



# GINI

## MATERIAL DEPRIVATION IN EUROPE

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# Material Deprivation in Europe

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# 1. Introduction

Most research on poverty in Europe employs income to distinguish the poor, with a great deal of research and debate on how best to establish an income cut-off – examples from a very large literature include Atkinson, Rainwater and Smeeding (1995) and the OECD’s recent comparative studies *Growing Unequal* (2008) and *Divided We Stand* (2011). In parallel, though, non-monetary indicators of living standards and deprivation have also been developed and investigated, notably in Townsend’s (1979) pioneering work using them to derive and validate an income poverty threshold, and Mack and Lansley’s (1985) attempt to directly identify those experiencing exclusion in Britain. Since then an extensive research literature on measures of material deprivation in OECD countries has grown up, with the valuable review by Boarini and Mira d’Ercole (2006) listing over a hundred studies. A much more limited set of studies employs non-monetary indicators to capture and analyse poverty and exclusion in a comparative perspective, in particular the countries of the European Union (EU) before and after enlargement (This research is reviewed, and a full set of references given, in Nolan and Whelan, 2011, Chapter 2). These rely on indicators from the European Community Household Panel Survey (ECHP) organised by Eurostat and carried out in most of the (then) EU member states from the mid-1990s to 2001, and from the EU-Statistics on Income and Living Conditions (EU-SILC) data-gathering framework which replaced the ECHP.

Along with individual European countries, the European Union as a whole has been grappling with how best to learn from research and incorporate a multidimensional perspective into policy design and the monitoring of outcomes. The EU’s Social Inclusion process has at its core a set of indicators designed to monitor progress and support mutual learning that is explicitly and designedly multidimensional. The original set of 18 common indicators endorsed by the 2001 Laeken European Council (see Atkinson et al, 2002, Marlier et al, 2007) relied heavily on information about income and labour force status where comparative data was already relatively well developed, but recommended that a significant investment should be made in developing non-monetary indicators in a comparative context for use in the EU monitoring process. The expansion of the EU from 2004 added significant impetus. Differences in average income per head from richest to poorest member states were now very much wider than before, so that relative poverty thresholds in the more affluent member states were above average income in the poorest member states, while those below the threshold in some rich countries have higher standards of living than the well-off in some of the poorer ones. This helped to motivate interest in the potential of non-monetary indicators as a complement to purely relative income-based poverty measures (see for instance Guio and Marlier, 2004, Marlier et al, 2007).

Research using the non-monetary indicators available from EU-SILC helped to underpin this evolution, notably Whelan and Maître, (2005a, b, c), Nolan and Whelan, (2007), Guio (2005), Guio and Museux (2006), Guio and Maquet (2006), Guio (2009), Guio, Fusco and Marlier (2009) (for a review see Nolan and Whelan (2011) Chapter 3). In 2009, two new indicators of material deprivation were added to the social inclusion portfolio: the “Material deprivation rate” as a primary indicator and the “Depth of deprivation” as a secondary indicator (see EU Commission, 2009). New indicators relating to housing were also adopted.<sup>1</sup> Here our focus is on the material deprivation rate, and the way in which this is constructed is described in the next section. Further development is planned as data become available, with the set of non-monetary deprivation items included in EU-SILC being reconsidered in the light of the results of a special module on material deprivation included in the 2009 round, together with a specific indicator for children. The rationale advanced for adopting the material deprivation indicators is worth setting out:

- Some of those on low income in terms of the at-risk-of-poverty measure might have significant savings, access to credit or other sources, whereas the material deprivation measure captures those unable to afford the items it includes;
- Moreover, by measuring deprivation using a threshold and list of items that are common to all Member States, the material deprivation is more sensitive to differences in living standards across countries than the poverty risk rate with its nationally defined poverty threshold.

Strikingly, when in 2010 the EU adopted the “Europe 2020” strategy for jobs and growth, which included a poverty reduction target among the five headline targets set for 2020, it framed the target population as those:

- Below the 60% of national median threshold relative income threshold, and/or;
- Above the material deprivation threshold, and/or;
- In a jobless household.

A total of 23% of EU citizens were at risk of poverty and social exclusion in 2010, measured in this fashion – significantly more than the 16% simply below the ‘headline’ relative income threshold (see Nolan and Whelan, 2011). So direct measures of material deprivation have now come to play a key role in framing the target against which the EU’s efforts to tackle poverty and exclusion will be judged.

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<sup>1</sup> Housing deprivation is calculated by referring to households with: a leaking roof; no bath/shower; no indoor toilet; or a dwelling considered too dark.





