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Poverty in Ireland in comparative European perspective

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Poverty in Ireland in Comparative European Perspective

Christopher T. Whelan and Bertrand Maître

Abstract: In this paper we seek to put Irish poverty rates in a comparative European context. We do so in a context whereby the Irish economic boom and EU enlargement have led to increasing reservations being expressed regarding rates deriving from the EU 'at risk of poverty' indicator. Our comparative analysis reports findings for both overall levels of poverty and variation by household reference person characteristics for this indicator and a consistent poverty measure for Ireland, the UK and five smaller European countries spanning a range of welfare regimes. Our finding demonstrate that the distinctiveness of Ireland's situation lies not in the overall levels of poverty per se but in the very high penalties associated with being in household where the household reference person is a lone parent or excluded from the labour market.

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Poverty in Ireland in Comparative European Perspective

Introduction

At the beginning of the 1990s, Irish living standards in terms of GNP per head were at at two-thirds of the European average but by the end of the decade most of that gap had been closed. The most striking development in the period was an increase in the level of employment of over 40 per cent. Unemployment fell from 16 per cent to less than 4 per cent.[1] The period 1994–2000 saw an expansion of the Irish economy that led Blanchard (2002: 61) to conclude: "I do not know the rules by which miracles are officially defined, but this seems to come close". Yet Irish poverty rates, as captured by the primary EU indicator of 'at risk of poverty' remained stubbornly high leaving Ireland in a position that compared unfavourably not only with its prosperous western European neighbours but also with a number of the New Member States (NMS).

In this paper we seek to address this paradox by putting Irish poverty rates in a broader comparative European context. We pursue this agenda in a context whereby the 'at risk of poverty' measure based on the proportion falling below 60% of adjusted equivalent income remains the key EU poverty indicator (Marlier et al 2007). However, increasingly reservations have been expressed concerning an approach that leads a country such as Ireland, which has experienced a sustained economic boom, exhibiting higher poverty rates than a number of NMS, despite enjoying substantial advantages in terms of GDP per capita and other indicators of material living conditions. Thus, the poverty figures derived from the EU-SILC 2006 show Ireland as having the ninth highest 'at risk of poverty' rate (60 % median income line) while in terms of GDP per capita in PPS (Purchasing Power Standards) Ireland ranks at the second after Luxembourg.

[1] For further discussion of the Irish experience of economic growth sees Honohan and Walsh (2002) and for a general discussion of the social impact of the boom Fahey, Russell and Whelan (2008)

The apparent paradox presented by the results deriving from the 'at risk of poverty' approach have encouraged a shift from a unidimensional perspective focusing solely on relative income to a multidimensional perspective that incorporates both income and life-style deprivation. This approach builds on pioneering work by Townsend (1979) and Mack and Lansley (1985). It has been applied in the Irish case by researchers at the Economic and Social Research Institute (Nolan and Whelan, 1996) and has underpinned the development of the Irish consistent poverty measure (Callan, Nolan and Whelan, 1993 & Whelan, 2007).

Interest in the use of life-style deprivation indicators has intensified at the European level. A recent OECD report Society at a Glance (2007) considered the relationship between 'at risk of poverty' and material deprivation at a national level. When considering all countries for which information is available they found that their index of deprivation is only weakly correlated with the prevalence of 'at risk of poverty' while it is stronger with respect to GDP.

The OECD analysis is based on aggregate correlations across countries and involved limited standardisation of items across countries. However, in the Irish case, on the basis of analysis of micro data, it has been known for some time that income indicators and deprivation informed measures such as the consistent poverty provide different estimates of levels of poverty and identify rather different groups of people. More recently Guio (2005) has compared income poverty and deprivation approaches across the 14 countries in the first wave of EU-SILC.

In what follows we make use of the recently available EU-SILC data set in order to place both Irish 'at risk of poverty' and consistent poverty levels and patterns in comparative European context in order to further our understanding of in what manner the Irish case is distinctive.

Data

The Eurostat User Database EU-SILC 2006 covers 26 countries, 24 EU members states (Malta not being in the survey) as well as Norway and Iceland. For the seven

countries that we focus on in our analysis the sample size ranges from 12,071 individuals in Portugal to 28,039 in Finland.

While we make occasional reference to other findings from EU-SILC our comparative analysis will focus on a set of seven countries namely Ireland, the UK, Finland, Austria, Portugal, the Czech Republic and Estonia. The UK has been chosen for obvious historical reasons. The remaining countries have been included to enable us to compare Irish outcomes with a set of smaller European countries that span the range of welfare regimes that have been identified in the social policy literature.

Bukodi and Róbert (2007) have recently proposed the following modification of the standard Esping-Andersen categorisation where they distinguish six welfare regimes as follows:

- The *social democratic regime* assigns the welfare state a substantial redistributive role. A high level of employment flexibility is combined with high security in the form of generous social welfare and unemployment benefits to guarantee adequate economic resources independently of market or familial reliance. Finland provides our representative of this regime.
- The *corporatist regime* involves less emphasis on redistribution and views welfare primarily as a mediator of group-based mutual aid and risk pooling, with rights to benefits depending on being already inserted in the labour market. Austria is the member of this cluster that features in our analysis.
- The *liberal regime* acknowledges the primacy of the market and confines the state to a residual welfare role, social benefits typically being subject to a means test and targeted on those failing in the market. The UK and Ireland are the constituent elements of this cluster.
- The *southern European or Mediterranean* regime is distinguished by the crucial role of family support systems. Labour market policies are poorly developed and selective. The benefit system is uneven and minimalist in nature and lacks a guaranteed minimum income provision. In our detailed analysis Portugal is our representative of this regime.
- The *conservative post-socialist* one consists of the central European countries, with mostly transfer oriented labour market measures and a moderate degree

of employment protection.The Czech Republic is the country on which we focus in detail in relation to this regime.

- The *liberal post-socialist* cluster comprises the Baltic countries which are characterised by a more flexible labour market, with employers, particularly in the private sector, unwilling to abide by legal regulation of the market. Estonia is the member of this group which features in our detailed analysis.

Income Measurement

The income measure we employ throughout this publication is the annual total household disposable income adjusted for household size using the OECD modified equivalence scale.[2] The income reference period is the 12 months prior to date of interview.

Comparing Irish and European Consistent Poverty Measures

At this point we focus our attention on developing a measure of consistent poverty that facilitates comparative European analysis. The Irish component of EU-SILC includes 11 items relating to food, clothing, furniture, debt and minimal participation in social life that were found to constitute a highly reliable index of what was labeled as "basic deprivation". The revised Irish consistent poverty measure counts individuals as poor if they experienced enforced basic deprivation on 2 or more of the 11 items and fell below the relative income poverty line relating to 60% of median equivalised income. The consistent poverty measures incorporating the 11-item basic deprivation index has been shown to differentiate sharply between respondents in terms of the range of deprivation dimensions identified above and a set of indicators relating to the subjective experience of economic pressures. The index is thus confirmed to be a highly reliable and valid measure of such poverty. [3]

[2] The OECD modified scale gives a weight of 1 to the first adult (aged 14+), then 0.5 to any other adults and a weight of 0.3 for each child.
[3] See Maître *et al* (2006) and Whelan (2007).

In attempting to construct a comparable measure at European level, we are hampered by the fact that the range of indicators relating to basic deprivation and, indeed, consumption deprivation more generally, are a great deal more restricted than in the case of the Irish specific module. In fact only 2 of the 11 basic deprivation items are available. As a consequence it is impossible to develop the distinction between basic deprivation and consumption deprivation that was applied in the Irish case. A range of analyses suggested that the most sensible alternative to the basic deprivation index was the 7-item deprivation index constituted by combining the two items drawn from the Irish basic deprivation index with five items relating to enforced absence of holidays, a car and a PC together with experience of arrears relating to mortgage payments, rent utility bills and hire purchase and finally inability to deal with unexpected expenses. This 'consumption deprivation index' displays a highly satisfactory degree of reliability at the overall EU level and for individual countries. The Cronbach alpha at EU level for the former is 0.72 and for the seven countries on which most of our analysis focuses the value lies between 0.60 and 0.70. The consumption measure provides a reliable measure and our cross-country comparisons are not affected by cross-country differences in levels of measurement errors.[4]

The levels of deprivation relating to the 5 items additional to the 2 Irish basic deprivation items are substantially higher than for the 11 items comprising the Irish basic deprivation index. Further analysis suggested that given these, that in choosing a threshold that would enable use to produce a consistent poverty index as close as possible to that used in Ireland, a deprivation threshold of 3+ was most appropriate.

