

1984

2008

25 YEARS OF
RESEARCH ON
POVERTY IN THE
BASQUE COUNTRY

Summary of the studies and works carried out from 1984 to 2008 by the Department of Justice, Employment and Social Security of the Basque Government



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Foreword

Few are within the statistical realm the subjects that pose so high a level of controversy and difficulty as the study of poverty and precariousness does.

Such a difficulty relates mainly to the complexity of the phenomenon of precariousness that is further complicated by its many facets, even when it is contemplated from a strictly socio-economic perspective. It is about, on the one hand, a multidimensional reality that has its origins both in the low levels of disposable income of households (precariousness of upkeep) and in the limitations associated to the overall living conditions and to the accumulated level of reserve wealth (precariousness of accumulation); on the other hand, the severity of the state of want is highly variable, linked in some instances to problems having to do with meeting the basic needs –poverty in strict sense– but, in other instances, difficulties of a more general nature reveal the inability to gain access to the welfare levels that a certain society considers customary.

Furthermore, deprivation is sometimes a reflection of situations of risk rather than a fully consolidated problem. It is a proven fact that poverty and precariousness have different ways of appearing in real life: whereas sometimes their presence is strikingly obvious to the researcher, there are other instances where they appear in a hidden way or as a simple potential risk.

As for controversy, this is associated to the lack of standardized procedures for measuring poverty and precariousness that would

have attained a universal scientific recognition. It is true that the Eurostat poverty indicator (60% of the median of equivalised net income) has gained a growing acceptance in comparative analyses and that, as such, has ended up consolidating itself as a reference indicator for studying the poverty of upkeep within the European Union. Nonetheless, as a consequence both of social inertias and of the high poverty rate reflected by this indicator, defined by Eurostat rather as an indicator of *low income* than as an indicator of *poverty* in a strict sense, it has been customary in Spain to resort to the indicator originally used by the European institutions (50% of the mean of equivalised net income).

Around the middle of last century eighties, the Basque Government laid the foundations for something that from 1996 onwards would be the original line for research and monitoring of poverty in Euskadi¹. This approach materialized in a statistical work known by the name of *Survey on Poverty and Social Inequalities* (EPDS). Included in the Basque Statistics Plan, the survey was carried out in 1996, 2000, 2004 and 2008, although mention must be done to a first survey, undertaken in 1986, that can be partially assimilated to the EPDS for the purposes of an analysis of long term outcomes. The responsibility for the operation lies with the Department of Justice, Employment and Social Security, in coordination with the Basque Institute of Statistics (EUSTAT).

Before an in-depth exam of the EPDS contents, it is convenient to define the origin of

¹ Through the report, the terms Basque Country, Euskadi and Autonomous Community of Euskadi (CAE) are used interchangeably to refer to the geographical area covered by the EPDS. This geographical area is formed by the provinces of Álava, Bizkaia and Gipuzkoa and it constitutes one of the 17 Autonomous Communities of Spain.

this statistics, detailing the context within which it arose and grew, as well as briefly presenting its more general features.

1. The origin of EPDS

Although the EPDS has been presented from 1996 onwards in its current format, the bases of this statistical work were laid at an earlier date. So, in 1986 the Basque Government promoted the carrying out of a study on the poverty realities existing in the Autonomous Community of Euskadi (ACE), the *Study on Disadvantaged Social Situations in Euskadi*. Ten years later, the EPDS will put order and continuity, from a statistical perspective, into the approach first used in that survey.

The context should be remembered that gave origin to the first approach to the governmental survey on poverty in Euskadi, a context defined by the crisis at late '70s and early '80s. This crisis entailed the recurrence of phenomena –such as unemployment and poverty– that in some extent had been forgotten in developed countries during the years of economic growth. The negative evolution observed in Spain is directly related to the nosedive in industrial employment, a fall by far sharper than that affecting other countries in Western Europe. The dramatic growth of unemployment figures in Spain as a whole had at that time no parallelism whatsoever with any other European State. So, while the unemployment rate in the countries of the then European Community rose from 1970 to 1983 in 8.6 percentage points, it rose by 17 points in the Spanish realm.

Given its occupational structure, mainly of an industrial nature, furthermore oriented towards those industries more severely affected by the crisis, the fall in employment that characterized the State as a whole resulted specially intense in Euskadi. The axing of jobs generated a dramatic rise in unemployment rates that rose in Euskadi from an almost null level in 1973 to a 22.5% rate of unemployment in 1984.

The differential impact of the crisis on our Autonomous Community was perceived not only in a higher rise of unemployment, but also in a lose of economic power that is clearly reflected in general macroeconomic indicators. From 1975 to 1985 the growth of GDP in

Euskadi was negative: -0.3, lower than the positive 1.7% that characterized the State as a whole. Furthermore, Euskadi was the only autonomous community in the State where the per capita income fell between 1973 and 1981. From 1981 to 1985 this indicator stagnated at a rate of growth of 0.1% by far lower than the Spanish rate of 0.7%.

The relative decline of Euskadi is especially noteworthy as far as the indicators more directly related to the welfare of households is concerned, such as the disposable household income (per capita). From ranging among the top places in the State ranking in mid '70s, the three historical territories lost quickly places later on, so severely that Biscay placed itself in the middle of the table in mid '80s. This historical territory falls in fact from the second place in 1971 to the 21st place in 1985.

In short, although the territory of the current Autonomous Community of Euskadi had become from the end of the 19th century up to mid '70s one of the main economic growth centres in modern Spain –a reality the placed Euskadi for several decades at a privileged position in the Spanish context– the consecutive crisis of the '70s and '80s had given rise to a new and difficult situation, with rates of disposable household income (per capita) lower than the Spanish average and unemployment rates higher than 20%.

The concern about the negative evolution of social indicators in Euskadi was going to become one the main factors that contributed to give a boost to an initiative that would culminate in the EPDS, all the more so when some studies had already foreseen the importance of the economic situations of precariousness in the appearance and development of social problems. In the conclusions of the study carried out between March and June 1984 on social needs in the province of Álava (Basque Government, LSSD, 1986), for instance, it was emphasized that there was an accumulation of social problems in a given type of households, where lack of economic resources was one of the common features. The results from the study seemingly confirmed Townsend's thesis (1979) that insisted in the accumulation of social problems in those households more severely affected by economic dearth.

Although finally assumed with coherence by the politicians then in charge of the Department of Labour, Health and Social Security, a boost –to a certain extent external– was nonetheless required to launch the decision to deal with the survey on poverty. Neither the survey on poverty was within the scope of the Department programmatic premises, nor was it a prevailing concern among the technicians, rather focused at that time on studying the needs of the users of social services.

This external boost consisted of initiatives both of study and analysis taken by the European Communities and that –within our country– were dealt with by entities such as *Cáritas*². To a large extent, the research on poverty in Euskadi is the result of the interest that initiatives such as the European programmes against poverty raised in the high authorities in the Department³.

These initiatives reflected a growing concern for the poverty phenomenon that translated into a host of new researches on the issue, at both State and specially European Union level. What was beginning to loom as a problematic reality in Europe and in Spain as a whole could not certainly be ignored –at least as a starting hypothesis– by the politicians then at office in Euskadi. Not for nothing this Community was differently affected within the State as a whole by unemployment and economic recession.

The convergence of a reality increasingly defined by precariousness with initiatives

developed within the context of European programmes and EDIS and *Cáritas* groundbreaking works was realized in the decision to involve the then Labour, Health and Social Security Department in the new dynamics of poverty study. Thus a research project was born that lasted several years and that, in the face of the special circumstances of that period, was precisely focused from this point of view, that of research.

For practical purposes, the process was begun in 1984 with the design of a first experimental operation aimed to provide information able to consolidate the theoretical framework of future research on poverty. This first study, the field data collection phase of which took place on May 1985, would confirm that poverty situations determine a worse differential situation as regards levels of food consumption, ownership of properties and capital, and the participation in leisure and free time activities with an economical content.

From a methodological point of view, the results would also anticipate that the subjective approach then advocated fundamentally by the professor Bernard M.S. van Praag at Leyden University was the most accurate, from a point of view both theoretical and practical, for an approach to the study of poverty. The results obtained, however, did not advise to discard at all the eventual use of the Antwerp methodology, advocated by Herman Deleeck at the Center for Social Policy (CSP), particularly in its typological version⁴,

² The importance of the task of *Cáritas* fighting against poverty in Spain is highly noteworthy. Its role does not limit itself to direct action, in a context of limited intervention of the Administration in the fight against the most severe social deprivation but expands rather into the realm of research. In general, the majority of pioneering researches of some importance carried out in this field were directly or indirectly sponsored by *Cáritas* Diocesana. Under the title of 'Poverty and Deprivation' the study by EDIS carried out in 1984 –EDIS 1984– on the basis of an agreement between *Cáritas* Diocesana and the General Office for Social Action, is the most important of those works, at least from the viewpoint of social impact. The presentation of this study undoubtedly means meeting again with the phenomenon and with the discussion on the reality of poverty in Spain in mid '80s.

³ The First European Programme of Fight Against Poverty was approved in 1975 and continued until 1980. The Second European Programme was approved in 1984 after a long process of reflection at the heart of European Communities. The importance of these programmes is threefold: in the first place, they stand out for their groundbreaking contents that was put into practice without delay as soon as the economic crisis made its appearance in the '70s; secondly, they are a noteworthy contribution to the recognition of the reality of poverty within the European boundaries; and finally they contribute to the development of the statistical sciences and to the research in the field of poverty. The boost both to quantitative research in this field and to the generation of statistics on poverty –at an European level and also at that of individual member States– is associated to a large extent to the intervention carried out within the context of these Programmes.

⁴ Deleeck advocated at the CSP for a method of approaching poverty founded on the study of social patterns from resorting to three questions aimed to households. The first question was centred on positioning households in term of their level of security of existence (With the monthly disposable income of your household, are you and your dependants able to make ends meet every month: very unlikely, unlikely, rather unlikely, rather easily, easily or very easily?); the second question was centred on the household perception about their income needs (A household as yours, what an amount of disposable income would need to make ends meet every month?); the last question gathered information on actually disposable income (In fact, what is the total disposable income per month of your household, all types of transfers included?).

an approach that began to count with research references in Spain⁵.

Once the results of the pre-test were available, the definite design of what would be the first study on poverty in Euskadi promoted by the Basque Government was specified. The operation, commissioned to the Bureau of Social Welfare of the at that time Department of Labour, Health and Social Security, was carried out under the heading of *Study on Disadvantaged Social Situations in Euskadi (ESSDE)*.

As regards to measurement of the phenomenon, data to be collected had to enable obtaining of indicators for the main methods of approaching poverty then being used in Europe. At that moment, this referred essentially to the following methods:

- Objective statistical methods defined by EDIS and Willmott.
- Subjective methods put forward by the school SPL (Van Praag) and CSP (Deleeck)
- The approaches nearest to the concept of deprivation, such as those defined by Townsend and Rowntree.

The questionnaire was designed in such a way as to allow for the corresponding adjustment of the CSP and SPL methods to

specifics needs of the process of measurement of poverty in Euskadi.

The field work for the study was carried out between January and March 1986. Early in 1987 the Department of Labour, Health and Social Security released its report titled '*Poverty in the Basque Autonomous Region (Advance)*' that synthesized the contents of the research carried out up till then (Basque Government, DTSS, 1987). One decision that would acquire a crucial importance with an eye on the future was the agreement of adopting as a reference for presentation of data regarding poverty of upkeep the Leyden/SPL approach in the formulation of same developed by van Praag.

Although the study was strictly focused from the research stage onwards, its results transcended by far the limits of this framework, causing an undoubted social and political upheaval in Euskadi. The dissemination in the media of data from the ESSDE revealed to the public opinion the reality of the consequences of both crisis and unemployment: the serious impoverishment of a society up till then particularly prosperous. Beyond the ever-arguable impressive quantitative figures about the actual number of poor households, what was actually striking in that study, what really was a shock for those nearest to its realization, were two specific circumstances:

In order to estimate the socio-vital minimums, the CSP contemplated exclusively those households that indicated they were able to make ends meet "rather unlikely" every month, that were considered as those positioned precisely on the boundary of situations of insecurity of existence. In these households a comparison was made between the currently disposable income and that considered necessary, taking as reference element for further calculations the lower of them both. After discarding those households too far away from the contemplated average income (+/- two times the standard deviation), the average income was calculated from such a level to reflect the necessary income to make ends meet at the end of every month.