This makes it all the more important to investigate the key drivers of material deprivation in a comparative context. The role of growth (or decline) in average income in underpinning changes in levels of material deprivation is of particular interest, especially in the context of the economic crisis and its impact on income levels. From the perspective of the GINI research project, though, the main focus of attention is on the relationship, if any, between material deprivation and income inequality; it may well be that the distribution of income, in addition to its mean level, has to be incorporated in order to account for variation in deprivation, and this would be significant from a policy perspective if it were established. The aim of this paper is to use the available data across countries and over time from EU-SILC to pursue this investigation, focusing directly on the measure of material deprivation now included in the EU's set of common indicators.





## 2. Data and measurement issues

### 2.1. The EU material deprivation indicator

The material deprivation rate, adopted as a primary Social Inclusion indicator by the EU in 2009, is measured as the percentage of the population living in households that could not afford at least three of the following nine items:

- i. to pay rent or utility bills;
- ii. keep home adequately warm;
- iii. face unexpected expenses;
- iv. eat meat, fish or a protein equivalent every second day;
- v. a week's holiday away from home;
- vi. a car;
- vii. a washing machine;
- viii. a colour TV;
- ix. a telephone.

The depth of deprivation (secondary) indicator is then constructed as the average number of these items lacked by those reporting some deprivation. This set of items was selected on the basis of analyses of the broader set included in EU-SILC, notably that carried out for Eurostat by Guio (2009), which identified these items as a distinct 'economic strain and durables' dimension. Alternative groupings of deprivation items and indices have been proposed, and the way those indices vary across persons and the underlying factors at work have been explored in some detail using microdata from EU-SILC (see Whelan and Maître, 2007, 2010a, 2010b, Whelan, Nolan and Maître, 2008, Nolan and Whelan, 2010, 2011), but here our focus is on the indicator adopted by the EU on which aggregate country-level figures are now produced by Eurostat on a regular basis, and on analysis of how these aggregate deprivation rates vary across countries and over time.

Before turning to those data, it is worth noting that while the EU's 2020 target in relation to social inclusion employs the same set of items to capture material deprivation, it sets a higher threshold on the index: whereas the original common indicator employed a threshold of 3 to distinguish those to be counted as deprived, this element in the target counts only those reporting at least 4 out of 9 as deprived. The rationale for doing so was not clearly articulated, and this reduces the percentage of persons across the EU measured as experiencing material depriva-

tion by about half - with the most recent data, from about 17% to 8%. The indicator with this higher threshold is now also produced by Eurostat, labelled as 'severe material deprivation'.

Focusing on the data, Eurostat regularly produces figures for the full set of indicators used to monitor progress on social inclusion and social protection and the Europe 2020 indicators. The main tables available on the Eurostat website include the material deprivation rate by sex and by age group, the depth of material deprivation, and the percentage of severely materially deprived people.<sup>2</sup> Data, through EU-SILC, is generally available from 2004 or 2005 to (currently) 2010, and covers the 27 countries of the EU plus Iceland, Norway, Switzerland and Croatia. Here our analysis concentrates on the material deprivation rate (with a threshold of 3), and explores the nature of its variation across countries and over time in the EU27 member states.

## 2.2. Macro-level explanatory variables

From the perspective of the GINI project, the main focus of attention is on the relationship, if any, between material deprivation and income inequality; for this purpose we can employ the most widely-used summary measure of income inequality, the Gini coefficient, which is also included in the EU's social inclusion indicators set and produced by Eurostat from EU-SILC in the same database. Median income<sup>3</sup> in the country in question is also included in that database and is another potentially critical explanatory variable. We also include the 'at risk of poverty' rate (the proportion with equivalised income falling below a threshold set at 60% of median income in the country) and the level of joblessness at the household level. As the income-related variables in the survey relate (for the most part) to the preceding calendar year, we take account of this in our analysis.

Anonymised micro-data from EU-SILC are available to researchers and, as already noted, a number of studies have employed these in a cross-sectional analysis of variation in levels of deprivation across persons and the underlying factors at work, which may include the nature of country-level effects if any reflecting for example the welfare 'regime' to which a country belongs or its level of social spending (Capellari and Jenkins, 2007, Nolan and Whelan 2007, 2010, 2011, Figari, 2010). Here instead we make use of the fact that country-level indicators have now become available for many countries for a span of 6 or 7 years (2004-2010) covering often dramatic changes in the macroeconomy to carry out an analysis of how aggregate deprivation rates vary across countries and over time. We first present some descriptive analysis in Section 3, before moving onto multivariate analysis in Section 4 employing a fixed effects regression model, suitable for analysis of 27 countries over repeated time points.