In our subsequent analysis where we present results relating to consistent poverty it is to the EU measure based on the cross-national date set to which we refer.

[4] For further details see Whelan and Maître (2007) and Whelan *et al* (2008).

Comparative Analysis of Levels of 'At Risk of Poverty' and Consistent Poverty

In Table 1 we set out the findings in relation to both 'at risk of poverty' and consistent poverty levels for the seven countries in our analysis. Ireland ranks joint fifth with Portugal of the seven countries with an 'at risk of poverty' rate of 18.5 per cent. The rate for Estonia is marginally lower. Only the UK with a rate of 19.2 per cent is less favourably placed than Ireland. The lowest rate of 9.8 per cent is found for the Czech Republic, Finland and Austria occupy intermediate positions with rates between 12 and 13 per cent.

Consistent poverty rates for theses countries will be determined by the extent of overlap between the 'at risk of income poverty' and experiencing an enforced lack of 3+ consumption deprivation items. In terms Ireland turns out to be fairly unexceptional. The range of overlap runs from 31.4 per cent in Austria to 64.1 per cent in the Czech Republic with the Irish figure being 39 per cent. Consequently, while in every case the consistent poverty is significantly less than half the 'at risk of poverty' level this has little effect on Ireland's relative position and it ranks fifth of the seven countries just marginally ahead of the UK. The lowest consistent poverty of 3.9 per cent is observed for Austria followed closely by Finland and the UK with respective rates of 4.4 and 5.6 per cent. It then rises to 6.3 and 7.1 per cent in turn for the Czech Republic and Ireland. The highest levels of respectively 8.9 and 9.1 per cent are found for Portugal and Estonia.

While for the seven countries we are considering, switching from the 'at risk of poverty' indicator to the 'consistent poverty indicator' has little effect on Ireland's position, on Ireland's poverty level relative to other countries, if we adopt a wider geographical perspective the rates of overlap between 'at risk of poverty' and being above the consumption deprivation threshold are substantially higher in a number of the less prosperous southern European and post-socialist countries. Consistent poverty rates are consequently higher and the observed pattern of welfare regime differences is a good deal more in line with our prior expectations than was the case with the 'at risk of poverty' indicator. Thus while Poland and Ireland have identical 'at risk of poverty' rates the consistent poverty rate for the former is twice that for the latter. Nevertheless, against a benchmark of a set of countries that would seem to provide a

reasonable point of reference for Irish aspirations in terms of 'acceptable' poverty levels, Ireland does rather badly. Thus the relatively poor Irish performance can not be satisfactorily accounted for simply by a shift from a unidimensional to a multidimensional perspective. At this point therefore in order to develop our understanding of the Irish case our focus shifts from levels of poverty to patterns of poverty.

Table 1: 'At Risk of Poverty 'and Consistent Poverty Rates by Country		
	'At Risk of Poverty' - 60% of national median equivalent income	*Consistent Poverty (below 60% income line & 3+ deprivation threshold)*
	%	
Finland	12.5	4.4
Austria	12.6	3.9
UK	19.2	5.6
Ireland	18.5	7.1
Portugal	18.5	8.9
Czech Republic	9.8	6.3
Estonia	18.3	9.1

Cross-national Variation in the Socio-economic distribution of 'At Risk of Poverty' and Consistent Poverty

HRP Principal Economic Status

In terms of factors that might be expected to affect poverty rates, Ireland is distinguished by having a particularly high number of individual who are not active on the labour market and a smaller number who are in full-time employment and retired. It also has a relatively high number of lone parents and children and a smaller number of older people.[5] However, consistent with earlier analysis involving simulation procedures by Callan *et al* (2008) cross-national variation in socio-economic characteristics was found to play a modest role in explaining the comparatively high levels of poverty in Ireland. The one factor to play such a role was the principal economic status (PES) of the HRP with the large number household reference persons in Ireland contributing to its relative performance. However, any

[5] For further discussion see Whelan and Maître (forthcoming)

such analysis assumes that such factors have uniform effect across countries and the most important outcome of our analysis involves a rejection of this assumption. Instead we observe systematic variation across countries in the impact of a number of socio-economic attributes.[6]

In the analysis that follows, in order to deepen our understanding of poverty patterns in Ireland, we consider the manner in which the impact of key socio-economic characteristics of the household reference person vary across countries. Guided by the literature on welfare and by a range of exploratory analyses we focus on two key characteristics of the household reference person (HRP) namely principal economic status and lone parenthood.[7] More detailed analysis also reveals variation in the impact of stage in the life cycle and the sex of the HRP, however, once we control for lone parenthood and principal economic status we find the former effects are not statistically significant. We commence our analysis by focusing on principal economic status. Our analysis proceeds by taking 'at risk of poverty' and consistent poverty in turn as the dependent variable and examining the manner in which principal economic status and country interact in determining these outcomes. We consider whether the consequences of a particular employment status varies across country or, in other words, if variation between countries differs depending on the principal employment status of the individuals being considered.

For each of the socio-economic characteristics that we consider the statistical analysis undertaken involves a pair of logistic regressions that include effects for the main terms relating to HRP PES and country and the appropriate interactions. The regressions relating to HRP PES and lone parenthood are set out in detail in Appendix A. [8]

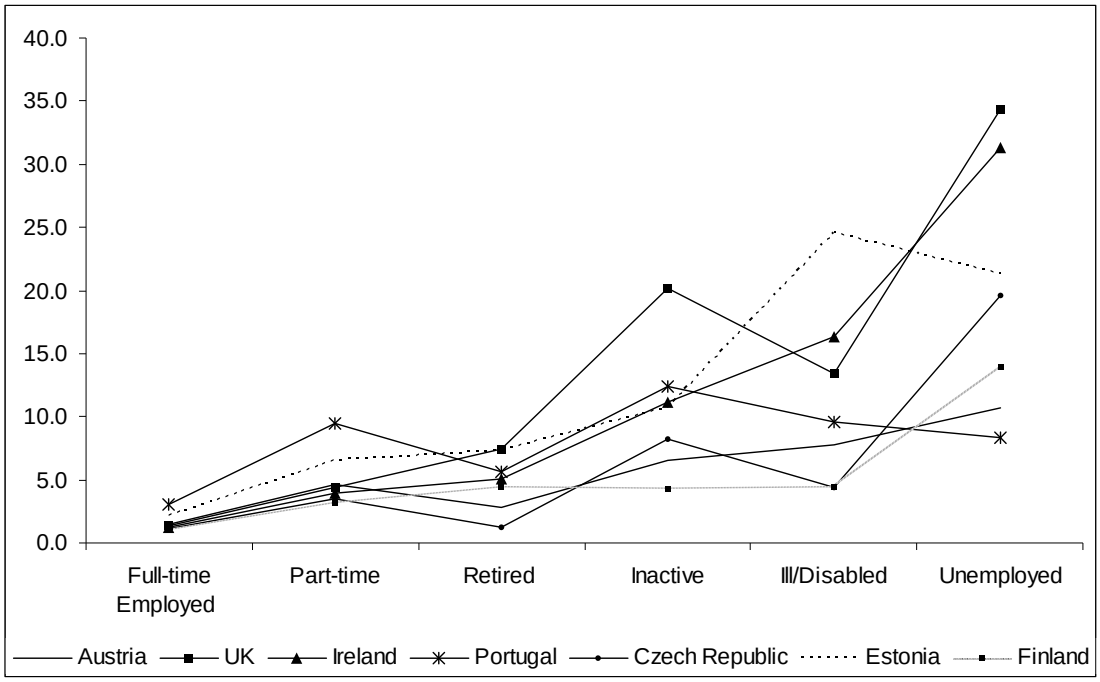
[6] For details of the analysis discussed here see Whelan and Maître (forthcoming).
[7] The household reference person is the individual mainly responsible for providing the accommodation. Where there is more than one such person the older one is chosen.
[8] Confidence intervals are calculated using robust standard error procedures in order to take into account the clustering of individuals within households

For each of the logistic regressions included in our analysis we provide two graphic representations in order to bring out the implications of the results of our analysis. In the first we take full-time employees in Finland as the benchmark and allocate them an odds of 1 and then illustrate the relative odds of individuals characterised by various combinations of country membership and HRP PES being poor, relative to this reference group. Such findings are affected both by *between* country differences in the odds on being poor for full time employees and by *within* country relativities in the impact of HRP PES. In each case the second graph focuses on revealing the latter patterns within full-time employees in each country being the reference and all odds ratios now relating to deviations for the remaining PES categories from this country specific benchmark.