Next step in the analysis was a comparison of actual income of every household with the socio vital minimum corresponding to their type of reference household, this determining from then on the households that were living in security or insecurity of existence, placing in the latter position those households ranging below the socio vital minimum for their type of household. The situation of these households was established not only on terms of dichotomy (over or below the security threshold) but on percentage terms, according to the following equation:

$$SE = \frac{Y}{MSV} * 100$$

where *SE* is the value obtained on security of existence, calculated on percentages; *Y* the disposable household income; and *MSV* the socio vital minimum corresponding to the type of reference household.

The approach was applied to a series of household typologies (retired individual, at work individual, retired couple, at work couple without children, etc.) including at least 30 households in the sample.

⁵ The reference for application of the Antwerp method in Spain was the study then undertaken by Luis Vila, Javier Charroalde and other members of the team studying the poverty phenomenon in Spain within the framework of both the Institute for Labour Studies and the Social Security. The purpose was to delimit a series of poverty thresholds for typical households, comparing the actual income with the income needed by those groups that claimed as rather unlikely to be able to make ends meet at the end of every month. In this way, it was expected to delimit socio vital minimums for a series of representative statistical types.

- On the one hand the verification that, beyond all the debate about the figures, the problems of precariousness and poverty actually existed and, furthermore, not at a residual form. Just like crisis and unemployment, poverty was again present in our Community.
- On the other hand, especially in some districts –crisis-struck industrial areas, degraded working-class areas in some cities (Bilbao was the most severely affected) or the old quarters in the larger towns– the realities of extreme poverty raised serious questions about the efficacy of the social benefits system and the foreseeable consequences of the persistence of this type of situation over a medium and long term. In spite of its general character, the problem was particularly striking in Biscay that is one of the provinces leading the industrialization process in Spain.

In the presentation of the Advance of the results obtained from the study, the following excerpt was made:

Poverty is not [...] unconnected with developed countries, even less with those that, like ours, suffer more intensely a crisis that has negatively affected the rate of unemployment up to figures never known before, giving rise to a growing financial strangling of the Social Security. The incidence of poverty is, however, greater than it could be foreseen and greater than that observed in Europe, even though it probably results lower than the rate that would be detected for the whole of the State. The report also emphasizes that some groups are specially affected, such as unemployed men, women with family responsibilities or people out of work because of disability, what gives clear proof of the ineffectiveness of some industrial policies of the Social Security. Finally, it confirms that poverty causes a noteworthy deterioration of social coexistence and equality of opportunities for the citizens, thus making unviable the application of basic political principles governing a social and democratic State subject to the rule of law.

At the same time, the foundations were laid of what could constitute a line of action in this field.

“In the face of that, both public institutions and social partners have to react and think over again their strategies for action in order to achieve a more efficient allocation of available resources and the effective application of the right to work, measure that represents the actual base for the decrease of poverty in the medium term, particularly among downhearted young people in the face of a future frequently looming large over them as unstable and gloomy. They must also reconsider the advisability of an extraordinary effort of social solidarity on the part of non-poor groups. Anyway, no democratic society can tolerate the deadlocking of situations of extreme poverty such as some nowadays existing within the Autonomous Community.”

“[...] In the short term [...] the basic goal must be focused mainly on two aspects: the elimination of chronic poverty and the elimination of destitution. All the efforts of a Social Welfare policy for the short term must be directed to this end⁶.”

In this way, in spite of its fundamentally technical and even academic character, by bringing to light the existence of important pockets of precariousness and even of extreme situations of poverty in Euskadi, the ESSDE laid the foundations for an important political debate that was later discussed at the Basque Parliament. As a result of the parliamentary debate that followed the release of the study, the Plenary Session of the Basque Parliament passed on 8th May 1987 a Green Paper on the situation of poverty affecting a large number of Basque households, according with the following lines:

“The Basque Parliament urges the Basque Government to the implementation of a specific programme on the poverty existing in the Autonomous Community. With this aim in mind, the corresponding Parliamentary Commission will draw up a project taking into account the data contained in the advance of the study on poverty in the Autonomous Community recently released by the Basque Government.”

⁶ *La Pobreza en la Comunidad Autónoma Vasca (Avance) [Poverty in the Basque Autonomous Community (Advance)]*. Presentation by Carlos Aldasoro Ballester, Deputy Minister for Employment and Welfare in the Basque Autonomous Community.

The passing of this proposal meant the beginning of a process that would culminate in the implementation by the Basque Government of the Integral Plan for Fighting Poverty at the beginning of 1989⁷. This Plan established, for the first time in Spain, a system guaranteeing minimal income, on the basis of what then was popularly known as “social salary”. The putting into effect of the Basque Plan would contribute to the later dissemination of the idea of a social salary to almost all the autonomous communities in the State, thus determining one of the many instances of contribution by the autonomous institutions to the definition of the model of social assistance in Spain⁸.

The orientation to action by the Basque Government caused that over some time the research and statistics efforts were centred on aspects having to do with the implementation and evaluation of the plans for fighting poverty and social exclusion. In November 1988 a new collection of data was undertaken on the basis of the ESSDE, although aiming only at using it as support for putting into effect the Plan for Fighting Poverty in Euskadi. It was exclusively a question of providing data for establishing the forecasts relating to potential demand for the benefit of social salary foreseen in the Plan.

Still, at the beginning of the ‘90s the convenience was assessed of taking up again –from a statistical point of view– the action begun with the ESSDE, with an eye in this instance on the incorporation of the survey on poverty into the statistical planning of the Autonomous Community. The Basque Parliament itself took the initiative to boost the inclusion of future EPDS into the statistical plans of the Autonomous Community. In this way, the EPDS would be included in the Basque Statistics Plan 1993-1996.

The decision to include the new operation in the Basque Statistics Plan forced the officers in charge to take up again the process for methodological assessment of the surveys on poverty. So, in 1994 a methodological survey was launched relating to the situation of research on poverty in Europe. The fundamental object was to consider and analyse the diverse methods for approaching the study of the phenomenon then applied in European research.

After analysing in detail the conclusions of the methodological study carried out in 1994, the Department of Justice, Economy, Employment and Social Security implemented in the second half of 1995 an applied study for the assessment of a first model questionnaire for the future EPDS. This study marked the end of previous works to the final launch of the new statistics.

Starting from the lessons learnt from the pilot study carried out in 1995, the first official statistical operation of the EPDS is carried out in 1996. By then, the operation can be already considered as substantially consolidated. Nonetheless, in the operations undertaken between 2000 and 2008, methodological modifications and improvements were gradually introduced. Of a particular importance are those resulting from the need to take into consideration –in the 2004 study– the new European statistical requirements. Right then, the EPDS had to face up to the need of adapting for the first time to an European statistics on the matter, the European Union Statistics on Income and Living Conditions (EU-SILC). The main effect of the EU-SILC is the incorporation of a new orientation of the EPDS, that from 2004 onwards offers far better information relating to the results from the Eurostat method, including an approach to the application of the imputed rental method.

⁷ The Plan was initially developed through the 39/89 Decree of 28th February relating to Minimum Household Income, and 64/1989 Decree of 21st March, regulating the Social Emergency Aids. Less than a year later, the Basque Parliament would pass the first autonomic act on this issue, the 2/1990 Act, of 3rd May, about Minimum Insertion Income.

⁸ The Basque initiative would contribute to change to a great extent the orientation of the Spanish social policy when, after the decision of the Autonomous Community of Madrid Government –then headed by Joaquín Leguina– applying a similar measure, diverse autonomic regulatory schemes on this matter were approved within a period of a few years. In this way, a model of social assistance was consolidated where a complementary programme of income guarantee was juxtaposed to the benefits of the Social Security general system, to a greater or lesser extent in each one of the Autonomous Communities. This model of minimum income created by the Autonomous Governments is still characterized by its wholly autonomous operation, leaving aside in practice any State intervention.

2. The main features of the EPDS

The EPDS applied from 1996 onwards differs in some aspects from the *Study on Disadvantaged Social Situations in Euskadi*. In contrast to the ampler targets characterising the ESSDE, the main target of the EPDS limits itself to the knowledge, study and assessment of the diverse lines of poverty and precariousness and of their impact in Euskadi, as well as to the collection of indicators relating to social inequalities.

In a more concrete way, the EPDS centres on the following specific targets:

- Measure and quantify the impact of poverty and precariousness, at both dimensions of upkeep and accumulation.
- Delimit the contents of poverty and precariousness, with a special reference to their worst ways.
- Study the connection existing between objective poverty and perceived poverty.
- Determine, with regards to a series of general variables, the risk factors of poverty and precariousness situations.
- Analyse the social actions for controlling the poverty and precariousness situations, particularly those relating to processes for accessing an independent life. The study of the so-called hidden poverty is dealt with in this context.

The EPDS avoids, within the abovementioned context, the more complex aspects of the ESSDE approach, as regards to poverty persistence and reproduction variables and also to the analysis of the differential needs and problems of the poor population. The reason is that these aspects call for specific studies of a very much detailed nature than that required to cover in a periodic statistical operation, mainly centred on monitoring the general indicators of poverty, precariousness and inequality.

On the other hand, as the diverse phases of the operation were developing, new specific targets were incorporated or developed with a more concrete profile. Standing out among

them is the consideration of complementary indicators of poverty and precariousness, particularly those relating to the problems for gaining access to an adequate nutrition.

The introduction of a differentiation between poverty and absence of well-being is another of the features that differentiate the EPDS approach from that defined in the first study on disadvantaged social situations. Under the influence of concepts prevailing in Europe, the idea of access to a minimum welfare was linked in the ESSDE with that of relative poverty, and that of guaranteeing basic needs with that of absolute poverty, socially intolerable poverty or destitution. When designing the new EPDS it was concluded, however, that the most correct approach did not depend on delimiting diverse degrees in poverty situations, differentiating between situations of relative poverty and situations of absolute poverty or destitution. The really operative difference was that required to be established, in a more general way, between absence of well-being on the one hand, and poverty in its strict sense on the other.

There is, however, an essential element that reveals the continuity between the ESSDE and the EPDS, and it is the option adopted by an original approach to measurement of poverty and precariousness. Like the ESSDE, the EPDS starts in this sense from the consideration of two different dimensions in the study of precariousness realities: the precariousness of upkeep and the precariousness of accumulation. The approach planning to both of them is, moreover, to prefer the perceptions of society itself to the opinions of the researchers.

Within the European context, the EPDS is noteworthy by two main features. The first one is that it is the only example in Europe of statistics on poverty designed and applied in these 20 last years continually resorting to the same methodology. The second one is that it is equally the only one that offers results deriving from the application of the main methodologies of approach to poverty existing in Europe, included the innovative approach that characterises the originality of EPDS. In this way, the main contribution of EPDS is that its results have been obtained applying some common methodological prin-

principles that allow to know for sure the evolution in time of the diverse facets having to do with this complex social reality, furthermore allowing monitoring, and comparing among them, the results corresponding to the different indicators used at some time in Europe.

The EPDS, as a tool that has proved its adequacy for monitoring the poverty and precariousness phenomena, has become one of the main statistical operations of the present Department of Justice, Employment and Social Security. It has had and will undoubtedly have in the future a great importance for social policy in that it will allow to maintain the monitoring of the evolution of different forms of poverty and absence of well-being in our Autonomous Community. The availability of continuous information on poverty and inequalities indicators would thus enable Civil Services, political parties, non govern-

mental organizations and, in a broader sense, the citizens as a whole, to be aware of the changes that might affect the realities of poverty and precariousness, as well as detect and analyse the main variables associated with these social realities at every moment.