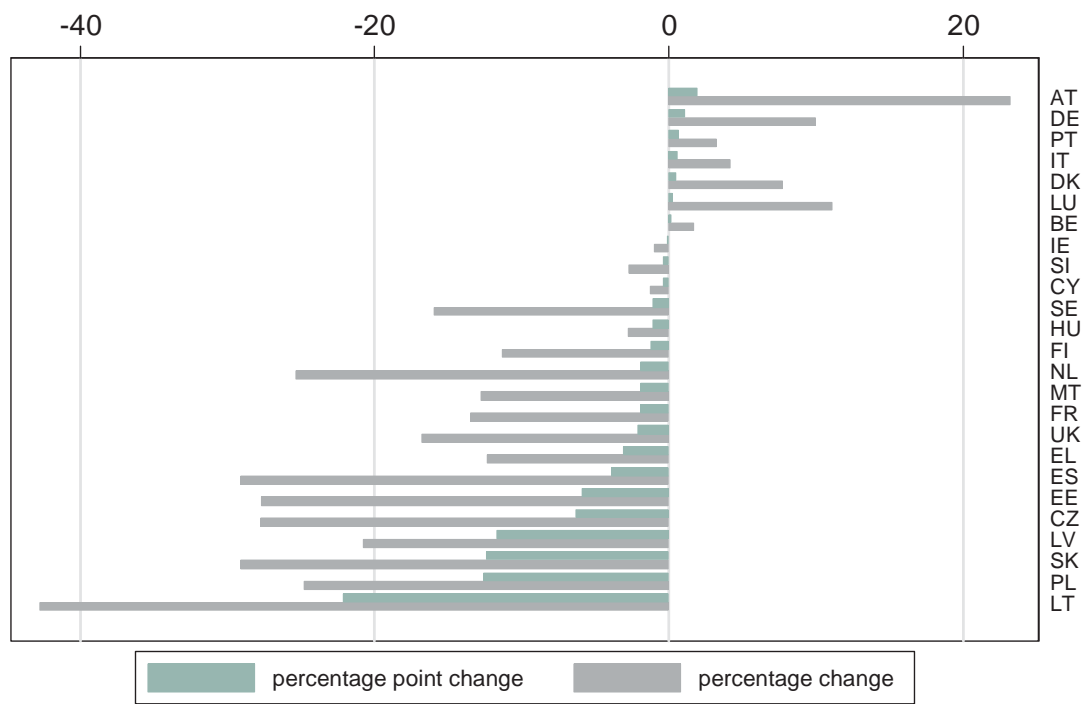
<sup>2</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/income\\_social\\_inclusion\\_living\\_conditions/data/main\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/main_tables)

<sup>3</sup> Our analysis adopts the measurement of median income in PPP for comparative purposes, adjusted for inflation. In the models, we divide by a thousand for ease of interpretation of the coefficients.

### 3. Patterns of material deprivation across countries and over time

Owing to the dramatic economic changes brought about by the recent recession, we divide the total time span under study (2004 – 2010) into two distinct time periods for our descriptive analysis. We first look at the change in material deprivation rates between 2004 and 2007 and then between 2007 and 2010 separately. Figure 1 shows the change in the material deprivation rate between 2004 and 2007 in terms of both percentage point and percentage change. As the graph shows, it is mainly the countries joining the EU from 2004, with high rates of material deprivation compared to the rest of the EU, which saw quite significant decreases in their material deprivation rate between these two time points. However, there were also slight declines elsewhere, including France and the UK. A minority of other countries saw their material deprivation rates increase over this time period, for example, Austria and Germany. Other countries, such as Ireland and Belgium, saw no real change in their rates of material deprivation over this period.