Figure 1A documents variation in the impact of HRP principal economic status on the odds of being 'at risk of poverty' across the seven countries in our analysis. We can see that variation across countries for full-time employees is relatively modest. For the Czech Republic and Ireland the odds ratios are 1.1 and 1.2. This means that those in full-time employment in Finland do not enjoy any advantage over their counterparts in theses countries in terms of their likelihood of being at 'risk of poverty'. For the UK and Austria the figure rises in turn to 1.4 and 1.5 and for Estonia it increases to 2.1 before peaking at 3.0 for Portugal; indicating that these groups occupy less favourable positions than their counterparts in Finland.

As a consequence of the fact that the impact of the HRP being part-time are being held constant across countries, the odds ratios for both are arrived at simply by multiplying those relating to full time employment by 3.2. With HRP full-time employees as the reference category the lowest odds ratio for part-time employed of 3.2 is observed for Finland and the highest of 9.5 for Portugal. The remaining countries are found in the range running from 3.9 to 6.6.

Figure 1A: Between Country Variation in Levels of 'At Risk of Poverty' by HRP Principal Economic Status (odds ratios relative to HRP full-time employee in Finland)



The impact of being retired is allowed to vary across country. Three clusters emerge. The UK and Estonia display particularly high values of 7.5 and 7.4 respectively. Finland, Ireland and Portugal constitute an intermediate group with values ranging from 4.4 to 5.6. The weakest effects are observed for Austria and most particularly the Czech Republic with values of 2.8 and 1.3.

For being inactive, the weakest effect is found for Finland where the odds on being 'at risk of poverty' are 4.3 times higher for the inactive than for full-time employees. Maintaining the latter group in Finland as the reference category this disparity rises to 6.5 for Austria and to 8.3 for the Czech Republic. It ranges between approximately 11 to 12 for Estonia, Ireland and Portugal before peaking at a distinctively high value of 20.2 observed for the UK.

Significant variation across countries is also observed with regard to illness and disability. In Finland and the Czech Republic the relevant odds ratio is just above 4. This rises to 7.8 and 9.6 respectively for Austria and Portugal. It then increases to 13.4 and 16.3 respectively for the UK and Ireland before peaking at 24.6 for Estonia.

The sharpest pattern of cross-national variation is observed in relation to unemployment. With full-time employees in Finland as the reference category, the weakest effect is observed for Portugal with an odds ratio of 8.3. This rises to 10.7 for Austria and to 13.9 for Finland. It then climbs fairly sharply to 19.6 for the Czech Republic and to 21.3 for Estonia. The liberal countries emerge as quite distinct in terms of the consequences of unemployment for 'at risk of poverty' levels. For Ireland we observe a value of 31.4 with a further increase to 34.4 for the UK.

In Figure 1B we present the results for a comparable analysis for consistent poverty. Variation within the full-time employment category is relatively modest. This is particularly true in the most affluent countries with the odds ratio ranging between 1.3 and 1.8 for the UK, Ireland and Austria. The Irish value is 1.4. Thus the liberal countries, which perform significantly worse than Finland in relation to experience of 'at risk of poverty' among full-time employees, do no worse with regard to consistent poverty. A modest increase to 3.2 is observed for the Czech Republic and a slightly rather sharper increase to 4.7 and 6.6 for Estonia and Portugal. Because of our assumption that the impact of part-time work is uniform across countries the odds ratio can be calculated by multiplying the outcomes for full-time employees by 5.2. Thus for part-time work, the scale of disadvantage relative to the benchmark groups of full-time employees in Finland ranges from 5.2 in Finland to 34.3 in Portugal. The Irish value is 7.4.

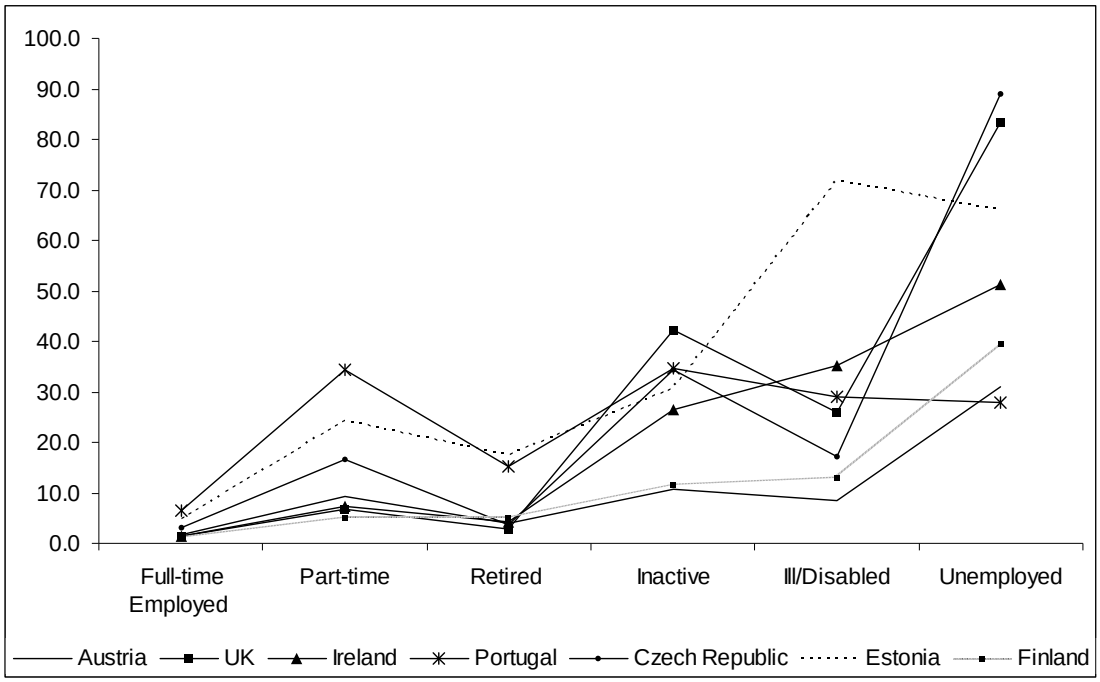
For Estonia and Portugal the impact of retirement is much sharper than in the case of 'at risk of poverty' with respective values of 17.5 and 15.2. However, this is not the case for the remaining countries where odds ratio values range between 2.9 and 4.2

When we focus on cross-national variation in the impact of those categories involving exclusion from the labour market, we find that the pattern of differentiation is strikingly sharper than in the case of 'at risk of poverty'. In Finland and Austria a HRP being inactive raises the odds on being consistently poor in comparison with full-time employees by a factor of 11. It then rises sharply to 26 for Ireland. It lies between 31 to 35 for Estonia, Portugal and the Czech Republic. Finally it peaks at 42 for the UK.

Maintaining full-time employees in Finland as the benchmark, we find that the impact of being ill and disabled is marginally higher than that of being inactive in Finland and correspondingly weaker in Austria. For the Czech Republic it rises to 17. It then ranges from 26 to 35 for the UK, Portugal and Ireland. Finally, we see a very sharp rise to 72 for Estonia.

By far the strongest effect is again observed for HRP unemployment. The minimum value of 28 is observed for Portugal. This rises modestly to respectively 31 and 39 for Austria and Finland. Further increases to 51 and 66 are observed for Ireland and Estonia. Finally, we observe a further sharp escalation to 83 and 89 respectively for the UK and the Czech Republic.

