/10.1787/factbook-2014-en>

**Please cite this chapter as:**

OECD (2014), "Poverty rates and gaps", in *OECD Factbook 2014: Economic, Environmental and Social Statistics*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/factbook-2014-25-en>

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