Figure 1 Change in material deprivation rate over time, 2004 – 2007

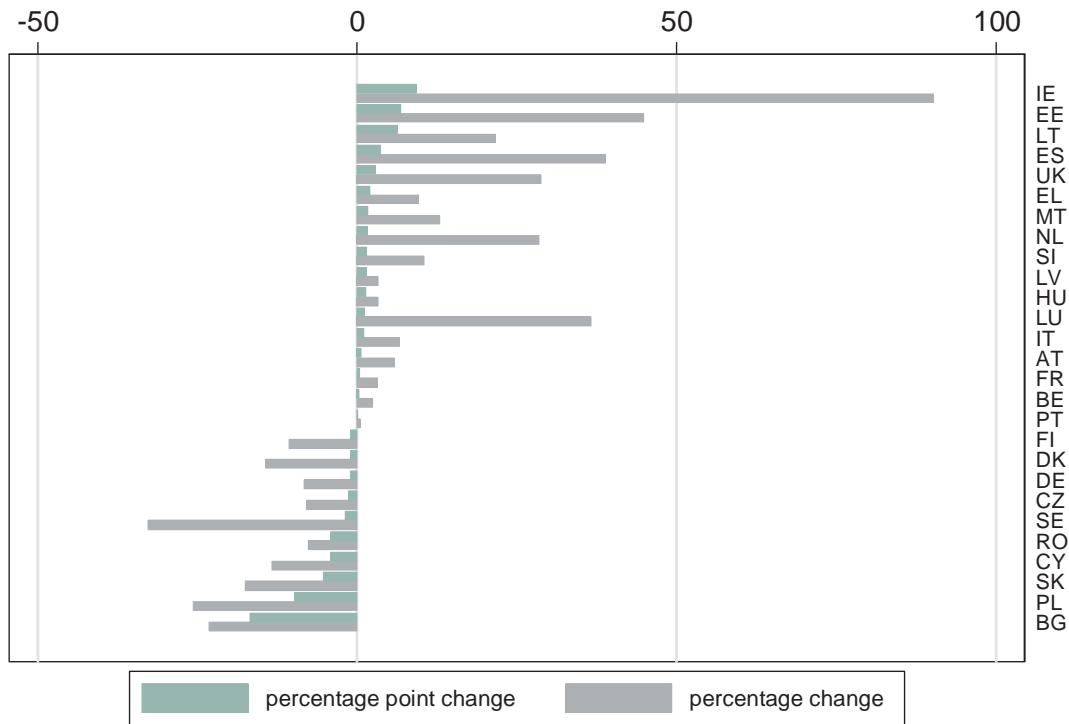


Notes: 2005 Material deprivation data is used for countries missing for 2004.

Moving on to the 2007-2010 period, when the economic crisis impacted so markedly (though unevenly) on economic activity across the Union, the picture is much more mixed (Figure 2). A considerable number of countries now saw their material deprivation rate increase, most notably Ireland where the rate doubled from 10% in

2007 to just under 20% in 2010. Some of the new member states, Estonia and Lithuania, also saw a significant increase in deprivation over those years. However, in some other new member states there were substantial declines in deprivation between 2007 and 2010 despite the changed economic climate, including Bulgaria, Poland, Slovakia and Romania.

Figure 2 Change in material deprivation rate over time, 2007 – 2010

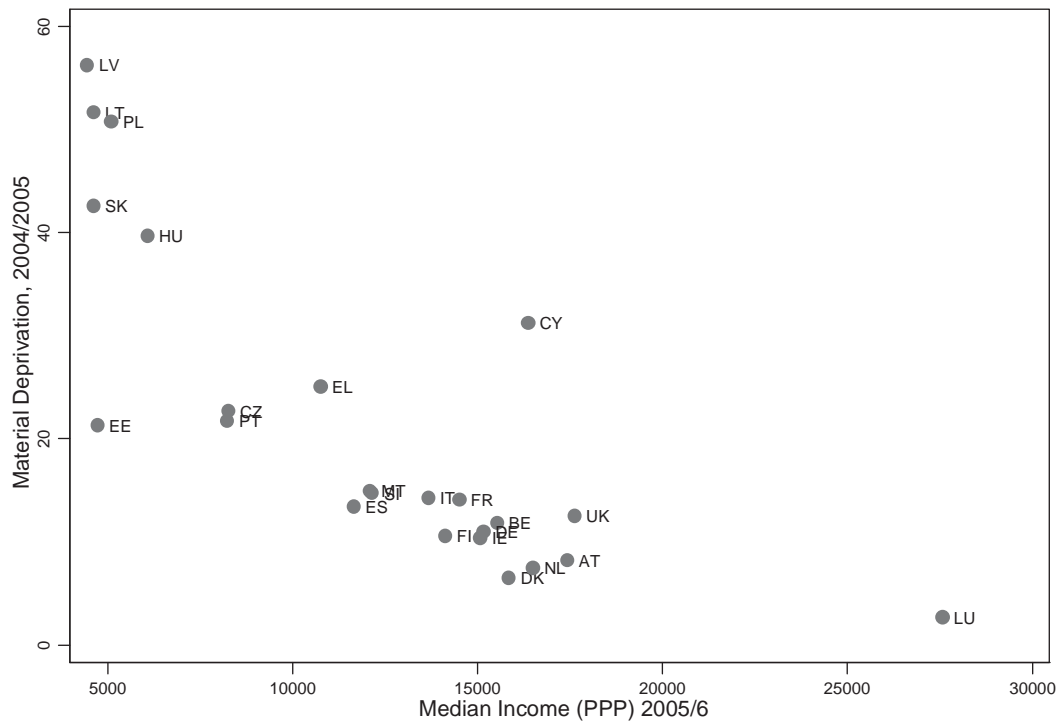


The relationship between material deprivation at the macro-level and the level of median income is clearly particularly relevant over this period. Figure 3 shows the relationship between material deprivation and median income at the outset. (Income measured in the survey relates to the preceding calendar year whereas material deprivation relates to the point of interview, so we compare deprivation in the 2004 survey with income reported in 2005; where deprivation data for 2004 are missing, we compare 2005 deprivation with income reported in 2006). As one might expect, there appears to be a negative relationship: in countries with higher levels of income, we



generally see a lower rate of material deprivation, with Luxembourg having the highest level of median income and the lowest rate of material deprivation.