Figure 1B: Between Country Variation in Levels of Consistent Poverty by HRP Principal Economic Status (odds ratios relative to HRP full-time employee in Finland

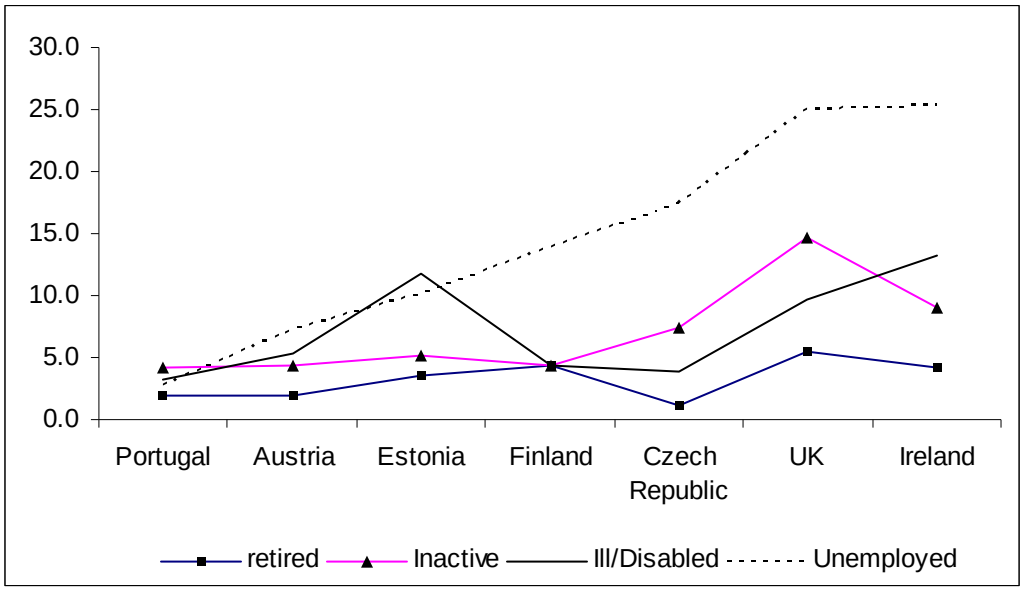


The foregoing results take the full-time employed in Finland as the reference category and consequently incorporate within and between country differences by locating combinations of country and HRP PES on a single continuum. Operating with a within country perspective and taking those in full-time employment in each country as the benchmark, in Figure 1C we show the breakdown of such internal relativities

and the manner in which their magnitude varies across countries for 'at risk of poverty'.

The relative impact of retirement within country is rather weak in the Czech Republic, Portugal and Austria ranging from 1.1 to 1.9. For the remaining countries the value goes from 3.5 in Estonia to 4.4 in Finland. In relation to inactivity a contrast is observed between the UK, Ireland and to a lesser extent the Czech Republic and the remaining countries. For the latter the odds run from 4.1 to 5.2. It then rises progressively from 7.4 to 9.0 and finally 14.7 for the former. The UK and Ireland also exhibit strong effects in relation to illness/disability with odds ratio of 9.7 and 13.2 respectively. On this occasion they are joined by Estonia with a value of 11.8 while for the remaining countries the figure lies between 3.2 and 5.3. Variation across countries is substantially greater for unemployment. By far the weakest impact is observed for Portugal with an odds ratio of just less than 3. This rises to 7 and 10 for Austria and Estonia and to 14 and 17 respectively for Finland and the Czech Republic. Ireland and the UK are again at the upper end of the continuum with unemployment increasing the odds on 'at risk of poverty' by a factor of 25.

Figure 1C: Cross-national Variation in the Within Country Impact of Principal Economic Status of the HRP by Country on 'At Risk of Poverty' (odds ratios relative to full-time employed in each country)

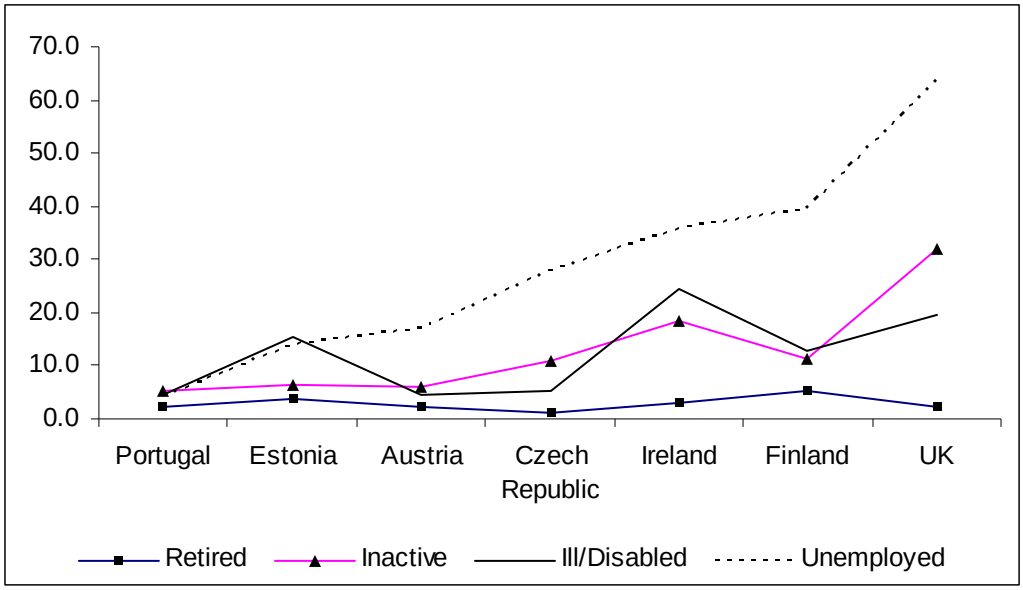


In Figure 1D we document the pattern of internal relativities in relation to consistent poverty. Taking the benchmark as the full-time employees in the individual countries, in Figure 1D we find that the pattern of differentials relating to HRP PES is strikingly sharper than in the case of 'at risk of poverty with the range of odds ratios running from 1.1 to 63 compared to 1 to 25 in the former. The consistent poverty disparities are systematically higher across countries.

The contrast between 'at risk of poverty' and consistent poverty is least in relation to retirement with the relevant odds ratio ranging from 1.1 in the Czech Republic to 5.2 in Finland. For inactivity, differences are also modest for Portugal, Austria and Estonia with the magnitude of the coefficient lying between 5 and 6. However, it then rises to between 11 to 12 for the Czech Republic and Finland . A further increase to 18 is seen for Ireland and a sharp escalation to 32 for the UK. Ireland and the UK also display the sharpest differentials in relation to illness/disability but on this occasion the highest value of 25 is associated with the former with that for the latter being 20. The next highest values of 15 and 13 are found for Estonia and Finland, for the remaining countries the coefficient lies between 4 and 5. As with the case of at 'risk of poverty'; the most striking variation in within country relativities is found for unemployment. By far the lowest value of 4 is found for Portugal. This rises to 14 and 17 respectively for Estonia and Austria. Further increase to 28 and 36 and 39 are seen for the Czech Republic, Ireland and Finland. By far the highest value of 63 is observed for the UK.

Overall we can see that, from the perspective of within country relativities relating to consistent poverty, Portugal, Austria and Estonia are at the lower end of the continuum in terms of the impact of principal economic status. Finland occupies an intermediate position except in relation to unemployment where it is at the upper end of the continuum. The Czech Republic displays a weak effect in relation to illness/disability, a moderate effect with regard to inactivity and a relatively strong impact for unemployment. Differentiation in relation to principal economic status is sharpest in relation to Ireland and the UK but the latter is quite distinctive with regard to the magnitude of the impact associated with inactivity and unemployment.

Figure 1D: Cross-national Variation in the Within Country Impact of HRP Principal Economic Status on Consistent Poverty (odds ratios relative to full-time employees in each country)



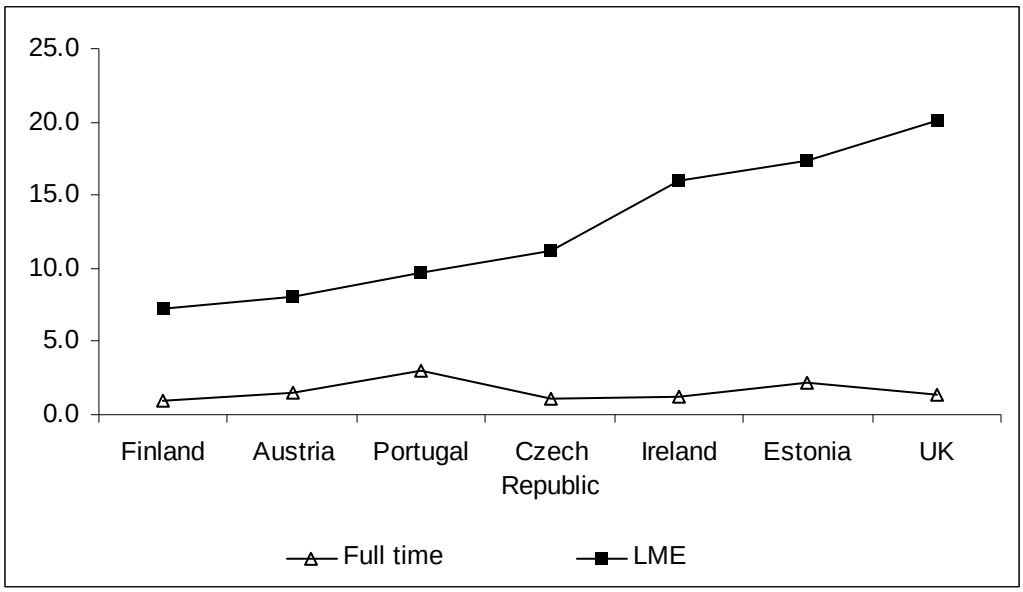
Labour Market Exclusion

Given the importance of variations in the impact of HRP PES, in order to highlight some of the key elements of the above conclusions we extend our analysis by focusing on the contrast between those in households where the HRP is 'labour market excluded' and full-time employees. This involves a contrast between the situation where the HRP is inactive, ill/disabled or unemployed and full-time employees. For this contrast we restrict our attention to those aged less than sixty five. This will inevitably produce less sharp patterns of differentiation than was the case in relation to specific employment statuses such as unemployment. However, it will contribute to illuminating the nature of cross-patterns of differentiation.