The present report details, in its first part, the main methodological features of the EPDS, with an special emphasis on the indicators and measurement indexes used. It presents, just the same, in its second part, the main results obtained, with special attention to the changes observed in the long term. To this end an adjustment has been introduced into the different data files so as to allow for an adjusted comparison –based on the thresholds system existing in 2008– for the whole of the period with available data, that is to say from 1986 to 2008.

1

First part: poverty
and precariousness
indicators in the
EPDS

Preliminary remarks

In the framework of the Basque Statistics Plan, the main target of the EPDS is the knowledge, study and assessment of the diverse lines of poverty and precariousness, and of their impact in Euskadi. As it has been stated, one of the distinctive features of the EPDS lies in the option adopted by an original approach to the measurement of both poverty and precariousness.

The usual approach to the study of poverty in Europe faces up the researcher to some striking contradictions. On the one hand, households are classified as poor that enjoy relatively high levels of access to goods and equipment; on the other, notwithstanding, households are defined as no poor in spite of them suffering precarious living conditions as regards consumer durables or the habitability of the home where they live.

In spite of the influence of cultural traits that introduce differences among the members of society as regards their expectations of welfare, the abovementioned contradictions are associated in the fundamental matter to the lack of distinction of two different dimensions of poverty and precariousness that not always progress in parallel. On the one hand, the precariousness of income or upkeep stands out. This dimension of precariousness is associated to the daily dynamics of the economic life of households, that is to say, to the measure their disposable income enables them to pay their usual expenses, such as costs of food, general costs of access and maintenance of their usual housing, or the costs related with access to leisure and free time. In front of it, precariousness of accumulation, investment or capital, relates rather

to the ability of households to gain access to goods and resources guaranteeing in the medium and long term adequate living conditions, as well as a minimum financial security to deal with the future.

The different cycles of the economy contribute to perceive the sense of this differentiation. In periods of economic crisis, for example, may appear as upkeep poor households that in moments of boom enjoyed a high enough level of welfare. In this sense, they were able not only to satisfy their usual needs, but also to gain access with comfort enough to assets that guarantee in the long term a good level of welfare. Many of these households were even able to cope with the crisis over some time with savings and other personal assets gathered in times of boom. These *new poor persons* are typical of an economic evolution such as that lived in Euskadi in the 20th century, with periods of quick and strong growth followed by intense phases of heavy slump.

In periods of economic boom, the arrival of immigrant population from poor countries may give rise to a very different reality. In this case, it is about persons or families that, even in the case of having resources enough to meet their daily needs, frequently are lacking nonetheless in means for gaining access to a proper housing or in a minimum amount of savings to deal with unexpected expenses or economic problems. Obviously, this type of poverty or precariousness is substantially different from the other one described in the foregoing paragraph.

Poverty and precariousness, even in the strictly socio-economic sense that characterises the

EPDS, refer to problems of diverse nature. Such as indicated by the examples put forward, it is not the same to lack at a given moment for resources enough to deal with the household upkeep in the short term than being unable to gain access in the medium and long term to a proper level of general living conditions, measured in terms of access to a housing of a minimally decent quality and fitted enough and/or to other necessary consumer durables. This last reality changes slowly in most households, usually according to their ability to progressively accumulate new personal resources. Furthermore, the diverse dimensions of poverty and precariousness do not appear necessarily together.

All these issues must be dealt with in the analysis of poverty and precariousness. In applied research, however, these different dimensions of the phenomenon are not taken into account as much as they should. Euro-

pean research has gone not farther than to differentiate between approaches aimed to determine an enough level of resources and the currents centred in the study of deprivation or disadvantage situations. But, far from considering these approaches as complementary, or as different ways of dealing with an equal and complex reality, they had been often presented as differentiated and substantially opposing approaches, up to very recent times.

The following pages contain a detailed analysis of the diverse dimensions of poverty and precariousness contemplated in the EPDS, presenting not only their general features, but also the type of indicators used for their measurement. In the same way, the plans of EPDS for an approach to actual poverty are dealt with, as well as with regard to studying what could be defined as hidden poverty or precariousness.

Chapter one:

POVERTY AND PRECARIOUSNESS OF UPKEEP

1. Conceptual approach

The first dimension of poverty contemplated in the EPDS relates to traditional forms of measuring poverty. It refers so to those forms of poverty associated with an insufficiency of income to meet the ordinary needs of life that it is to say those that must be met in the short term, whether they are current expenses or investment expenses duly adjusted and distributed over time, par example payment of interest and principal for a mortgaged housing. This dimension of poverty –that refers to the low level of economic resources available to some households for meeting their current expenses– is defined in the EPDS as **poverty of upkeep**.

Specifically, as for its actual meaning in everyday life, poverty of upkeep refers to a situation of lacking in economic resources to deal in the short term with the meeting of basic needs, particularly those associated with food, housing, clothes and footwear expenses.

The importance of the at-risk situations is twofold in the case of poverty of upkeep. On the one hand, they reflect a lack of income to meet the most elemental needs of consumption in households. On the other one, if it becomes chronic over time, this state of want, potentially interim, can give rise to the appearance of more serious forms of poverty, manifested in living conditions in the long term characterised by an extreme precariousness. These poverty situations, of a dimension more structural than interim, and so harder to solve in the short and medium term, refer us to what is defined as **accumulation poverty** in the EPDS and that

will be described in more detail in the next chapter.

It is advisable to consider that poverty does not exhaust all situations of precariousness that can be observed when analysing how a population meets its usual needs. In this effect, the EPDS distinguishes the realities of poverty of upkeep from the problems of lacking in welfare, also associated with the study of situations of precariousness in terms of upkeep. The problems of lacking in welfare refer to situations of not having economic resources enough for meeting, in the short term, the usual expenses considered as necessary to maintain the minimum levels of welfare and comfort a given society takes for granted. They are those that in practice enable to participate –even though in minimum conditions– in the way of life, the customs and the activities that characterise such a society.

In this way, within the prospects of meeting the regular upkeep needs, while the problems of precariousness or absence of well-being are associated with the difficulty for the population to come near to the minimum levels of welfare awaited by society, those of poverty are associated in strict sense to the difficulty for meeting the really basic needs. Somehow, this idea of poverty refers to absolute approaches for measuring the phenomenon, linked to the idea of subsistence and meeting of basic needs; precariousness or absence of well-being is associated, instead, with a more relative approach, related to the welfare expectations typical of a given society. Even so, what characterises the EPDS is that both realities tend to reflect the specific circumstances of the society at every moment of its development.

As already mentioned, the distinction of poverty from absence of well-being is determinant in the EPDS, and it constitutes an original and fundamental feature of the Survey. Since it reveals different realities of precariousness in the ability of households for meeting their necessary expenses, the distinction between poverty and absence of well-being offers a better understanding of reality than the concepts of relative poverty and severe poverty used in studies carried out in Europe. At the same time, as we shall see in due course, it allows a more adequate approach to the study of the relation between social change and economic development, with its differential impact on the diverse realities of precariousness.

The greater accuracy of the poverty concept, differentiated from that of absence of well-being, has furthermore the advantage of providing lines of poverty with realistic amounts, socially and politically credible, thus able to orientate the institutional decisions as regards fighting poverty. In this way, it is possible to differentiate what is typical of the fight against poverty from a more general policy aimed at guaranteeing to the population as a whole the access to the welfare levels expected by society. The experience of the CAE with the policies for fighting poverty and exclusion, and the interrelation that has existed in this field between statistics and political decision taking, so attest. To a good extent, the IMI levels and later those of the Basic Income have tended to adjust to the experience derived from the results of the EPDS.

2. Indicators of poverty and precariousness in the dimension of upkeep

One of the features of the usual statistical approach to the problems of poverty, centred in the study of poverty of income or poverty

of upkeep, is the difficulty observed in the consolidation of methods for definition and calculation sufficiently accepted by the scientific community. This the reason why the EPDS offers different indicator for poverty and precariousness in the dimension of upkeep.

The main indicators are based on a proprietary method, the EPDS method, that allows for three distinct types of situations in the poverty/welfare scale: those defined by the risk of poverty, those located in an intermediate point between poverty and welfare and, finally, the situations of welfare.

The innovations of the EPDS, however, are compatible with the complementary calculation of the indicators habitually used in the study of poverty and precariousness within the European realm. So, the EPDS offers results for the main methods of approach that some time ago were in Europe a benchmark for determining the thresholds linked to the study of precariousness of income.

Specifically, the EPDS offer nowadays poverty rates, as well as –in some instances– absence of well-being rates, derived from the use of the following methodologies:

- The original indicator of the European institutions, habitually used in the studies of the EDIS group and of Cáritas (50% of the mean equalised income)
- The new indicator derived from the Eurostat method, in its diverse version from 40% to 70%, with or without accommodation rent allocation.
- The Leyden indicator in its simplified version (*Subjective Poverty Line* or SPL)
- The indicator designed by the Basque Government in its 1986 study, adapted in the 1996 operation of the EPDS (EPDS Method)⁹.

⁹ Some approaches were used in the 1986 ESSDE that from 1996 onwards were ruled out, given their lack of consolidation in Spain or in Europe. Among them, mention must be done to the CSP approach as well as the methodology designed by Willmott. The approach to the basic needs method adapted for the ESSDE was also ruled out. This procedure estimated initially the minimum cost needed for food in each size of household, starting from the regression between food expense and size of the family, measured in Napierian logarithms. The regression was applied to those groups that said they were meeting their needs of food but without reaching a totally adequate situation. It was considered that these groups were meeting their needs of food but in a situation of minimums. The Engel coefficient was then obtained for every size of family, using instead of the income variable the variable of expenses, interpreted in terms of ordinary expenses. The same reference group was then taken, discarding the groups with no income (no regular ones) and discounting the accommodation expense from the total expense. The infrequent recourse to this type of approach in Europe led to the decision of abandoning this indicator in the EPDS

The availability of different indicators of more common use, nowadays or in the past, allows to every user to operate in the long term with the most desired indicators. In this way, it is possible to compare the incidence of poverty in the Autonomous Community with that of any other European country using the methodology considered the fittest one.

This open planning eases the understanding of two types of disturbing realities for the research: in the first place, that the establishment of an unitary line of poverty is a task impossible to be met with a definitive character, at least for the moment; and in the second place, that it is very difficult to compare the results deriving from the application of one or the other methodology. When the different approaches are compared, it can be ascertained that very different results derive from them, in relation both to figures of the incidence of poverty and precariousness and to the characterization of affected households and persons.

The methodology for calculating the poverty and upkeep precariousness thresholds deriving from the EPDS method is presented below, detailing the different steps taken in its application. A short reference is also made to other methods used in Europe whose indicators are obtained in the statistical operation. Since the EPDS method is based on a critical approach and in a later development of the traditional methods, we'll begin with the presentation of these last methods.

2.1. The statistical European method

The studies on poverty have been customarily associated in Europe to the construction of objective statistical indicators of a relative nature. The prevailing approach has consisted in associating the poverty threshold to a level of income under that derived from the application of a given percentage to a statistical indicator of central tendency, calculated for a variable representative of the consolidated resources of the society (net disposable income or the level of expenditure attained). In this approach, poverty reflects the position of population with regard to a target statistical indicator, previously defined by the researching team.

Due to its clearly statistical orientation, this approach is usually known as the statistical European method.

2.1.1. The original statistical European method (EDIS-Cáritas)

The history of poverty measurement in Europe has some particularities. One of the most important is that the incorporation of a standardized method for measurement of this phenomenon is directly associated to the action of the European Communities. These were the ones who took the fundamental steps in the process of consolidating a measure relating to poverty.

The best known approach in Spain up to some years ago was the one originally used by the European institutions when implementing their first programmes of fight against poverty. In order to study the incidence of poverty in Spain, the original method contemplated poverty as a function of mean net disposable income equivalised per capita. Thus, the poverty threshold was established in a relative statistical figure, fixed at 50% of mean net disposable income equivalised per adult in households or families living in a given territory. According to this approach, households or families with disposable income lower than 50% of mean income per consumption unit equivalised, can be considered poor or affected by relative forms of poverty.