Figure 3 Material deprivation & median income



Notes: 2005 Material deprivation data is used for countries missing for 2004.







## 4. Drivers of material deprivation

In addition to the relationship between income and material deprivation, from the perspective of the GINI project the relationship, if any, between material deprivation and income inequality is of central interest; does the distribution of income also need to be taken into account to explain the variation in deprivation across countries and over time? We now investigate these relationships via multivariate regression with the material deprivation rate as the dependent variable. In addition to median income (in PPP terms) and the Gini summary measure of income inequality, other explanatory variables that could play a role and are included in the analysis are the ‘at risk of poverty’ rate (60% median income threshold) and the level of household joblessness in the country at the point in time.

Table 1 presents the estimation results for a variety of fixed effects regression models. Model 1 includes only median income as an explanatory variable. We can see that for every one unit increase in median income there is a corresponding statistically significant decrease in the rate of material deprivation.<sup>4</sup> The Gini coefficient is also entered in Model 2, and is positively associated with material deprivation. The coefficient for median income falls slightly but remains statistically significant. Model 3 adds the ‘at risk of poverty’ rate while Model 4 also includes the level of household joblessness; neither is significantly related to the level of material deprivation (at conventional levels of statistical significance), while the summary inequality measure remains significant. Thus, controlling for income, an increase in the level of income inequality is associated with an increase in material deprivation.

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<sup>4</sup> For ease of interpretation we divide median income by one thousand, so a one unit increase in the coefficient on this coefficient refers to an increase of one thousandth of a PPP unit.

Table 1 Regression of material deprivation (fixed effects)

	1			2			3			4		
	B		SE	B		SE	B		SE	B		SE
<b>MEDIAN INCOME, PPP (000s)</b>	-2.42	***	0.520	-2.35	***	0.512	-2.14	***	0.528	-2.49	***	0.629
<b>GINI</b>				0.60	**	0.273	0.88	***	0.329	0.95	***	0.362
<b>AT RISK OF POVERTY RATE</b>							-0.67		0.447	-0.87	*	0.507
<b>JOBLESSNESS RATE</b>										-0.19		0.402
<b>CONSTANT</b>	48.81	***	6.266	30.25	***	10.463	30.05	***	10.409	36.97	***	12.477
<b>N</b>	145			145			145			140		
<b>R-SQUARED</b>	0.16			0.19			0.21			0.22		
<b>NUMBER OF COUNTRIES</b>	27			27			27			27		

## Notes

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

The differences in material deprivation across countries, after controlling for these covariates, are of some interest in themselves, and the estimated country dummies are presented in Table 2. After taking account of median income, Gini, the “at risk of poverty” rate and joblessness, the countries with higher rates of material deprivation than the model would predict (relative to the omitted reference country Austria) include Cyprus and Bulgaria, and to a lesser extent, Luxembourg; on the other hand, as also illustrated in Figure 4, Estonia, the Czech Republic and Portugal have lower levels of material deprivation than would be expected on the basis of their values on those explanatory variables.



Table 2 Regression with country dummies (Table 1, Model 4): country coefficients presented only<sup>ψ</sup>