For the group with which we are now concerned, across all countries, being in a household where the HRP is excluded from the labour market, raises the odds on being 'at risk of poverty' by a factor of 7.3 However, as we would anticipate by now, this effect varies substantially across countries and this pattern is set out in Figure 2A. If we take those not excluded from the labour market in Finland as the reference category, we find that variation within the category of the non-excluded is relatively modest ranging from 1.1 in the Czech Republic to 3.0 in Portugal. Ireland with a

value of 1.3 is at the lower end of the spectrum relatively close to Finland and Austria. In each case the value for part time employees is a multiple of 3.3 of the coefficient for full-time employees. For those excluded from the labour market the lowest value of 7.3 is observed for Finland. This rises to 8, 10 and 11 respectively for Austria, Portugal and the Czech Republic. There is then a sharp increase to 16.0 and 17.4 respectively for Ireland and Estonia. At the upper end of the continuum we find the UK with a value of 20.1.

Figure 2A: Between Country Variation in the Level of 'At Risk of Poverty' by HRP Labour Exclusion on 'At Risk of Poverty' for HRP < 65 (odds ratios relative to HRP full-time employees in Finland).

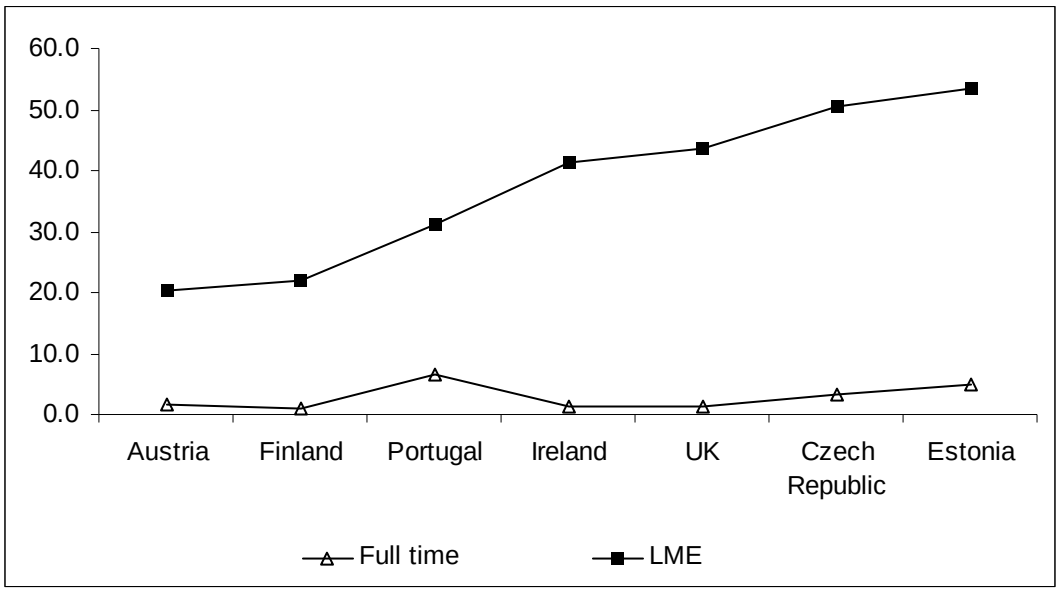


In Figure 2B we set out the comparable analysis for consistent poverty. A model that assumes uniform impact across countries shows labour market exclusion raising the odds of consistent poverty by a factor of 21.9. The impact of labour market exclusion is substantially greater for consistent poverty than for 'at risk of poverty'. Cross-country contrasts for full-time employees between more and less affluent countries are also sharper in relation to the former than the latter. For the full-time employed aged less than sixty-five the odds ratio relative to the Finnish case ranges from 1.3 in the UK to 6.7 in Portugal. The corresponding odds for the part-time unemployed are 5.7 times higher.

Notwithstanding such variation, the impact of labour market exclusion is striking. With the full-time employed in Finland as the benchmark, in Finland, labour market

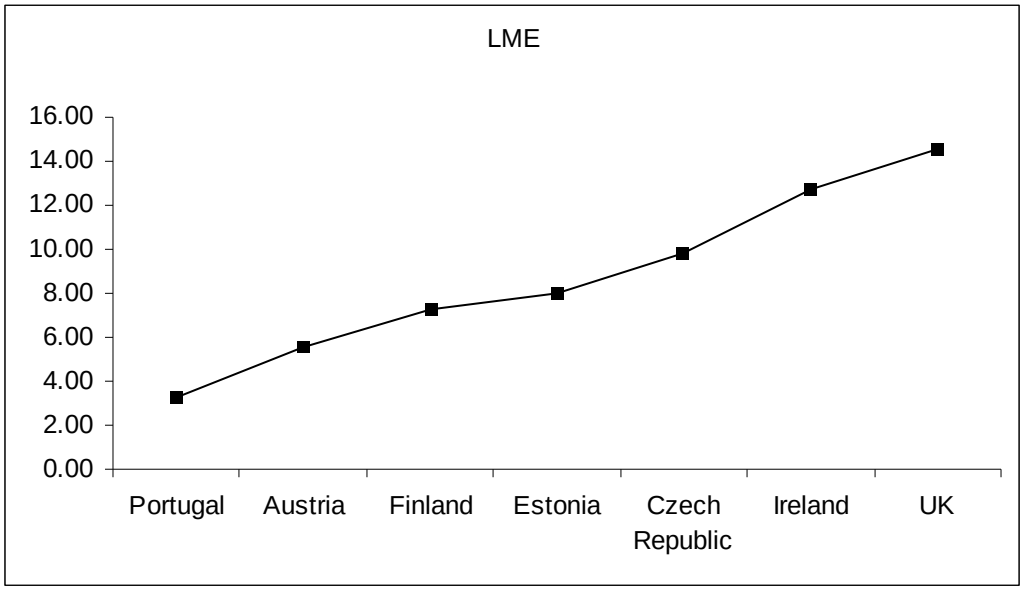
exclusion raises the odds on consistent poverty by a factor of 22. Maintaining the same reference category, the only country where this effect is weaker is Austria with a value of 20. This rises to 31 for Portugal and to 42 and 44 respectively for Ireland and the UK. A further increase then occurs to 51 for the Czech Republic and the highest value of 53 is associated with Estonia.

Figure 2B: Between Country Variation in the Level of Consistent Poverty by HRP Labour Market Exclusion on Consistent Poverty for HRP < 65 (odds ratios relative to HRP full-time employee in Finland).