The equivalence scale that has been used, applied for example in the classical study by O'Higgins and Jenkins (1987), was the Oxford scale, previously adopted by the OECD. The equivalence values were as follows:

First adult:	1.0
Every supplementary adult	0.7
Every dependent person under 14 years	0.5

In said context, the equivalised income per adult is in every household or family equal to the disposable income of the households divided by the equivalence factor adjusted to the characteristics of every household.

This method had an ample importance in Spain. After the groundbreaking studies by EDIS and CARITAS (EDIS, 1984), research on poverty was developed applying the methodology originally adopted by European institutions¹⁰. The inertia of this tradition in research, along with the slow intervention of official statistical institutions, contributed to the subsequent maintenance the original approach, even after the revision driven by Eurostat and its approval by the new European Union.

It must be stated, however, that in its application in Spain by EDIS/Cáritas, some modifications were introduced with regard to the European method. In particular, given the high rates of poverty that the use of the 50% of the mean indicator leads to, in the research tradition of EDIS and Cáritas the necessity has been assumed of establishing a severe or serious poverty threshold. In this way, EDIS and Cáritas distinguish between relative poverty and serious or severe poverty. Whereas the first type of poverty affects units below the 50% of mean equivalised income, severe poverty affects those who have an income lower than 25% of the considered income¹¹.

As a mere illustrative note, the poverty thresholds delimited using this method, in the version of the same developed in Spain in the groundbreaking studies by EDIS and Cáritas, are presented in the following table for the Autonomous Community of Euskadi, taking as reference the operation of the EPDS corresponding to 2008.

It must be specified that the EDIS/Cáritas method does not enjoy at present any institutional endorsement neither in Europe nor in the Spanish institutional field, being it possible to consider that in some way its use has been discarded in applied research in these last years. The EPDS only provides information derived from applying this method for comparative effects and for a historical follow-up of available figures.

2.1.2. The new Eurostat method

The methodological debate about the design of an European statistical method has focused on the discussion of three fundamental issues: the preference for the use of data on income or on expenditure; the resorting to the mean or to the median as reference indicator, including the debate about the percentage of the statistical measure to be adopted for establishing the poverty threshold; and the way to define appropriate equivalence scales.

After the corresponding internal debate (Eurostat, 1998 y 2000), the new approach developed by Eurostat for calculating of low income and accepted by the whole of European institutions is presented as a simple adaptation of the original method. Eurostat introduces, notwithstanding, three important changes with regard to the traditional European approach:

Table 1. Upkeep poverty thresholds according to the European statistical method. EDIS-Cáritas version. 2008 (Data in euros)

Size of the household	Serious poverty (25% of the average)	Relative poverty (50% of the average)
1 person	306.92	613.83
2 persons	521.76	1,043.51
3 persons	675.21	1,350.43
4 persons	828.67	1,657.35
5 persons	982.13	1,964.26

Source: EPDS 2008
Scale: 0.7 for the second person and 0.5 for the remainder.

¹⁰ Ruiz Castillo (1987), Ruiz Huerta y Martínez (1994) or Martín-Guzmán et al. (1996) follow the line marked in the first approaches by EDIS. Ayala and Palacio (2000) implicitly accept notwithstanding the limited utility of the traditional approach when resorting to the level of minimal guaranteed wages by the autonomic institutions (with the corresponding equivalence scale) for determining the line of poverty

¹¹ More recent studies by EDIS and Cáritas (Fundación FOESSA, 1998) increase to four the number of strata or levels of poverty, defined in the following terms: extreme poverty, less than 15% of net equivalised income; serious poverty, from 15 up to 25% of net equivalised income; moderate poverty, from 25 up to 35% of net equivalised income; social precariousness from 35 up to 50% of net equivalised income. The two first levels are defined as *severe poverty* and the other two as *relative poverty*.

- a) The use of median instead of mean values.
- b) The setting of the percentage of the statistic to be considered, in this instance the median, in the 60% instead of the traditional 50%.
- c) The adaptation of the Oxford scale, using a flatter model of equivalence scale, based on the following equivalised values:

First adult:	1.0
Every supplementary adult	0.5
Every dependent person under 14 years	0.3

It must be emphasised that in the Eurostat approach, at least originally, the reference term was not strictly that of poverty, but rather that of low income¹². To start with, it would be possible to opt for an approach similar to that used by EDIS and Cáritas to establish a level of severe or serious poverty, located at 50% of the relative poverty threshold. In this way, only for comparative purposes, and in parallel with the original statistical method, in the development of this approach the EPDS took initially into consideration as situations of serious poverty those located below 50% of the low income thresholds (equivalised, therefore, to 30% of the median).

The mentioned option was previous to the decision by Eurostat of working with a set of indicators ranging from 40 to 70% of the median. In this way, if the indicator currently homologated at European level is the Eurostat indicator of 60% of the median, assimilated as we have said to the concept of low income, one can also use indicators relating to 40, 50 and 70% of the median. Although the 30% level could be used to delimit a level of serious or very serious poverty, an approach to poverty in the strict sense would be rather linked –if you want to use the Eurostat approach– to a minimum level of 40%. The EPDS uses, indeed, this indicator to compare the incidence of poverty in the Autonomous Community of Euskadi (ACE) with that observed in diverse territories of the European Union.

The following low income and serious poverty thresholds were delimited in 2008 for the ACE in accordance with the Eurostat method.

Table 2. Low income and serious poverty thresholds according to the Eurostat method. 2008 (Data in euros)

Size of the household	Serious poverty (40% of median)	Relative poverty/ Low income (60% of median)
1 person	545.60	818.40
2 persons	818.40	1,227.60
3 persons	982.08	1,473.12
4 persons	1,145.76	1,718.64
5 persons	1,309.44	1,964.16

Source: EPDS 2008
Scale: 0.5 for the second person and 0.3 for the remainder

As regards the Eurostat method, it must be emphasised the recent introduction of a new modification in the context of the application of EU SILC. It is about the introduction, in the process of computing the disposable income, of the so-called allocated rent.

2.2. Alternatives to the statistical method

It can be thought that the practical monopoly of the statistical method as regards the European research on poverty and precariousness has been an error. Resorting to objective methods does not allow but very imperfect approaches to the study of this social phenomenon. Applied research has evidenced in this sense the constraints of the statistical method, constraints that some alternative approaches have tried to overcome from the beginning.

2.2.1. The sense of criticisms

When valuing the criticisms to the European statistical method, the most striking aspect –from an empirical point of view– is the exist-

¹² Although the Eurostat method is generally applied for studying poverty, the truth is that in a strict sense it serves for defining *low income* thresholds. Notice that this terminological adjustment is associated with the parallel orientation to use more de concept of social exclusion than that of poverty in the discourse of the European institutions.

tence of very strong imbalances between the objective rating derived from the method and the perception of the situation by the affected population. In the case of the ACE, for example, up to 75.3% of the households rated as poor according to the Eurostat method (60% of the median) did not consider themselves as poor. Furthermore, the Eurostat method rates as not poor a 41.7% of households that truly consider themselves, at least, as rather poor in Euskadi.

Taking into account the whole of households in some of the situations of risk (they consider themselves, at least, as rather poor or have been defined as poor as a consequence of applying the statistical method), we have ascertained that the imbalance degree between objective rating and objective perception affects 79% of said households as regards the Eurostat method, a proportion that rises up to 82.4% when considering the original method of 50% of mean income.

Table 3. Imbalance level between objective rating and subjective perception. European statistical method. 2008
(% of affected households)

Type of imbalance	Original method (EDIS)	Eurostat Method
% of households rated as poor that do not consider themselves as poor	72.5	75.3
% of households that consider themselves, at least, rather poor but that are no defined as poor	67.3	41.7
% of households with imbalance on the total of reference households (households rated as poor or that consider themselves, at least, as rather poor)	82.4	79.0

Source: EPDS 2008

Such as these data reveal, the delimitation of realities of objective poverty derived from the application of the European statistical method, in its classic formulation or in that of Eurostat, does not have any correspondence whatsoever with the subjective perception of this phenomenon by the considered society, at least as regards the case of the ACE.

Although it is evident that the objective of science is not to rationalise or to give a scientific character to social perceptions, it is also evident that science must not turn into an instrument for categorisation of social phenomena lacking any association with the perceptions that the society itself has of said phenomena. Poverty is a reality socially interpreted, a social construction, so that it is fundamental to study what society really acknowledges as such a concept. There is a prevailing social conception about what poverty and precariousness mean that must be assumed, at least partially, by researchers, avoiding the excessive statistical apriorism in research.

Said empirical problems have clear theoretic fundamentals of a general character. In fact, the statistical methods do not measure actual poverty, but rather a given form of statistical inequality in the distribution of resources, as well as the number of persons affected by such a situation of inequality¹³. In spite of them providing indeed an indicator for measuring poverty, since poverty is a phenomenon closely linked to inequality, when it comes to approaching actual incidence of poverty, the indicator is rather random in its results.

On the other hand, so long as the structures on which inequality of income is based are very stable in time, the associated indicators also tend to be so, as revealed by the follow-up in the long term of the EDIS or Eurostat indicators. This is the reason why relative statistical methods –at least in their present formulation– are not effective indicators for measuring poverty over the medium and

¹³ O' Higgins and Jenkins advocate for this type of approach in the following way: "... there is an inescapable connection between poverty and inequality; certain degrees or dimensions of inequality ... will lead to people being below the minimum standards acceptable in that society. It is this "economic distance" aspect of inequality that is poverty. This does not mean that there will always be poverty when there is inequality: only if this inequality implies an economic distance beyond the critical level" (O' Higgins and Jenkins, 1990).

long term. Since they are unable to control changes in evolution of poverty and precariousness, they are scarcely useful for the follow-up and analysis of the effect of social policies¹⁴.

Another usual criticism to the statistical method is that determination of poverty threshold results wholly arbitrary, being exclusively defined as a function of the researcher's criteria. There is no doubt that it is still pending of scientific foundation why mean or median should be used, the expenses or the income variable, the 40, 50 or 60% of income or expenses or a given scale of equivalence (without considering the added problem of a specific territorial reference framework –regional, national or European– to be taken into account in the moment of establishing the poverty thresholds). In fact, both the preferences for one or another type of equivalence scales and the choice of percentage for the measure to be used correspond above all to aprioristic decisions by the persons responsible of the statistical work. Furthermore, they are not always supported by empirical data sufficiently well verified.

This problem has a great importance in the researching practice. As differences in incomes between households or individuals are gradual, the number of poor persons is very sensible to the determination of the method to be used for fixing the poverty threshold. Since in practice the larger or lesser adjustment of the indicator for measuring poverty is going to depend on the specific usefulness that such an indicator will have at a given moment in history and within a particular geographical context, the truth is that this usefulness becomes the fundamental fact in a random question.

Changes in the construction of the European poverty indicator are noteworthy. These changes have been continuous, affecting the way of calculating incomes (with the development of the imputed *rent* mechanism), to the reference indicator (mean or median), to the percentage of the indicator to be used for

delimiting the relative poverty thresholds (with an actual interval between 40 and 70%) and to the equivalence scale used (OECD and modified OECD).

2.2.2. An alternative to traditional methods: the Leyden method or SPL

In order to obviate the implicit problems in the statistical methods for approaching poverty, in particular their random and arbitrary character in defining thresholds and equivalence scales, and in the face of the evidence that the European method defines a model of inequality indicators rather than one of poverty and precariousness in a strict sense, diverse research schools have developed alternative approach methods.

The main characteristic of the alternative proposals –formulated by teams such as CSP from Antwerp or by several professionals linked to the University of Leyden– has been the intent for creating an objective and operating indicator of poverty based on the opinions of households themselves, studying the needs directly expressed by them. So, new poverty indicators have been designed the development of which is based on the type of relation observed among classical economic variables (estimated incomes or expenses) and the perception of need existing in the society that is the object of the study. Therefore, what these innovating methodologies have in common is the intent to set the poverty thresholds and the associated equivalence scales from opinions that, with regards to their basic needs, are transmitted by the populations themselves.

