

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.

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% around 2012. There is considerable diversity across countries: poverty rates are almost 20% in Israel and Mexico, but below 6% in the Czech Republic and Denmark. Poverty rates vary across age groups: in Japan and Korea, older people are more likely to be poor, while in Turkey child poverty is a greater issue. The United States, Chile, Israel and Mexico share higher overall poverty rates, while the Nordic countries combine lower poverty rates.

On average, in OECD countries, the mean income of poor people is 31% below the poverty line (poverty gap), with larger gaps in countries hard hit by the recent crisis like Italy, Greece, Spain and the United States and lower ones in Belgium, Finland, Germany, New Zealand and Slovenia. In general, countries with higher poverty rates also have higher poverty gaps.

From the mid-1980s to around 2012, poverty rates rose in 15 out of 18 countries for which data are available, resulting in an overall increase of 2.7 percentage points for the OECD as a whole. The largest rises were experienced by Israel and Sweden, and the only decline was registered in Denmark.

Comparability

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

Measurement problems are especially severe at the top but also at the bottom end of the income scale. As large proportions of the population are clustered around the poverty line, 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. “2012 or latest year available” data refer to the income in 2012 in all countries except Japan (2009), Russia (2010), Canada and Chile (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 the Czech Republic (1992) and Hungary (1991).

Sources

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Further information

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Statistical publications

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

Websites

- OECD Income Distribution Database (supplementary material), www.oecd.org/social/income-distribution-database.htm

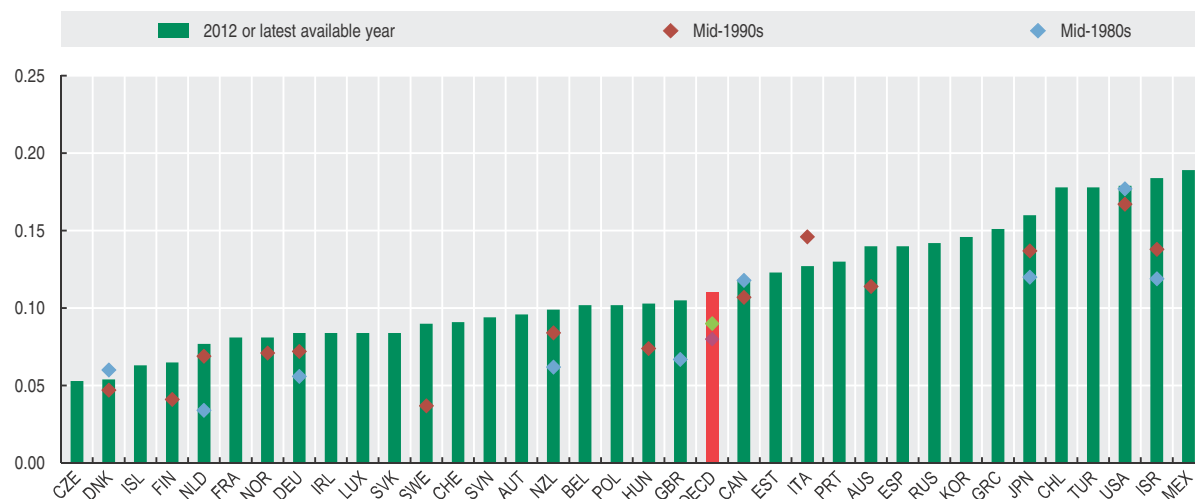

Poverty rates and poverty gaps

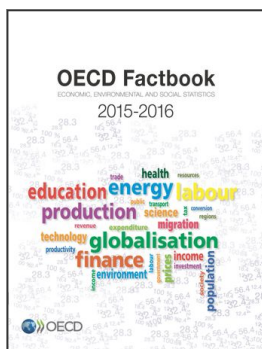
2012 or latest available year

	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	0.13	0.11	0.34	0.27
Austria	0.10	0.10	0.09	0.11	0.34
Belgium	0.10	0.11	0.10	0.11	0.23
Canada	0.12	0.14	0.12	0.07	0.30
Chile	0.18	0.24	0.15	0.21	0.33
Czech Republic	0.05	0.08	0.05	0.03	0.25
Denmark	0.05	0.03	0.07	0.05	0.31
Estonia	0.12	0.12	0.12	0.12	0.31
Finland	0.07	0.03	0.07	0.09	0.23
France	0.08	0.11	0.08	0.04	0.25
Germany	0.08	0.07	0.08	0.09	0.22
Greece	0.15	0.21	0.16	0.07	0.39
Hungary	0.10	0.17	0.10	0.06	0.31
Iceland	0.06	0.08	0.06	0.03	0.29
Ireland	0.08	0.09	0.09	0.07	0.30
Israel	0.18	0.25	0.15	0.21	0.35
Italy	0.13	0.18	0.12	0.09	0.41
Japan	0.16	0.16	0.14	0.33	0.33
Korea	0.15	0.09	0.10	0.49	0.39
Luxembourg	0.08	0.13	0.08	0.03	0.26
Mexico	0.19	0.23	0.16	0.27	0.38
Netherlands	0.08	0.10	0.08	0.02	0.31
New Zealand	0.10	0.13	0.09	0.08	0.23
Norway	0.08	0.06	0.10	0.04	0.37
Poland	0.10	0.13	0.10	0.08	0.27
Portugal	0.13	0.18	0.13	0.08	0.31
Slovak Republic	0.08	0.15	0.08	0.04	0.30
Slovenia	0.09	0.09	0.08	0.16	0.23
Spain	0.14	0.21	0.14	0.07	0.39
Sweden	0.09	0.08	0.09	0.09	0.26
Switzerland	0.09	0.08	0.06	0.23	0.24
Turkey	0.18	0.26	0.14	0.17	0.30
United Kingdom	0.11	0.10	0.10	0.13	0.33
United States	0.18	0.21	0.16	0.21	0.40
EU 28	0.10	0.12	0.10	0.08	0.29
OECD	0.11	0.13	0.10	0.13	0.31
Brazil	..	..	..	..	..
China	..	..	..	..	..
India	..	..	..	..	..
Indonesia	..	..	..	..	..
Russian Federation	0.14	0.19	..	..	0.27
South Africa	..	..	..	..	..

 1 2 <http://dx.doi.org/10.1787/888933336319>
Trends in poverty rates

Relative poverty rates in mid-1980s, mid-1990s and 2012 or latest available year


 1 2 <http://dx.doi.org/10.1787/888933335124>



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