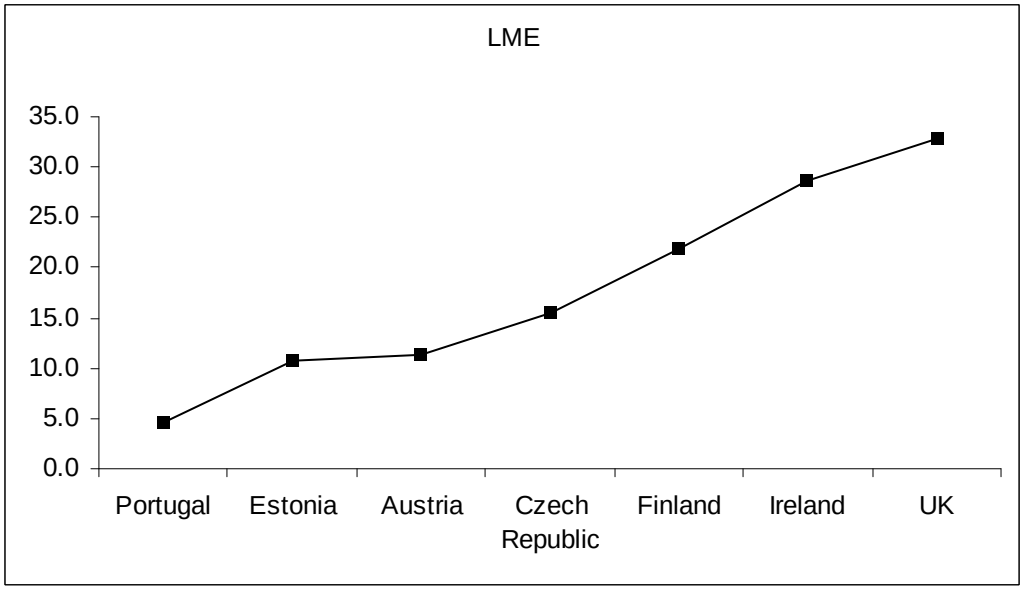
If instead of assessing countries on an overall continuum incorporating both within and between country variation, we concentrate on relativities within country for 'at risk of poverty' the pattern set out in Figure 2C emerges. The weakest relative impact of labour market exclusion occurs in Portugal where the odds on at risk of poverty' is 3 times higher for the excluded than for full-time employees. This rises to 6 for Austria, 7 for Finland, 8 for Estonia and 10 for the Czech Republic. The highest values of 13 and 15 are found for Ireland and the UK respectively.

Figure 2C: Cross-national Variation in the Within Country Impact of HRP Labour Market Exclusion on At Risk of Poverty for HRP < 65 (relative to HRP full-time employed in each country)



In Figure 2D we apply the relative within country perspective to consistent poverty with the full-time employees in each country serving as the benchmark. The weakest differential between full-time employees and those excluded from the labour market of less than 5 is observed for Portugal. This rises to 11 for Estonia and Austria to 15 for the Czech Republic. It then rises substantially to 22 for Finland. A further rise to 29 is observed for Ireland and finally to 33 for the UK.

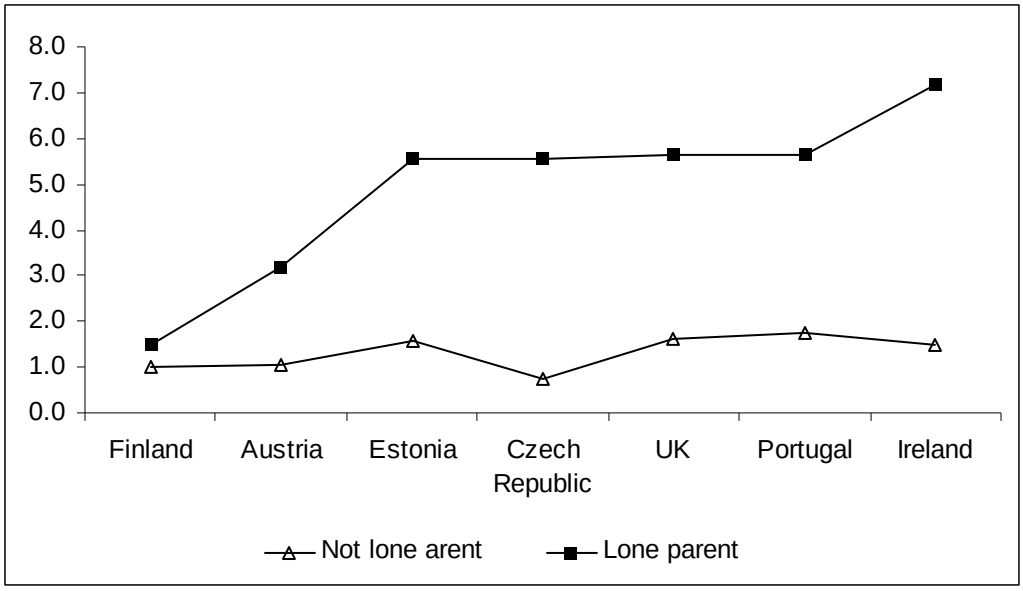
Figure 2D: Cross-national Variation in the Within Country Impact of HRP Labour Markey Exclusion on Consistent Poverty for HRP < 65 (relative to HRP full-time employed in each country)



HRP Lone Parenthood

In Figure 3A we look at the impact of HRP lone parenthood on 'at risk of poverty' relativities with HRPs other than lone parents as the reference category. Cross-national variation in poverty rates for those other than lone parents, with those in Finland constituting the reference category, is modest ranging from a level of 0.7 in the Czech Republic to a high of 1.7 in Portugal. Ireland occupies an intermediate position with a value of 1.5. Variation among lone parent HRPSs is a good deal sharper. By far the lowest value of 1.5 is observed in Finland. This rises to 3.2 for Austria. The UK, Portugal, the Czech Republic and Estonia have almost identical values of approximately 5.5. Finally the highest value of 7.2 is observed for Ireland.

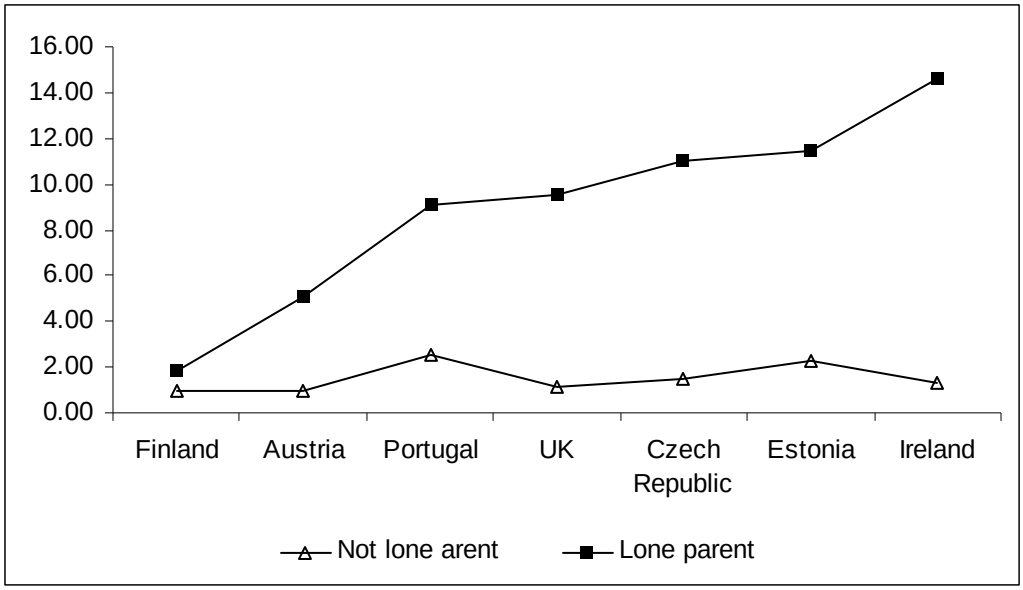
Figure 3A: Between Country Variation in the Level of 'At Risk of Poverty' by HRP Labour Parenthood on 'At Risk of Poverty' (odds ratios relative to non-lone parent HRPs in Finland).