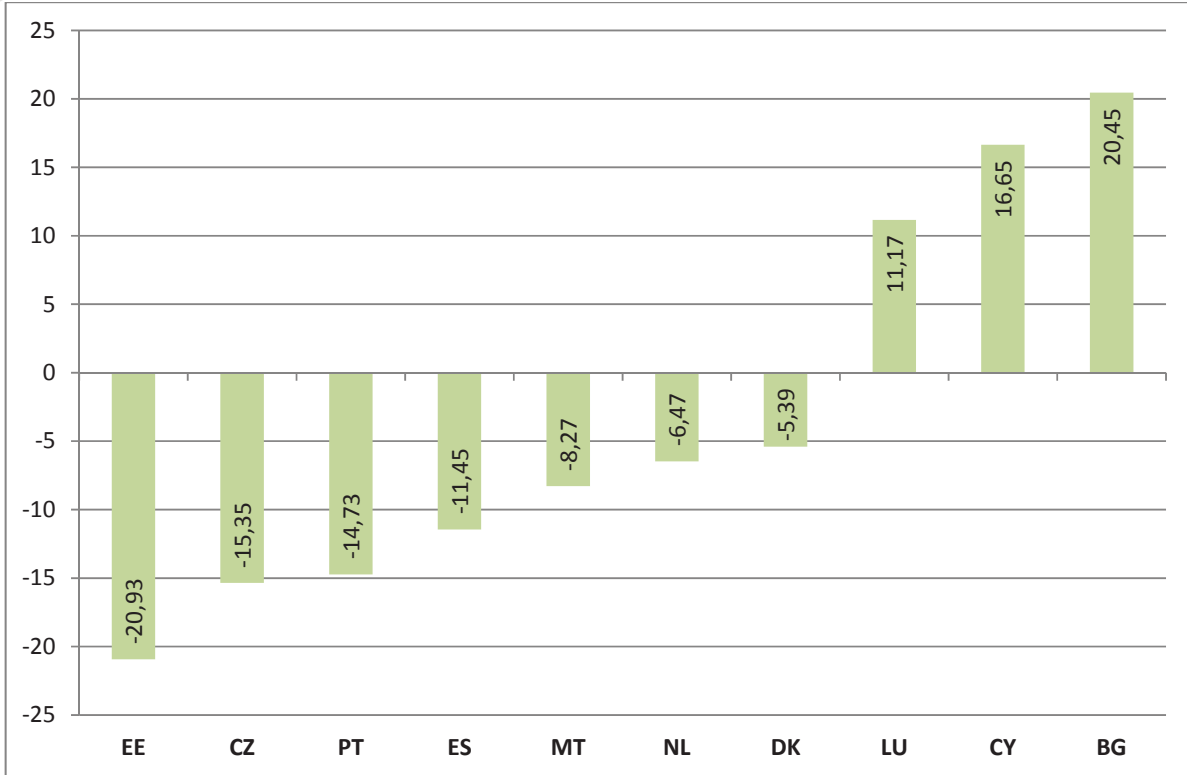
	<b>B</b>	
REF: AUSTRIA		
BELGIUM	-0.09	
<b>BULGARIA</b>	<b>20.45</b>	<b>**</b>
<b>CYPRUS</b>	<b>16.65</b>	<b>***</b>
<b>CZECH REPUBLIC</b>	<b>-15.35</b>	<b>**</b>
<b>DENMARK</b>	<b>-5.39</b>	<b>**</b>
<b>ESTONIA</b>	<b>-20.93</b>	<b>***</b>
FINLAND	-4.49	*
FRANCE	-2.65	
GERMANY	-0.59	
GREECE	-3.02	
HUNGARY	0.56	
IRELAND	-1.72	
ITALY	-3.31	
LATVIA	2.9	
LITHUANIA	-7.37	
<b>LUXEMBOURG</b>	<b>11.17</b>	<b>**</b>
<b>MALTA</b>	<b>-8.27</b>	<b>**</b>
<b>NETHERLANDS</b>	<b>-6.47</b>	<b>**</b>
POLAND	0.72	
<b>PORTUGAL</b>	<b>-14.73</b>	<b>**</b>
ROMANIA	5.42	
SLOVAKIA	-5.75	
SLOVENIA	-5.51	
<b>SPAIN</b>	<b>-11.45</b>	<b>**</b>
SWEDEN	-4.11	
UK	-1.88	

Notes

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

<sup>ψ</sup> This model controls for all covariates listed in Table 1, Model 4.

Figure 4 Significant country coefficients for Table 1, Model 4 (ref= Austria)



While the final model in Table 1 indicates that median income and the level of inequality both affect the rate of material deprivation at an aggregate level, it may also be the case that the effect of inequality on material deprivation differs according to the level of median income in the country. To test this we first simply split the sample of countries into three groups by level of median income (low, medium and high), on the basis of their ranking by median income averaged over the entire time period, and estimate the full model for each group separately. The results in Table 3 show that the Gini coefficient is then statistically significant only in low income countries (and only modestly so even there).