One of the most acknowledged methodologies in this field is the one developed in its origins around the University of Leyden. The line calculated on the basis of this method is known as LPL line (*Leyden Poverty Line*) from which you can extract, in a simplified version, the so-called SPL (*Subjective Poverty Line*). The SPL method is based on the Ley-

¹⁴ Indicators derived from the objective method show little correlation, or even a negative correlation, with the evolution of indirect indicators of poverty (self-perception, level of goods ownership, etc.).

den poverty lines, as well as on Kapteyn's theory of preference formation. This author is, in fact, the one that formulated the simplified model for calculating the SPL line, being usually this approach applied to studies that follow this methodology.

The first structured presentation of this method corresponds to the team of Goedhart (Goedhart et al, 1977). In the referenced paper, Goedhart, Halberstadt, Kapteyn and Van Praag introduce a new approach for measuring poverty that they define as complementary rather than strictly alternative¹⁵. The central element of this new approach is the question raised to the head of the household about what a minimum level of income they consider necessary for their own household. The crucial advantage of this approach is that the only previous value judgment introduced by researchers is that persons directly affected are the best qualified for evaluating what are their minimum needs.

This approach adopts Watts' economic definition of poverty. According to this definition, poverty appears as a feature of the situation of the person earlier than as a characteristic of the individual or his behavioural pattern. The position occupied by poverty in the welfare scale would furthermore be defined according to the consumption capacity, that is to say, in terms of availability of resources enough to access to certain goods or services considered as necessary. Poverty would then appear as that situation wherein the availability of resources does not guarantee the consumption level regarded as necessary.

In the LPL/SPL approach poverty is presented as a particularly low position in the welfare scale, a scale notwithstanding that is made up by other positions. In order to specify the diverse levels of welfare that make up the scale a specific tool is proposed, the so-called *Individual Welfare Function of Income (IWF)*, introduced and elaborated by Van Praag, although later developed in collaboration with Kapteyn (1973). This function arranges the

association that each interlocutor establishes between diverse levels of welfare and specific levels of income in application of an evaluative question, the so-called *Income Evaluation Question*. By means of this question, the interviewed persons arrange along a scale from lower to higher level of welfare the levels of income that, from their viewpoint, better define the diverse welfare positions considered in the scale.

When it comes to set the poverty threshold, Goedhart and his team offer two alternatives: either establishing a certain point in the IWF scale or resorting to answers from the affected population about what they consider minimum necessary income to access certain welfare levels. The application of the SPL method is really based on studying the relationship existing between answers from families or households analysed with regards to a series of questions having to do with measurement of poverty or other forms of absence of well-being (income required to meet the basic needs and minimum income for making ends meet every month, basically) and real current income of the households taken into consideration. Goedhart states that this evaluation procedure for minimum incomes required is basically associated to two variables, the size of the family and the level of income reflecting furthermore a relationship of log-linear nature.

On the other hand, it is also observed that the amount considered as their needed minimum income by individuals y_{min} is a function that grows with income, with elasticity between 0 and 1. Consequently, the higher the current income, the higher would be also the income considered as minimum.

The 45 degree line representing the theoretical line where individual minimum income y_{min} are equal to current income y can be graphically analysed crossing it with that one relating minimum income and real income in the considered units. Then it is possible to consider a natural solution to the problem of

¹⁵ They express their goal in the following way: "to define the concept of poverty line in a simple and operational way, complementary to other methodologies. We do not present our methodology as a perfect substitute for the other approaches to determining the poverty line... but rather as a complement to them – a method that would be employed in conjunction with one or another of them."

aggregation: the line has an intersection at $y = y^*min$. To the right of y^*min , households have real incomes higher than those considered as minimally necessary; to the left of y^*min households have real incomes lower than the needed minimum¹⁶.

Therefore, the intersection point divides the households with resources enough to make ends meet every month or to meet their basic needs and those who don't according to their own standards. In this way, y^*min becomes the threshold that separates poor persons from those who aren't or precarious households from those that aren't. For Goedhart and his team, the poverty or precariousness threshold corresponds to the point where the needed minimum income and the real disposable income meet.

Assuming these premises in their simplified version, the SPL method tries to find, resorting to the regression method, the point where the real income level and the required minimum income come together for every size of family or household. The simplified calculation method for the SPL line acts from three variables:

- $Ymin$: minimum income needed
- Y : effective disposable income of the household
- fs : Household size

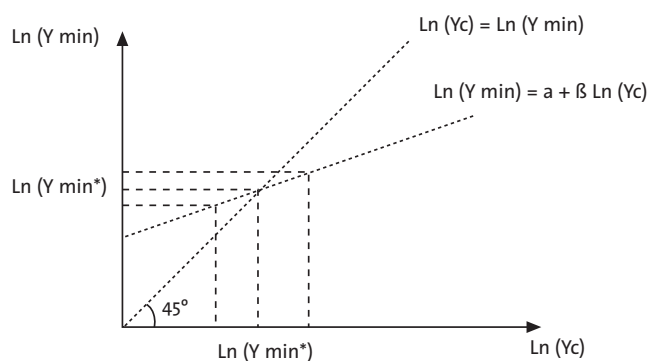
The positive relationship between $ymin$ and y allows for the determination of a y^*min value that constitutes the threshold below which actual incomes tend to be lower than $ymin$ and above which actual incomes tend to be higher than $ymin$.

The calculation of this threshold is formalised in the following equation (drawn up from logarithmic figures):

$$Y^*min = \hat{a}_0 + \hat{a}_1 fs + \hat{a}_2 y$$

Wherefrom an equation is derived for the $Y^*min = y$ value (defined as the equilibrium

Figure 1. Model of relationship between perceived minimum income and real income. LPL/SPL method



point where theoretical minimum income and real income meet, that is to say the poverty or precariousness threshold) as follows:

$$Y^*min = \frac{\hat{a}_0 + \hat{a}_1 fs}{1 - \hat{a}_2}$$

The foregoing equation has been customarily used in the SPL method for determining an indicator of relative poverty, in a line that tries to link with the European institutions approach for studying poverty. In this sense, the idea of poverty is linked to the social perception of *minimum income to make ends meet every month*.

In the Leyden theoretical formulation, the general conception of a scale defined by different levels of access to welfare allowed, notwithstanding, to contemplate situations of a greater seriousness, in the line of the EDIS/Cáritas approach to their application of

¹⁶ As Goedhart and his colleagues state, "a respondent perception of the poverty line is distorted by the fact that his actual income is not equal to his minimum income level. There is only one income level, y^*min , where this misperception does not obtain."

the original European method. That is why in EPDS a more specific indicator has been traditionally provided for serious poverty, linked to the perception of households regarding the *minimum required income for meeting basic needs*. The resulting thresholds for 2008 after the strict application of the SPL method for obtaining the thresholds for relative poverty and serious poverty are as follows:

Table 4. Serious poverty and relative poverty thresholds according to the SPL method. 2008 (Data in euros)

Household size	Serious poverty	Relative poverty
1 person	605.65	785.52
2 persons	791.44	1,034.47
3 persons	925.52	1,215.23
4 persons	1,034.21	1,362.32
5 persons	1,127.23	1,488.57

Source: EPDS 2008

One of the great advantages of the SPL method is that, in this approach, the level of different poverty thresholds does not appear prearranged by the researcher –as it does with the statistical method– but it is a function of the perception of needs exposed by the analysed population itself. At the same time, poverty thresholds derived from the method are not automatically equalised to the needs expressed by the population, but are mathematically obtained from the results of the log-linear regression between real income and perceived minimum income. The SPL method provides so an objective procedure for establishing poverty thresholds from the subjective perception of needs expressed by the population that is the object of the study.

Another positive derivation from the model is that it equally allows to establish the equivalence scales from the population perception itself, so that it is not necessary to resort to a scale previously defined by experts.

2.3. The EPDS method

In spite of its theoretical appeal, the SPL method has not been able to consolidate in the European research practice. The main reason has been that, in the way initially defined, the method has not allowed to delimit statistical indicators able to offer comparability guarantees enough in time and space. In its standard version, associated to the measurement of relative poverty, the method established furthermore too high levels of poverty, hardly credible from a political viewpoint, particularly in south Europe countries.

The attempt to go more deeply in the study of poverty and precariousness along the pathway drawn by the Leyden school characterises notwithstanding the methodological approach of EPDS. The theoretical foundations of the LPL/SPL method constitute in fact the basis underpinning the study of poverty and upkeep precariousness developed in the ACE. It is truth that, in order to make the method operative in the ACE, the EPDS has faced up to the need of perfecting the SPL approach in such a way that it would be possible to create stable in time indicators, able to guarantee furthermore the comparison with other territories. But it is also undeniable that the method developed in the EPDS is but a particular adaptation of the general perspective formulated by the Leyden school.

In front of the remaining proposals, the SPL-Leyden and the original ESSDE formulation included, the EPDS method introduces notwithstanding a basic rupture. It specifically breaks off with the approach focused on a method for studying relative poverty with internal ratings that allow to delimit situations of serious poverty. The EPDS, when studying situations of upkeep precariousness, chooses instead to distinguish conceptually between poverty and absence of well-being. To correctly understand the reasons for this innovation it is necessary to consider initially to what an extent the SPL-Leyden method contributes to bring us nearer to a better understanding of poverty realities.

In advance, the contribution of the Leyden subjective method to a reduction of the disparities between objective and subjective

poverty is rather scarce, with levels of disparity very high still. So, 68.5% of the groups defined as poor by the SPL method do not consider themselves as poor. On the other hand, the percentage of households that consider themselves at least as rather poor reaches 54.5% and are defined as no poor when the method is applied. The disparity degree reaches 77.1% of the cases in the group of population living at risk situations, practically the same level observed when applying the Eurostat method.

Therefore, if the SPL method improves the traditional statistical approach from a theoretical perspective, when fixing thresholds and equivalence scales based on the perception of population and not on scientific apriorisms, the truth is that it does not guarantee an advance in the process of minimization of the observed disparity between objective poverty realities and the subjective perception of the same.

Going more deeply into this question it can be checked that the origin of this contradiction is not linked to an incorrect methodological approach when coping with the measurement of poverty in the SPL method. The problem lies rather in the question for evaluating the minima that are associated in the method with the social fact of poverty based on the hypothesis that the perception of the *minimum income needed to make ends meet every month* is that related more directly with the notion that the society has about this social reality.

At least in the case of the ACE, the idea of a minimum needed to make ends meet every month is associated however, rather than with poverty, with the access to those levels of welfare that are expected in our society. The EPDS assumes in this way the principle that between poverty and welfare states there is an intermediate pole defined undoubtedly by the inexistence of the socially desired welfare levels, but in no case it can become assimilated

to an experience of poverty. Poverty and absence of well-being are two social realities well differentiated. The acceptance of this distinction enables to obtain a much more precise adjustment to the way in which the poverty and precariousness realities are perceived and interpreted by the population.

Applied research in Euskadi has led therefore to the conclusion that poverty is not really a situation of inability to access to the minimum welfare level expected in our society. Poverty is in any case a social fact related with the inability to meet what the population considers their basic needs, a reality that is essentially linked to meeting the needs having to do with food, accommodation, clothing and footwear, together with the needs met by the most important public services –education, health or social services–. So, at least in societies like the Basque one, poverty does not present itself so much as a generic lack of a certain expected level of welfare but rather as a specific situation of inability to meet really fundamental needs. A real challenge, therefore, to the classic definition of poverty formulated by Townsend, having more to do with the access to welfare levels expected in the society of reference¹⁷.

The poverty threshold is therefore fixed taking into account the perception of *minimum income needed for meeting basic needs*, relating instead the perception of the *minimum income needed to make ends meet every month* with the concept of absence of well-being. The EPDS applies the regression model of LPL-SPL to the corresponding variables and, by means of that, it fixes two complementary thresholds: that of poverty in a strict sense and that of absence of well-being.