Once again, as can bee seen from Figure 3B, the differentials are sharper for consistent poverty, although they remain relatively modest for those other than lone parents. The lowest value of 0.9 is observed for Austria and the highest outcome of 2.5 is associated with Portugal. Ireland again occupies an intermediate position with a value of 1.3. Lone parents in Finland again occupy a distinctively favourable position as reflected in an odds ratio of less than 2. Austria occupies the next most favourable position with a value of 5. The figure rises to approximately 9 for Portugal and the

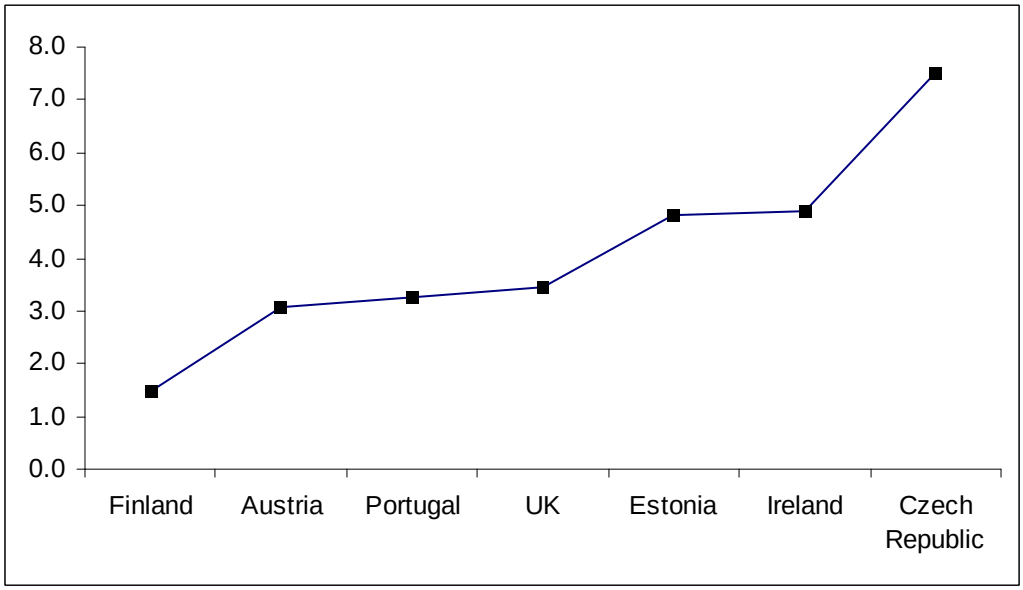
UK and 11 for the Czech Republic and Estonia. Finally the highest value of 15 is found for Ireland.

Figure 3B: Between Country Variation in the Level of Consistent Poverty by HRP Labour Parenthood on Consistent Poverty (odds ratios relative to non-lone parent HRPs in Finland



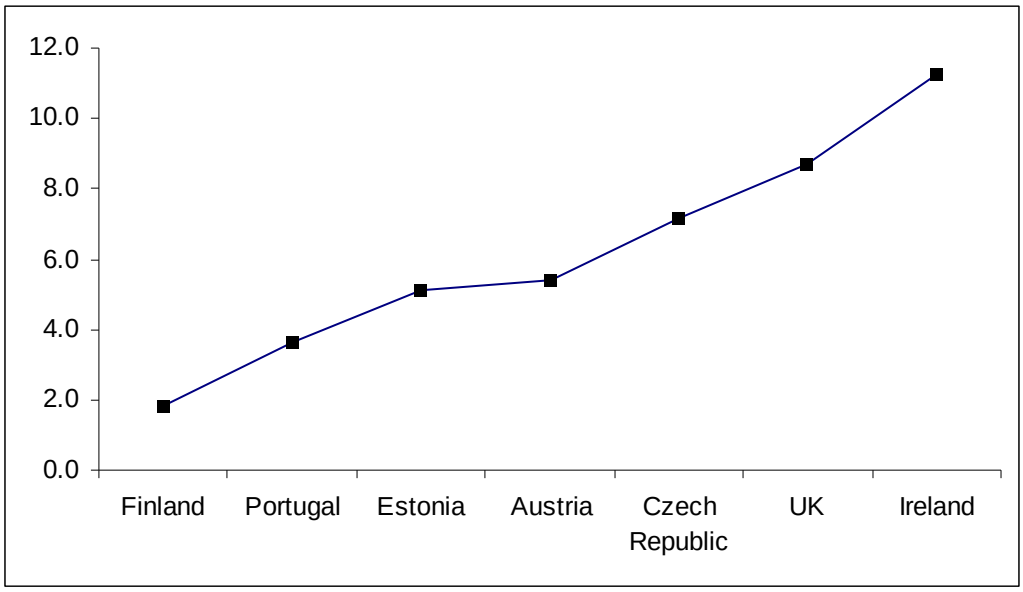
Adopting a within country perspective we can see from Figure 3C that the odds ratio rises from 1.5 in Finland to between 3.1 and 3.5 in Austria, Portugal, Estonia and the UK. It then rises to 4.9 and 7.5 for Ireland and the Czech Republic respectively.

Figure 3C: Cross-national Variation in the Within Country Impact of HRP Lone Parenthood on 'At Risk of Poverty' by HRP Lone Parenthood (odds ratios relative to non lone parent HRP in individual countries).



In Figure 3D we apply the within country perspective to the impact of HRP lone parenthood to consistent poverty. The impact of the HRP being a lone parent is sharper in the case of consistent poverty. The weakest effect of 1.8 relates to Finland. It is followed by Estonia with a level of 3.6. The UK and Portugal have similar values at 5.1 and 5.4 respectively. The Czech Republic and Austria have values of 7.2 and 8.7. Once again Ireland is found with the largest odds of 11.2. [9]

Figure 3D: Cross-national Variation in the Within Country Impact of HRP Lone Parenthood on Consistent Poverty (odds ratios relative to working age 18-64 in each country)



Conclusions

The starting point of this paper was the paradox that Ireland, despite having benefitted from a sustained economic boom, continues to perform badly in relation to the standard definition 'at risk of poverty' indicator. Having developed a consistent poverty measure, comparable to the Irish one that could be applied on a comparative European basis we found that, while in terms of absolute poverty levels the Irish situation improved significantly, in relation to the southern European and post-socialist countries this was not true with regard to the corporatist and social

[9] For both 'at risk of poverty' and consistent poverty controlling for HRP substantially reduces the impact of the HRP being alone parent, however, the effects continue to be significant.

democratic countries. As a consequence, Ireland's ranking among the 26 countries included in our analysis remained constant at 17th.

Controlling for cross-national variation in socio-demographic attributes contributes relatively little to explaining the occurrence of comparatively high poverty rates. Further analysis reveals that Ireland is distinctive not so much in terms of its levels of poverty but in terms of the patterns of socio-economic differentiation that characterise such levels.

The largest cross-national variation is observed in relation to HRP PES. Thus where the HRP is an employee the situation of individuals in Ireland is no less favourable than in any of the remaining countries involved in our comparison. In contrast, levels of 'at risk of poverty' for those excluded from the labour market are comparatively high in Ireland. Similar patterns are observed for consistent poverty although in every case socio-economic differentiation is greater for consistent poverty than for 'at risk of poverty'.

Our analysis distinguished between differences in levels of poverty between socio-economic groups across countries that are affected by both between and within country differences and relativities relating solely to within country differences but which may vary across country. Ireland appears at the higher end of the spectrum in terms of overall level of 'at risk of poverty' although somewhat below Estonia and the UK. It is also characterised by a high level of internal inequality between those individuals in households where the household reference person is excluded from the labour market and the reminder of the population. In this it closely resembles to the UK and only the Czech Republic displays a higher level of inequality. Ireland shares the distinctive pattern of high absolute and relative 'at risk of poverty' rates with the UK but in Ireland unemployment has a stronger effect than inactivity while in the UK the latter is true. In contrast for Finland, Austria and Portugal both effects are weak, although in the last case rates for full-time employees are significantly higher than for Ireland.

Focusing on consistent poverty we find that the impact of labour market exclusion is substantially greater than in the case of being 'at risk of poverty'. For those not excluded from the labour market, we find that, while the overall levels of poverty are a great deal lower that in relation to 'at risk of poverty,' the pattern of differentiation across countries is almost identical. However, for the labour market excluded a somewhat different pattern emerges with by far the highest levels of consistent poverty being observed for Estonia and the Czech Republic while Ireland and the UK now occupy intermediate positions. However, if we focus on the effect of labour market exclusion on within country relativities, Ireland remains at the upper end of the continuum although it is more favourably placed than the Czech Republic and in particular, the UK which is characterised by a striking level of disparity. The distinctive position of the UK stems primarily from the particularly strong impact of unemployment.

In relation to the HRP being a lone parent, Ireland shares with Estonia and, to a slightly lesser extent the UK and the Czech Republic, a profile that combines comparatively high levels of 'at risk of poverty' with distinctively sharp within country differentials between individuals in such lone parent households and all others.

The household reference person being a lone parent also has a stronger impact in the case of consistent poverty than in relation to 'at risk of poverty'. Ireland displays the highest level of consistent poverty for lone parents followed by Estonia and the Czech Republic. Within country relativities between those in lone parent households are also sharpest in Ireland, followed by the UK and the Czech Republic. In every case socio-economic differentiation proves to be sharper when we focus on consistent poverty. However, while shifting to such a perspective leads to an improvement in Irelands' relative position in relation to HRP PES differentials this is not true for the HRP being a lone parent. Thus, in relation to consistent poverty, Ireland represents the worst case scenario with regard to absolute and relative outcomes for individuals in lone parent households.