*Table 3 Regression of Material Deprivation by low/medium/high income countries (fixed effects),*

	LOW INCOME		MEDIUM INCOME		HIGH INCOME			
	B	SE	B	SE	B	SE		
<b>MEDIAN INCOME, PPP (000s)</b>	-10.99	***	1.63	-0.46	0.41	0.13	0.42	
<b>GINI</b>	1.19	*	0.64	0.03	0.20	0.30	0.39	
<b>AT RISK OF POVERTY RATE</b>	-1.15		0.90	-0.22	0.37	-0.38	0.46	
<b>JOBLESSNESS RATE</b>	-2.35	***	0.72	0.32	0.24	0.53	0.47	
<b>CONSTANT</b>	99.27	***	19.97	20.66	**	8.40	1.10	12.25
<b>N</b>	43		52		45			
<b>R-SQUARED</b>	0.66		0.13		0.11			
<b>NUMBER OF COUNTRIES</b>	9		9		9			

Rather than splitting the sample and losing statistical power, a more satisfactory approach is to include an interaction term in the model estimated over the full sample. The results in Table 4 show that this interaction term is significant and negative, so the impact of inequality on deprivation decreases as median income increases. For ease of interpretation, the continuous variables included in the interaction are centred, so the coefficient of 0.64 on the Gini inequality measure indicates its effect when median income is at its mean.

*Table 4 Regression of material deprivation, with centred interaction (fixed effects)*

	1		
	B		SE
<b>MEDIAN INCOME (PPP, 000s), CENTRED</b>	-2.48	***	0.62
<b>GINI, CENTRED</b>	0.64	*	0.39
<b>AT RISK OF POVERTY RATE</b>	-0.86	*	0.50
<b>JOBLESSNESS RATE</b>	-0.24		0.40
<b>GINI*MEDIAN INCOME, CENTRED</b>	-0.10	**	0.05
<b>CONSTANT</b>	34.93	***	9.67
<b>N</b>	140		
<b>R-SQUARED</b>	0.25		
<b>NUMBER OF COUNTRIES</b>	27		

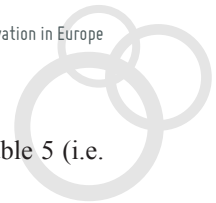
*Notes*\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ 

In exploring elaborations of the model that might be of interest, one extension is to look at including the level of material deprivation in the preceding year as an independent variable, to capture lagged effects. As the results in Table 5 indicate, the level of material deprivation in the previous year is a strong predictor of the level of material deprivation this year, and – strikingly – median income is no longer significant. However, even in that case the Gini inequality measure remains (weakly) significant.

*Table 5 Regression of material deprivation, with interaction (centred) and lagged material deprivation (fixed effects)*

	1		
	B		SE
<b>MEDIAN INCOME (PPP, 000s), CENTRED</b>	-0.28		0.510
<b>GINI, CENTRED</b>	0.49	*	0.276
<b>AT RISK OF POVERTY RATE</b>	-1.11	***	0.336
<b>JOBLESSNESS RATE</b>	0.69	**	0.284
<b>GINI*MEDIAN INCOME, CENTRED</b>	-0.08	*	0.040
<b>MATERIAL DEPRIVATION (LAGGED)</b>	0.61	***	0.057
<b>CONSTANT</b>	17.93	**	7.120
<b>N</b>	114		
<b>R-SQUARED</b>	0.66		
<b>NUMBER OF COUNTRIES</b>	27		

*Notes*\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$



Finally, the remaining country differences after taking account of all the covariates included in Table 5 (i.e. including the deprivation rate last year) are once again of interest, so Table 6 shows the country coefficients with the statistically significant ones ( $p < 0.05$ ) highlighted in bold. Bulgaria and Cyprus still have higher levels of material deprivation (than would be expected, while the opposite is the case for the Netherlands).

*Table 6 Regression with country dummies (Table 5, Model 1): country coefficients presented only<sup>u</sup>*

REF: AUSTRIA	B	
BELGIUM	-0.85	
<b>BULGARIA</b>	<b>15.72</b>	<b>**</b>
<b>CYPRUS</b>	<b>10.16</b>	<b>***</b>
CZECH REPUBLIC	-1.09	
DENMARK	-2.01	
ESTONIA	3.05	
FINLAND	-1.26	
FRANCE	-0.92	
GERMANY	2.19	
GREECE	8.15	*
HUNGARY	8.58	
IRELAND	3.90	*
ITALY	5.45	*
LATVIA	10.83	
LITHUANIA	2.12	
LUXEMBOURG	0.15	
MALTA	2.93	
<b>NETHERLANDS</b>	<b>-3.87</b>	<b>**</b>
POLAND	3.98	
PORTUGAL	4.17	
ROMANIA	12.27	
SLOVAKIA	3.64	
SLOVENIA	3.15	
SPAIN	4.82	
SWEDEN	-4.10	
UK	2.19	

*Notes*

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

<sup>u</sup> This model controls for all covariates listed in Table 5, Model 1.