Without prejudice to this distinctive trait with regard to other approaches, the EPDS method is developed from other three basic considerations, obtained from an empirical analysis of available data relating to the application of the LPL/SPL method in the ACE:

¹⁷ In Townsend's perspective it can be considered that individuals, families and groups live a situation of poverty when they lack of the resources needed to obtain the type of food, participate in the activities and enjoy the living conditions that are customarily, or at least recommendable, in the societies they belong to. As a consequence of their want of resources these poor persons are excluded from the patterns, customs and activities that are usual in these societies (Townsend, 1979).

1. First of all, it is established that the indicators relating to minima are correlated with the expense variable more intensely than with that of income. Available data reflect effectively a correlation between y_{min} and the expense variable g greater than with the income variable γ . For this reason, an adjusted version of the Leyden-SPL method is applied in the development of the EPDS approach, substituting the expenses variable by that of income.

In this way, the expense indicator g is used in the SPL regression equation for developing the method. The equation uses so the following variables (calculated in Napierian logarithms):

$$Y^*_{min} = \hat{a}_0 + \hat{a}_1 fs + \hat{a}_2 g$$

The y_{min} variable, from which the y^*_{min} threshold is derived, is obtained from answers given by the interviewed households to the following questions:

- In the current circumstances at your home, **what is the minimum income really needed to make ends meet every month?** (In order to calculate the absence of well-being threshold); and
- In the current circumstances at your home, **what is the minimum income really needed for meeting basic needs?** (In order to calculate the poverty threshold).

As for the g variable used, it corresponds to answers given by households to the following question: **What are the average monthly expenses of this family?**

The expense indicator used does not refer so much to the expense effectively incurred in a given month but to the level of expense perceived as usual in the middle term. This indicator refers to average monthly expenses usually perceived by the family unit. Resorting to this indicator is justified because it offers the highest correlation with answers from families to the question about minimum income needed for meeting basic needs. It is also the indicator that

reflects a higher level of adjustment, measured by the coefficient R^2 , in the application of the SPL regression model (Sanzo, 2001).

The fs variable corresponds, such as in the application of the SPL method, to the size of the household or family unit.

2. In the second place, great differences are observed when determining the needed minima as a function of a series of basic sociological variables, being determinant at this regard the age variable. As the main indicator of the different moments of the population life cycle, age is associated with specific ways of life and consumption processes, with social and economic implications of the utmost importance for measurement of poverty and precariousness.

Taking into account said reality, the EPDS method introduces several thresholds of need for overcoming poverty or accessing high enough welfare levels according to the moment of the life cycle, measured to practical effects from the age of the person being the head of the household.

Three types of household are taken into account according to its head person: less than 45 years old, 45 to 64 years old, and 65 or more years old.

3. Finally, it is equally confirmed that the equation values are conditioned by the relative weights of different income groups. As far as the group in a situation of welfare is the more numerous in societies such as the Basque one, it can contribute to Y^*_{min} being artificially displaced to the right. Taking this reality into account, the calculation of poverty thresholds and absence of well-being were carried out in two stages up to the year 2000, once excluded after the first stage the groups more distant from the real experience of the analysed situations (poverty and absence of well-being). It could be ascertained nonetheless along the different historical applications of the EPDS an evident convergence of the obtained results from the application of the method in its two versions: single-stage and two-stage. So long as resorting to the first version of the method enables to work with a by far higher number of records in the moment of cal-

culating the poverty and precariousness thresholds, it was from the 2004 year onwards that the decision was made to definitively abandon the two-stage procedure.

The development of the EPDS method is substantially simplified with this operative decision getting closer to the basic original plans of the SPL approach that takes into account all the observations for delimiting the poverty thresholds¹⁸. That is why, further to consolidation of the differentiation between poverty and absence of well-being¹⁹, the practical modifications with regard to said method are reduced essentially to two variables, very important both of them: the use of the expense variable instead of that of income and the calculation of different thresholds according to the age of the head person.

By way of summary, it can be said therefore that the EPDS method is fundamentally translated in the separated application of the SPL equation to households headed by persons within specific age groups (less than 45 years old, 45-64 years old and 65 or more years old), using for it the expense variable instead of that of income. As we have seen, this expense variable does not refer as much to actual expense of households as to their usual expense. The use of two different references for γ_{min} allows, on the other hand, to differentiate between poverty thresholds and absence of well-being thresholds.

Therefore, according to the EPDS method, the population in the ACE is divided in three groups as regards their situation in the poverty/welfare scale within the upkeep dimension.

• Poverty

It includes persons, families or households experiencing a situation of lack of economic resources to cope, in the short time, with meeting basic needs, particularly those having to do with food, accommodation, clothes and footwear. Persons, families or households disposing, in the considered reference period, of incomes lower than those established for meeting these basic needs find themselves at risk of serious poverty.

• Absence of well-being

Here are included persons, families or households experiencing a situation of lack of economic resources to meet, in the short time, the usual expenses that are considered necessary to keep up the minimum welfare and comfort levels that are expected in a given society. They are those that in practice enable to participate –although under minimum conditions– in the way of life, customs and activities considered as normal in said society. Persons, families or households disposing, in the considered reference period, of incomes lower than those established for accessing to those minimum levels of welfare that are expected in the society where they live.

• Welfare

Here are included the remainder of persons, families or households, that is to say, those who do not experience in the short term situations of lack of resources to cope with meeting basic needs or for facing the minimum expenses required for accessing to welfare situations.

The thresholds that are derived from the application of the method –together with the corresponding equivalence scales– are as follows for the 2008 year:

¹⁸ In the standard method of the SPL all answers are required in order to fix the line of poverty. The reason for Geodhart is that beforehand it is impossible to know the value of the threshold, being therefore necessary to take into account all the records to obtain a reliable approach.

¹⁹ Although the clear distinction between *poverty* and *absence of well-being* differentiates the EPDS method from the SPL one, in the design of the Leyden-SPL method the authors pointed out in every moment the possibility of establishing different levels in the welfare scale. Therefore, the distinction introduced in the EPDS responds somehow to a more clear precision of the welfare scale contents and of the difference existing between both situations (that of poverty and that of absence of well-being) than to a qualitative innovation.

Table 5. Upkeep poverty and absence of well-being thresholds according to the EPDS method. 2008 (Data in euros)

Household size	< 45 years		45-64 years		> 65 years	
	Poverty	Absence of well-being	Poverty	Absence of well-being	Poverty	Absence of well-being
1 person	947.24	1,231.41	792.75	1,187.90	560.07	786.19
2 persons	1,136.56	1,527.22	968.42	1,470.73	770.13	1,061.53
3 persons	1,264.39	1,732.19	1,088.71	1,666.44	927.85	1,265.36
4 persons	1,363.71	1,894.10	1,183.02	1,820.89	1,058.98	1,433.29
5 persons	1,446.09	2,030.03	1,261.76	1,950.49	1,173.33	1,578.76

Source: EPDS 2008

Table 6. Equivalence scales corresponding to upkeep poverty and absence of well-being thresholds according to the EPDS method. 2008

Household size	< 45 years		45-64 years		> 65 years	
	Poverty	Absence of well-being	Poverty	Absence of well-being	Poverty	Absence of well-being
1 person	1.00	1.00	1.00	1.00	1.00	1.00
2 persons	1.20	1.24	1.22	1.24	1.38	1.35
3 persons	1.33	1.41	1.37	1.40	1.66	1.61
4 persons	1.44	1.54	1.49	1.53	1.89	1.82
5 persons	1.53	1.65	1.59	1.64	2.09	2.01

Source: EPDS 2008

Differences observed in the levels of thresholds according to age in need levels as well as in equivalence scales reflect both the different situations of the life cycle and the different family structure and composition dominant in every age group, justifying the need to work with disintegrated data according to the *age of the household head person* variable. In such a way distortions are avoided that have been translated into a strong increase of the relative weight of households headed by persons older than 65 years because both of the delay in the age of access to an independent life among young adults and the accelerated progress of the population ageing. The strong impact of these changes in the demographic structures cast doubts on the practical usefulness of an analysis based on a single poverty line and in a single equivalence scale for the whole of the population.

Considering the usefulness of the EPDS method for adjusting objective rating and subjective perception, you can see that the

level of distortion between objective and subjective indicators is substantially reduced. So, among households rated as poor, the proportion of those that do not consider themselves as poor falls to 58.5% and among those rated as in absence of well-being only a 14.1% rate themselves as in a comfortable position. As a whole, distortions only affect a 25.7% of those rated as poor or in absence of well-being by the EPDS method. In the case of households rating themselves as rather poor, the proportion of those not defined as in poverty or absence of well-being situation is a 38.5% of the reference group.

Taking into account the different groups in at-risk situation, the disparity becomes now minor rising only to hardly 35.9% of the considered households. In this way and for the first time, we can speak about an approach method that provides adjusted enough results between subjective perception and objective reality.

Table 7. Disparity level between objective rating and subjective perception. EPDS method: poverty and absence of well-being. 2008 (Percentage of affected households)

Type of disparity	EPDS method
% of households rated as poor but not considering themselves as poor	58.5
% of households rated as in absence of well-being but not placing themselves below the mean	14.1
% of households rated as poor or in absence of well-being but with no-coherent subjective perception	25.7
% of households considering themselves as rather poor, but defined in welfare situation	38.5
% of households with disparity on the whole of households considered in the three groups above	35.9

Source: EPDS 2008

It must be pointed out here that the Eurostat method somehow assumed in its origins the premises advocated by EPDS when speaking less of poverty and more of low incomes when referring to its indicator of 60% of the median, what could be assimilated to the EPDS concept of absence of well-being. Once this premise is accepted and fixing the poverty threshold at 40% of the median income, the final disparity would be situated at an average level of hardly 31.3% of households in at-risk situation for the entire period 1996-2008, a result not far from the 29% obtained by the EPDS.

This indicates that the use of the European statistical method could be useful in an approach to the study of poverty and the problems of absence of well-being, given the simplicity of its obtainment. On the basis of the Basque reality, it would be sufficient to assume the following principles: differentiate clearly poverty from absence of well-being, avoid the problem of underestimating the needs of single persons and assessing the validity of the equivalence scale currently used (adjusted OECD).

This solution, if not accompanied by access to the EPDS indicators, would be still problematic. Since in the statistical method the fixation of the threshold is associated to movement of

incomes rather than to actual needs for overcoming poverty or accessing welfare, it must not be discarded that the solution proposed to overcome the deficiencies of the Eurostat method ends up being random and only valid in the short or medium term. That is why it is necessary to keep on making progresses –at least in parallel– in the development of the EPDS method, a channel that associates the calculation of poverty and absence of well-being thresholds as well as the corresponding equivalence scales to the perception of the affected households themselves.

The foregoing reasons can be better understood when analysing the implications involving the use of either one or the other of the considered methods, both about estimating the dimension of problems and characterising the affected persons or households. This is particularly relevant when it comes to assess the differences resulting from the application of EPDS and Eurostat methods.

2.4 Implications of using the different methods

As it has been already mentioned, the EPDS facilitates the obtainment of results corresponding to the main indicators of poverty and upkeep precariousness used in applied research in Europe distinguishing the different levels of seriousness associated to them.

Some data are stated below regarding the implications of resorting to either of the methods available with EPDS. The data allow to establish that methodological differences determine the overall view each one may have about poverty and precariousness. To his effect the different methods introduce potentially important biases that affect both the impact of poverty and precariousness phenomena and the determination of groups more exposed to different at-risk situations.

2.4.1. Differences regarding the impact of the problem

The following table presents a synthesis of the main overall indicators for poverty and upkeep precariousness available in the 2008 EPDS.