Overall it is clear that the distinctiveness of Ireland's situation lies not in the overall levels of poverty *per se* but in the very high penalties associated with being in

household where the household reference person is a lone parent or excluded from the labour market. Improving Ireland's relative position would seem to require reducing the number of household reference persons excluded from the labour market and, even more importantly, reducing the negative consequences associated with such exclusion and lone parenthood.

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Appendix

Table A1: Logistic Regression for At Risk of Poverty by HRP Labour Force Status and Country

	Odds Ratios	Odds Ratios	Odds Ratios
Finland (Ref. Cat.)	1.000	1.000	1.000
Austria	1.082 n.s	1.054 n.s	1.475
UK	1.817	1.852	1.378
Ireland	1.718	1.494	1.236 n.s
Portugal	1.767	2.039	3.011
Czech Republic	0.844*	0.858*	1.125 n.s
Estonia	1.736	2.061	2.086
Full-time Employed (Ref. Cat.)	1.000	1.000	1.000
Part-time		2.827	3.153
Retired		3.099	4.371
Inactive		7.017	4.304
Ill/Disabled		6.456	4.392
Unemployed		12.665	13.929
Retired*Austria			0.433
Retired*UK			1.241*
Retired*IE			0.944 n.s
Retired*PT			0.429
Retired*CZ			0.256
Retired*EE			0.808 n.s
Inactive*Austria			1.025 n.s
Inactive Employed* UK			3.409
Inactive Employed*IE			2.096**
Inactive Employed*PT			0.959 n.s
Inactive Employed* CZ			1.708*
Inactive Employed* EE			1.197 n.s
Ill*Austria			1.199 n.s
Ill*UK			2.206

Ill*IE			3.012
Ill *PT			0.722 n.s
Ill *CZ			0.879 n.s
Ill*EE			2.680
Unemployed *A			0.518**
Unemployed *UK			1.790*
Unemployed Employed*IE			1.822*
Unemployed Employed*PT			0.199
Unemployed Employed*CZ			1.251 n.s
Unemployed Employed*EE			0.732 n.s
Nagelkerke R Square	0.020	0.164	0.180
Reduction in log likelihood	1388.556	10,625.461	1300.437
Degrees of freedom	6	5	24
N	123,582	123,582	123,582

All significant at p<0.001 except ,** P< .01, *P < .1

Table A2: Logistic Regression for Consistent Poverty by HRP Labour Force Status and Country

	Odds Ratios	Odds Ratios	Odds Ratios
Finland (Ref. Cat.)	1.000	1.000	1.000
Austria	1.048 n.s	1.041 n.s	1.804**
UK	1.553	1.543	1.315 n.s
Ireland	1.941	1.498	1.435 n.s
Portugal	2.535	3.248	6.617
Czech Republic	1.743	1.934	3.196
Estonia	2.606	3.409	4.692
Full-time Employed (Ref. Cat.)	1.000	1.000	1.000
Part-time		4.409	5.184
Retired		2.675	5.176
Inactive		11.677	11.458
Ill/Disabled		10.985	12.943
Unemployed		22.152	39.359
Retired*Austria			0.431**
Retired*UK			0.424**
Retired*IE			0.562 n.s
Retired*PT			0.444
Retired*CZ			0.219
Retired*EE			0.719 n.s
Inactive*Austria			0.523 n.s
Inactive Employed* UK			2.804**
Inactive Employed*IE			1.608 n.s
Inactive Employed*PT			0.455*
Inactive Employed* CZ			0.937 n.s
Inactive Employed* EE			0.573 n.s
Ill*Austria			0.357 n.s
Ill*UK			1.524 n.s
Ill*IE			1.890 n.s
Ill *PT			0.340*
Ill *CZ			0.418*

Ill*EE			1.181 n.s
Unemployed *A			0.435*
Unemployed *UK			1.612 n.s
Unemployed Employed*IE			0.909 n.s
Unemployed Employed*PT			0.107
Unemployed Employed*CZ			0.709 n.s
Unemployed Employed*EE			0.357
Nagelkerke R Square	0.019	0.193	0.212
Reduction in log likelihood	837.123	8072.125	925.354
Degrees of freedom	6	5	24
N	123,582	123,582	123,582

All significant at p<0.001 except ,** P< .01, *P < .1

Table A3: Logistic Regression for At Risk of Poverty by HRP LME and Country

	Odds Ratios	Odds Ratios	Odds Ratios
Finland (Ref. Cat.)	1.000	1.000	1.000
Austria	1.271**	1.355	1.464
UK	1.916	1.863	1.379
Ireland	1.973	1.662	1.251 n.s
Portugal	1.850	2.554	2.946
Czech Republic	1.154*	1.301**	1.142
Estonia	1.825	2.292	2.177
Full-time Employed (Ref. Cat.)	1.000	1.000	1.000
Part-time		3.094	3.317
Labour Market Excluded LME)		8.648	7.277
LME*A			0.762 n.s
LME*UK			2.002
LME*IE			1.753**
LME*PT			0.454
LME*CZ			1.345*
LME*EE			1.096 n.s
Nagelkerke R Square	0.016	0.191	0.198
Reduction in log likelihood	823.699	9646.549	409.606
Degrees of freedom	6	2	6
N	93,540	93,540	93,540

All significant at p<0.001 except ,** P< .01, *P < .1

Table A4: Logistic Regression for Consistent Poverty by HRP LME and Country

	Odds Ratios	Odds Ratios	Odds Ratios
Finland (Ref. Cat.)	1.000	1.000	1.000
Austria	1.131 n.s	1.194 n.s	1.772**
UK	1.877	1.742	1.329 n.s
Ireland	2.271	1.797	1.448 n.s
Portugal	2.243	3.385	6.708
Czech Republic	2.081	2.548	3.271
Estonia	2.430	3.240	4.923
Full-time Employed (Ref. Cat.)			
Part-time		4.639	5.674
Labour Market Excluded LME)		15.113	21.849
LME*A			0.522*
LME*UK			1.503*
LME*IE			1.310 n.s
LME*PT			0.213
LME*CZ			0.707 n.s
LME*EE			0.496**
Nagelkerke R Square	0.016	0.229	0.239
Reduction in log likelihood	572.031	7781.988	376.808
Degrees of freedom	6	2	6
N	93,540	93,540	93,540

All significant at p<0.001 except ,** P< .01, *P < .1

Table A5: Logistic Regression for At Risk of Poverty by HRP Lone Parent HRP and Country

	Odds Ratios	Odds Ratios	Odds Ratios
Finland (Ref. Cat.)	1.000	1.000	1.000
Austria	1.082 n.s	1.097 n.s	1.033 n.s
UK	1.817	1.747	1.629
Ireland	1.718	1.652	1.471
Portugal	1.767	1.854	1.733
Czech Republic	0.844*	0.857 *	0.739
Estonia	1.736	1.704	1.587
Lone Parent		3.451	1.471*
Austria*LP			2.086**
UK*LP			2.347
Ireland*LP			3.316
Portugal*LP			2.209**
Czech Republic*LP			5.105
Estonia*LP			2.370
Nagelkerke R Square	0.020	0.046	0.049
Reduction in log likelihood	1388.556	1852.252	255.179
Degrees of freedom	6	1	6
N	123,582	123,582	123,582

All significant at p<0.001 except ,** P< .01, *P < .1

Table A6: Logistic Regression for Consistent Poverty by HRP Lone Parent HRP and Country

	Odds Ratios	Odds Ratios	Odds Ratios
Finland (Ref. Cat.)	1.000	1.000	1.000
Austria	1.048 n.s	1.079 n.s	0.940 n.s
UK	1.553	1.416	1.094 n.s
Ireland	1.941	1.794	1.297*
Portugal	2.535	2.822	2.497
Czech Republic	1.743	1.830	1.530
Estonia	2.606	2.545	2.245
Lone Parent		6.105	1.841**
Austria*LP			2.920**
UK*LP			4.737
Ireland*LP			6.109
Portugal*LP			1.977*
Czech*Republic*LP			3.903
Estonia*LP			2.773
Nagelkerke R Square	0.019	0.073	0.079
Reduction in log likelihood	837.1	2,464.2	252.8
Degrees of freedom	6	1	6
N	123,582	123,582	123,582

All significant at p<0.001 except ,** P< .01, *P < .1

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