## 5. Conclusions

Non-monetary indicators of deprivation are now increasingly being used to capture and analyse poverty and exclusion in a comparative perspective, are now included in the European Union's set of social inclusion indicators, and make up one of the three elements used in framing the Union's target for reducing poverty and social exclusion by 2010. Data from the EU-Statistics on Income and Living Conditions (EU-SILC) now allow material deprivation to be measured on a consistent basis from 2004 or 2005 (for most member states) to 2010. Here these data have been used to investigate the key drivers of material deprivation across countries and over time, with a particular focus on the role of growth (or decline) in average income and the relationship, if any, between material deprivation and income inequality.

Over the period between 2004 and 2007, when economic growth was generally strong, many of the countries joining the EU from 2004, with high rates of material deprivation compared to the rest of the EU, saw quite significant decreases in their material deprivation rates. From 2007-2010, when the economic crisis impacted so markedly (though unevenly) on economic activity across the Union, the picture was much more mixed. A considerable number of countries saw their material deprivation rate increase, most notably Ireland where the rate doubled. Some of the new member states, Estonia and Lithuania, also saw a significant increase in deprivation over those years. However, in some other new member states there were substantial declines in deprivation between 2007 and 2010 despite the changed economic climate, including Bulgaria, Poland, Slovakia and Romania.

Multivariate analysis of the pooled cross-sectional and time-series data via fixed effects regression models showed that median income has a substantial role to play in explaining variation in the rate of material deprivation, as might be expected. However, the Gini summary measure of income inequality was also seen to be statistically significant and positively associated with material deprivation, in a model that includes it with median income as explanatory variables, and in an expanded model that also includes the 'at risk of poverty' and household joblessness rates. Thus, controlling for median income, an increase in the level of income inequality is associated with an increase in material deprivation. After taking account of median income, income inequality, the "at risk of poverty" rate and joblessness, countries with higher rates of material deprivation than the model would predict include Cyprus and Bulgaria, and to a lesser extent, Luxembourg; on the other hand, Estonia, the Czech Republic and Portugal have lower levels of material deprivation than would be expected on the basis of their values on those explanatory variables. When an interaction between median income and income inequality is added to the model it is significant and negative, suggesting that the impact of inequality on deprivation decreases as median income

increases. With some evidence that inequality may have an impact on deprivation even over such a short period with a limited number of observations to analyse, this suggests that further investigation of this relationship and the channels of influence through which it might work, on a country-by-country basis, is warranted.



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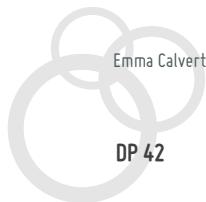
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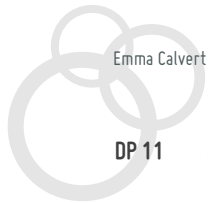
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# Information on the GINI project

## Aims

The core objective of GINI is to deliver important new answers to questions of great interest to European societies: What are the social, cultural and political impacts that increasing inequalities in income, wealth and education may have? For the answers, GINI combines an interdisciplinary analysis that draws on economics, sociology, political science and health studies, with improved methodologies, uniform measurement, wide country coverage, a clear policy dimension and broad dissemination.

Methodologically, GINI aims to:

- exploit differences between and within 29 countries in inequality levels and trends for understanding the impacts and teasing out implications for policy and institutions,
- elaborate on the effects of both individual distributional positions and aggregate inequalities, and
- allow for feedback from impacts to inequality in a two-way causality approach.

The project operates in a framework of policy-oriented debate and international comparisons across all EU countries (except Cyprus and Malta), the USA, Japan, Canada and Australia.

## Inequality Impacts and Analysis

Social impacts of inequality include educational access and achievement, individual employment opportunities and labour market behaviour, household joblessness, living standards and deprivation, family and household formation/breakdown, housing and intergenerational social mobility, individual health and life expectancy, and social cohesion versus polarisation. Underlying long-term trends, the economic cycle and the current financial and economic crisis will be incorporated. Politico-cultural impacts investigated are: Do increasing income/educational inequalities widen cultural and political 'distances', alienating people from politics, globalisation and European integration? Do they affect individuals' participation and general social trust? Is acceptance of inequality and policies of redistribution affected by inequality itself? What effects do political systems (coalitions/winner-takes-all) have? Finally, it focuses on costs and benefits of policies limiting income inequality and its efficiency for mitigating other inequalities (health, housing, education and opportunity), and addresses the question what contributions policy making itself may have made to the growth of inequalities.

## Support and Activities

The project receives EU research support to the amount of Euro 2.7 million. The work will result in four main reports and a final report, some 70 discussion papers and 29 country reports. The start of the project is 1 February 2010 for a three-year period. Detailed information can be found on the website.

[www.gini-research.org](http://www.gini-research.org)





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