Table 8. Indicators of poverty and/or absence of well-being (upkeep)²⁰. 2008

(Households and population in family homes) (Absolute data and incidence levels in percentages)

Indicators	Households	Incidence (in %)	Population	Incidence (in %)
Original European method				
Relative poverty	69,134	8.7	205,986	9.6
Serious poverty	3,148	0.4	11,689	0.5
Eurostat/UE method				
Relative poverty/Low income 60%	137,007	17.2	318,161	14.8
Poverty 40%	23,753	3.0	66,540	3.1
Serious poverty 30%	6,221	0.8	19,521	0.9
SPL-Leyden method				
Relative poverty	83,833	10.5	156,631	7.3
Serious poverty	21,732	2.7	43,067	2.0
EPDS method				
Absence of well-being	141,605	17.8	313,215	14.6
Poverty	36,955	4.6	88,643	4.1
EPDS method (without housing costs)				
Absence of well-being	136,163	17.1	294,038	13.7
Poverty	34,041	4.3	79,907	3.7

Source: EPDS 2008

As it can be observed in the foregoing table, the EPDS poverty figures are higher than that of serious poverty derived from the European statistical method, both in its traditional version and in the adjustment applied to the Eurostat approach, 30% of median version (4.1 against 0.5 and 0.9%). They also surpass the 2.0% that would be obtained applying the Leyden-SPL method to the question relating to minimum income required to meet basic needs. The rate is instead very close to that derived from the lower threshold of the interval defined by Eurostat for studying poverty (40% of the median), the only one really official in the European sphere. In this case a poverty rate of 3.1% is recorded.

EPDS poverty rates result instead considerably lower than the levels of relative poverty fixed by European methods and by the SPL-Leyden in the version associated with minimum income for making ends meet every month. The gap is particularly ample with regards to the poverty level derived from the application of the Eurostat method under-

stood in terms of 60% of the median. However, if this indicator is estimated in terms of *low income* the difference with regards to the absence of well-being indicator of the EPDS method is very limited (14.6% against 14.8%).

In fact, a great part of the differences observed between the results of the Eurostat method and those of the EPDS are because in this last one the distinction is precisely established between poverty and low income or absence of well-being. While in the diverse procedures applied in Spain and Europe these two dimensions are included in an ample concept of relative poverty, the EPDS clearly distinguishes both concepts, qualitatively different and without that of *absence of well-being* may become subsumed in that of *poverty*.

So, a substantial difference between diverse poverty indicators as defined in Europe and that used in the EPDS is that if this latter specifically focus itself in the quantification of poverty understood as a social and economic

²⁰ Since the obtainment of Eurostat indicators with imputed rent has not been yet implemented at an overall level in Europe, the problems associated to the differential derived from the introduction of the new approach when obtaining the Eurostat indicators are not considered in this report. Neither are presented the results corresponding to these indicators, in spite of them being available in the EPDS. All that without prejudice of mentioning some aspects relating to the new Eurostat method, adjusted on the basis of imputed rent, in the section relating to the potential of adjustment (to social perception of poverty and precariousness) of the different methods.

phenomenon different of other situations of precariousness, as for example the realities of absence of well-being, the remainder of indicators are attempts of internal rating of ampler realities of precariousness that, under the concept of relative poverty, include situations both of at-risk of absence of well-being and of poverty in a strict sense.

2.4.2. Differences as regards to characteristics of affected persons

The use of one method or the other for measuring poverty and precariousness not only provides different results when it comes to measuring their impact; it also provides different answers when the time comes to know what groups are most affected by the problem. In order to illustrate this affirmation, it is of interest to make a short comparison between the results of EPDS and Eurostat methods, previously adjusted in this last instance so as to differentiate poverty from low income or absence of well-being. The 40% and 60% of the median indicators are respectively used to that end.

The data show some important differences that have to be made explicit, particularly relating to the poverty indicator. Focusing on data about the whole of the population, having as reference the characteristics of the household or of its head person, the more striking differences are as follows:

1. In the first place, unlike the EPDS approach, the Eurostat method reflects lower incidence of the at-risk of poverty situations among persons living alone and in lone parent households. This alters the quantitative distribution of poor groups: if 41.1% corresponds to households headed by persons living alone or single parent households in the EPDS method, the percentage falls to 32.1% with the Eurostat method.
2. In the second place, the Eurostat method reflects a greater differential incidence of poverty and precariousness among 65+ aged persons (3.5% against 2.3% in the EPDS method concerning the poverty indicator). Instead, with regard to EPDS, it tends to undervalue the incidence of poverty and precariousness among families headed by young adults. So, although they also indicate

poverty rates higher than the mean among persons younger than 45 years, the Eurostat rates result in this case clearly lower than those of the EPDS method, particularly among households headed by persons from 24 to 44 years old (4.7% against 9% among persons aged 25 to 35 years; 3.1% against 6.1% among those aged 35 to 44 years). In this way, if 58.2% of the at-risk of poverty situations according to EPDS correspond to persons in households headed by an individual younger than 45 years, with the Eurostat method these persons only represent 41.9% of the poor population.

3. In the third place, the Eurostat method reflects a lesser man-woman differential in the rates of poverty (4.8 against 8.2%) which is translated in a lesser relative weight, among persons in at-risk of poverty, of households headed by a woman (25.2% against 32% of the EPDS method).

In 2008, these differences are equally reflected in a lower poverty rate among households with children under 14 years of age (3.8% against 6% in the EPDS method).

The origin of the observed differences is related to two aspects that characterise the poverty thresholds systems derived from the EPDS method. On the one hand, with regards to the Eurostat method this approach determines poverty thresholds by far higher in the case of lone persons, being observed instead flatter levels in the equivalence scale with much limited increases in the thresholds as the number of persons in the household increases.

On the other hand, against the Eurostat method that establishes a single threshold for poverty or absence of well-being, three different thresholds are established in the EPDS according to the age of the person heading the household. Within this context, a basic feature of the EPDS method is that of being characterised by a progressive decrease of the amount of economic resources needed to overcome poverty and accessing high enough levels of welfare as the affected person becomes older.

In the light of these methodological variants, the presented results may be easier to under-

stand. At this regard it must be highlighted that there is an interrelation in the differences observed in the incidence of poverty situations by reason of age of the head person and by type of family group. To this effect, the Eurostat method puts out of poverty households of persons younger than 45 years, frequently single parent families or persons living alone; instead, it usually finds more states of want in the population older than 45 years, with a strong presence of married couples or widowed persons.

Evidences suggest, however, that it is incorrect to apply the same poverty thresholds to types of households characterised by very different expenditure needs. To this sense, households of persons older than 45 years stand out because of a considerably lower level of needs, particularly as regards accommodation expenses, a reality that is not compensated for by a greater potential expense in other dimensions, namely health. The Eurostat single system of indicators undervalues therefore the needs of younger adults, overvaluing instead those of older people. This is the reason why results derived from the Eurostat method are substantially alien to the profile of persons accessing to the income guaranteeing benefits existing in the ACE (Basic Income and AES), specifically focused on persons experiencing a situation of poverty. These persons' profile coincides, instead, with the basic traits of the poor persons group presented to us by the EPDS method.

2.4.3. The ability of EPDS to minimize dysfunctions

Available data confirm, in any case, that the EPDS approach is the one that better adapts to the measurement of poverty and precariousness. We can see in the table hereafter that the EPDS method provides in this sense the highest level of adjustment between poverty and upkeep precariousness objective indicators and the perception of the affected persons about the situation they are experiencing.

EPDS indicators clearly exceed the remainder of methods in some important aspects. In the first place, the proportion is minimised of households that consider themselves at least

rather poor but that are rated as no poor: 38.5% in the EPDS method against a 41.7% in the current Eurostat method and 66.6% in the adjusted Eurostat method according to the concept of *imputed rent*. In the second place, the proportion of households rated as poor but that do not consider themselves as *rather poor* becomes also lower: 58.5% against figures higher than 75% with the Eurostat method.

Such as we shall furthermore verify when introducing the concept of *accumulation poverty* it makes sense that even in the EPDS approach a majority of households rated as *upkeep poor* do not consider themselves as poor. In this sense, it is possible that a situation of welfare in the dimension of accumulation enables to compensate a precariousness reality in the upkeep dimension, solving the apparent paradox.

Another noteworthy aspect is that, taking into account the different level of needs and the diverse structure of consumption associated to the life cycle, the overall EPDS indicators provide results that, in spite of being slightly improved if expenses for accessing to accommodation are neutralised, result very similar before and after carrying out said neutralisation. In this way, the overall EPDS indicator provide guarantees enough with regard to the indicators obtained neutralising the expenses for accessing to accommodation, in a context of greater simplicity in the application of procedures for obtaining the poverty and absence of well-being thresholds. The introduction of the imputed rent mechanism does not resolve, instead, the limitations of the Eurostat method. At most, it succeeds in bringing results closer to those that were already obtained with the original European method.

Going more deeply into the origin of above-mentioned differences, mainly when the time comes to compare results derived from the EPDS method with those obtained from the Eurostat method, we can see in the following table that the distortions associated with this latter method are underpinned by two key aspects. In the first place, the thresholds used by Eurostat, placed at 60% of the median, are related with the concept of *minimum income for making ends meet every month*, a concept

Table 9. Indicators relating to the correspondence between objective indicators and subjective perception. 2008 (Data in %)

Indicator	Original UE method	Eurostat method	Eurostat Imputed rent	Leyden method	EPDS method	EPDS, w/o accommodation expenses
1. % of households rated as poor, but not considering themselves poor (at least "rather poor")	72.5	75.3	73.1	68.5	58.5	53.4
2. % of households rated as no poor, but considering themselves as poor or very poor	1.6	1.2	1.7	1.4	1.0	0.7
3. % of households considering themselves as poor (at least "rather poor") and rated as poor	67.3	41.7	66.6	54.5	38.5	36.8
4. % of households considering themselves as no poor (at least "rather poor") and rated as poor	6.8	14.0	7.1	7.8	2.9	2.5
5. Weight of distortions 1 + 2 in the whole of households at-risk (households rated as poor or considering themselves at least rather poor)	57.0	68.7	58.7	58.2	35.5	30.3
6. Weight of distortions 3 + 4 in the whole of households	11.2	16.0	11.5	11.2	5.5	5.0

Source: EPDS 2008

Note: Those rated as not poor include, in the case of the EPDS method, situations defined as of welfare.

Table 10. Objective poverty and absence of well-being thresholds compared to some subjective indicators. 2008.

Data for the whole of the ACE population in equivalised Eurostat units (Data in euros)

Overall income indicators	< 45 years	45-64 years	> 65 years	Total
5° quintil	2000.00	2037.00	1653.33	1938.89
5th quintile	2000.00	2,037.00	1,653.33	1,938.89
Median	1,373.02	1,477.56	1,139.78	1,364.00
60% median	823.81	886.53	683.87	818.40
Eurostat indicators	< 45 years	45-64 years	> 65 years	Total
30% of income median	411.90	443.27	341.94	409.20
40% of income median	549.21	591.02	455.91	545.60
50% of income median	686.51	738.78	569.89	682.00
60% of income median	823.81	886.53	683.87	818.40
70% of income median	961.11	1,034.29	797.85	954.80
EPDS indicators (using Eurostat equivalence scale)	< 45 years	45-64 years	> 65 years	Total
Poverty	669.04	534.06	490.54	568.51
Absence of well-being	918.53	818.01	674.70	817.05
Subjective indicators (median)	< 45 years	45-64 years	> 65 years	Total
Median of "minimum income for making ends meet every month"	904.76	800.00	650.00	800.00
Median of "minimum income for making ends meet every month" (except last quintile of income)	857.14	739.13	600.00	722.22
Median of "minimum income for making ends meet every month" (only income < median of income)	750.00	666.67	600.00	666.67
Median of "minimum income for making ends meet every month" (only income < 60% median of income)	608.70	571.43	500.00	576.92
Median of "minimum income for basic needs"	761.90	650.00	533.33	652.17
Median of "minimum income for basic needs" (except last quintile of income)	714.29	600.00	533.33	600.00
Median of "minimum income for basic needs" (only income < median of income)	619.05	550.00	500.00	571.43
Median of "minimum income for basic needs" (only income < 60% median of income)	523.81	500.00	420.00	500.00
Subjective indicators (mean)	< 45 years	45-64 years	> 65 years	Total
Mean of "minimum income for making ends meet every month"	973.70	863.83	703.39	861.87
Mean of "minimum income for making ends meet every month" (except last quintile of income)	879.06	778.20	659.78	773.12
Mean of "minimum income for making ends meet every month" (only income < median of income)	762.33	715.18	633.62	703.91
Mean of "minimum income for making ends meet every month" (only income < 60% median of income)	622.47	588.85	539.88	592.47
Mean of "minimum income for basic needs"	815.31	699.58	589.53	711.66
Mean of "minimum income for basic needs" (except last quintile of income)	744.28	646.29	556.70	648.89
Mean of "minimum income for basic needs" (only income < median of income)	655.73	596.41	530.85	597.47
Mean of "minimum income for basic needs" (only income < 60% median of income)	536.20	509.72	462.12	508.88

Source: EPDS 2008

Nota: EPDS indicators correspond to mean values, using Eurostat equivalence scale

Figures correspond in practice to need thresholds for a single person

that is not associated so much with poverty as it does with situations of absence of well-being. The 60% of the median Eurostat indicator does not measure poverty but situations of absence of well-being. In the Eurostat approach, the indicator coming nearest to the perspective of poverty measurement, a reality linked to the subjective perception of *meeting basic needs*, is the 40% of the median indicator. The 30% indicator considerably undervalues the needs linked to poverty; that of the 50%, instead, tends already to place itself above them, at least in the case of households headed by persons aged 45 years or more.

3. Indicators of deprivation in the upkeep dimension

In addition to the poverty and absence of well-being indicators presented in the foregoing point, the EPDS provides likewise a series of deprivation indicators in the upkeep dimension. Specific and synthetic indicators can be distinguished in this case.

The interest of these indicators in the EPDS is based on two ample aspects. In the first place, they allow for establishing the characteristics of the poverty and absence of well-being situations, by providing important information for knowing the profile corresponding to each type of precariousness situation. In the second place, they provide more detailed information about the position of the at-risk groups with regard to key aspects of the fight against poverty and precariousness, for example in aspects such as the guarantee of adequate levels of nutrition. As a whole, these indicators contribute to a more detailed knowledge of precariousness situations.

3.1. Specific indicators

The system of deprivation specific indicators developed in the EPDS tries to provide com-

plementary information to the poverty and precariousness indicators. In particular, the following objectives are sought:

1. To concrete the problems in relation with meeting basic needs, particularly with relation to access to food and the implications associated to the effort for accessing to a decent accommodation.
2. To concrete other problems related with access to welfare situations, with a special reference to meeting the leisure and enjoyment of free time needs.
3. To establish the relationship between the existence of need situations and the resort to aids, savings and loans, including an approach to situations of indebtedness.

The indicators system is synthetically presented in the following tables²¹:

²¹ The concrete characteristics of each specific indicator can be analysed in the Annex 1. The definitions and calculation methods resulting from their application are detailed there for each one of the considered indicators. The information relative to poverty and absence of well-being is also summarised in that Annex.

Table 11. SPECIFIC DEPRIVATION INDICATORS (Upkeep)

THE COVERING OF BASIC NEEDS	
THE COVERING OF BASIC NEEDS	
Current covering of basic expenses	Households (or persons in households) that currently can't meet basic subsistence expenses.
Covering commitments and usual expenses in the last 12 months	Households (or persons in households) that have experienced difficulties in the last 12 months for meeting with their usual income their commitments with third parties or for meeting their usual needs of expenditure. Households (or persons in households) that, as a consequence of problems for covering usual commitments and expenses, have experienced in the last 12 months the following problems: <ul style="list-style-type: none"> – Need to reduce basic expenses (clothing, food or accommodation) – Defaults or arrears of payment of rent or loans – Power, water or phone cuts – Seizure of their possessions – Sale of properties, change of accommodation or school (in the case of children).
Ability to cope with unforeseen expenses	Households (or persons in households) unable to meet unforeseen expenses.
PROBLEMS REGARDING ACCESS TO FOOD	
USDA (FSS) indicators	Households (or persons in households) with serious problems about foods in the last 12 months Households (or persons in households) with very serious problems about foods in the last 12 months Households with food insecurity problems
EU-SILC indicator	Households (or persons in households) without access to a protein meal at least every other day in the last 12 months
OTHER PROBLEMS ABOUT COVERING BASIC NEEDS	
Clothing and footwear	Households (or persons in households) that resort to second hand clothes because of strictly economic problems
Heating	Households (or persons in households) that have suffered cold at home, at least in certain occasions, as a consequence of the inexistence or inadequacy of a heating system.
EFFORT FOR GAINING ACCESS TO A DECENT ACCOMMODATION	
Effort for gaining access to a decent accommodation	Households (or persons in households) with accommodation expenses higher than 30% of their disposable income

Table 12. SPECIFIC DEPRIVATION INDICATORS (Upkeep)

THE COVERING OF LEISURE AND FREE TIME NEEDS

OVERALL PROBLEMS REGARDING ACCESS TO LEISURE AND FREE TIME ENJOYMENT

Current covering of leisure needs	Households (or persons in households) that do not cover at all their leisure needs Households (or persons in households) having to reduce expenses as much as they can to cover their leisure needs Total leisure problems: Households (or persons in households) that do not cover at all their leisure needs or that cover them reducing expenses as much as they can
Covering ordinary commitments and expenses in the last 12 months	Households (or persons in households) that, as a consequence of problems for covering ordinary commitments and expenses have experienced in the last 12 months the following problems: – Need to reduce leisure and free time expenses

OTHER PROBLEMS REGARDING ACCESS TO LEISURE AND FREE TIME ENJOYMENT

Going out for leisure	Households (or persons in households) that for economic reasons have not went out for leisure one mid-day, evening or night in the last 15 days
Holidays	Households (or persons in households) that for economic reasons have not enjoyed at least one week of holidays out of their usual home in the last 12 months

Table 13. SPECIFIC DEPRIVATION INDICATORS (Upkeep)

RESORTING TO AIDS, SAVINGS AND LOANS

CALL FOR AIDS, RESORT TO SAVINGS AND ASKING FOR LOANS

Calling for aid of third parties	Households (or persons in households) that as a consequence of problems for covering ordinary commitments and expenses have experienced in the last 12 months the following problems: – Having to call for aid of friends, neighbours or relatives – Having to call for aid of public or private institutions – Having to call for aids (sum of both foregoing groups)
Resorting to savings	Households (or persons in households) that as a consequence of problems for covering ordinary commitments and expenses have experienced in the last 12 months the following problems: – Having to resort in a significant way to their own savings
Asking for loans	Households (or persons in households) that as a consequence of problems for covering ordinary commitments and expenses have experienced in the last 12 months the following problems: – Having to ask for extraordinary loans

RISK OF INDEBTEDNESS

Indebtedness	Households (or persons in households) that considering their disposable savings and their income and expenditure levels find themselves at risk of indebtedness
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3.2. Synthetic indicator

The EPDS provides in the same way a synthetic indicator of deprivation in the upkeep dimension. This indicator tries to provide an overall approach to diverse specific deprivation situations that have been observed. In the case of there being no economic information such as that provided by the EPDS and, with some adaptations, this synthetic indica-

tor can serve for carrying out a follow-up of the poverty and precariousness indicators without resorting to the complex battery of economic questions characterising the SPDS (Basque Government, DJESS, 2007).

In order to create the abovementioned indicator, the following aspects of deprivation at home are taken into account:

Table 14. Problems taken into account in the synthetic deprivation indicator

Overall problems	Specific indicators taken into account
Current cover of basic expenses	They don't meet currently basic subsistence expenses
Access to food, clothes and footwear and to sufficient heating	<ul style="list-style-type: none"> – Problems about food with a possible risk of hunger; other problems about food, as long as difficulties are observed regarding the ability to obtain a balanced and varied diet. – The family was in such a tight spot during the 12 last months that they had to resort to second hand clothes and footwear because of strictly economic problems. – They have suffered from cold at home during the last winter, at least in some occasions, as a consequence of the inexistence or inadequacy of a heating system. <p>The problems indicator is based on the sum of the three types of the abovementioned problems, with its value ranging between 0 and 3.</p>
Meeting ordinary commitments and expenses in the last 12 months	<p>They have experienced in the last 12 months the following problems as a consequence of their inability to meet ordinary commitments and expenses:</p> <ul style="list-style-type: none"> – Default or arrears in payment of rent or loans – Power, water or phone cuts – Seizure of possessions – Having to reduce clothes, food or accommodation basic expenses – Having to sell possessions, change of accommodation or of school in the case of children – Having to call for economic aid to friends, neighbours or relatives – Having to call for economic aid to public or private institutions of a social nature – Having to resort in a significant way to their own savings – Having to ask for extraordinary loans <p>The problems indicator is based on the sum of the nine types of the abovementioned problems, with its value ranging between 0 and 9.</p>

Table 14. Problems taken into account in the deprivation synthetic indicator (continued)

Access to leisure and free time enjoyment	<ul style="list-style-type: none"> – They can't cover at all their leisure expenses – As a consequence of problems with regards to covering ordinary commitments and expenses, they have had to reduce leisure and free time expenses – For economic reasons they have not enjoyed at least one week of holidays out of their usual home in the last 12 months – For economic reasons they have not went out for leisure one midday, evening or night in the last fortnight <p>The problems indicator is based on the sum of the four types of the abovementioned problems, with its value ranging between 0 and 4.</p>
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From the results heretofore obtained for the diverse contents, the following rating is established in the deprivation/no deprivation scale:

• Very precarious

It includes persons in households where any of the following problems is experienced:

- Widespread problems for meeting basic needs.
- Three or more problematic indicators with regards to covering commitments (or to the sum corresponding to meeting basic needs and cover of commitments).
- The household states it is unable to meet at present its subsistence expenses.

• Precarious (basic aspects)

It includes persons in households not included in the foregoing group, but where two or more problematic indicators are present with regards to covering commitments (or to the sum corresponding to meeting basic needs and to covering their commitments).

• Precarious (less basic aspects)

It includes persons in households not included in the foregoing groups, but where no problematic indicators are present with regards to meeting basic needs and to cover-

ing their commitments, but having two or more problematic indicators about their access to leisure.

• Less precarious (maximum squeeze)

It includes persons in households not included in the foregoing groups, but where some of the following problems are experienced:

- Problems about foods, without risk of hunger and without difficulties about the ability to obtain a balanced and varied diet.
- Need to squeeze other expenses at the maximum in order to meet the leisure needs.

• Not precarious

It includes persons in households where no problems are experienced with regards to meeting basic needs or covering their commitments and that, on the other hand, are able to cover their leisure needs.

The very precarious group has to do with the presence of upkeep poverty situations. The remainder of precariousness situations reflect instead absence of well-being problems. The less precarious and non-precarious groups reflect in practice welfare of near-welfare situations.

Chapter two: ACCUMULATION POVERTY AND PRECARIOUSNESS

1. The need of an approach to the accumulation dimension

Before presenting the poverty, precariousness and deprivation indicators developed by the EPDS in the accumulation dimension, it is advisable to progress something more in the motives justifying the fact of resorting to this type of indicators in the study of poverty and precariousness.

Resuming what was stated in 2.3 and 2.4 points a striking fact should not be ignored: whatever the method used, it is proven that in all instances, even in the EPDS method, more than 50% of households rated as upkeep poor consider themselves as non-poor. Even though in most of the cases it is about groups that admit being by far lower than the mean of income of the society, the fact can't be ignored.

The origin of the distortion pointed out does not have to be necessarily attributed, nonetheless, to internal shortages of the EPDS method. On the one hand, it is necessary to take into account the fact that each person's view of reality is conditioned by a lower level of self-exigency for welfare as the level of actual income goes down. To this effect, the perception of what is necessary for subsistence or for making ends meet every month is systematically reduced as one goes down in the welfare scale. In the case of the minimum income required for meeting basic needs, for example, it goes from a mean of 1,011.15 € among populations in households in a situation of welfare in the upkeep dimension to 708.40 € among populations with absence of well-being problems and to 644.18 € with regard to those

affected by poverty problems. What is a poverty minimum in the higher group is most of the times contemplated as a welfare minimum in the immediately lower group.

Table 15. Minimum income economic indicators by objective position with regards to upkeep poverty. EPDS equivalence. 2008.

Population in family households (In euros per capita)

Income indicator	Poverty	No poor-Want of welfare	In welfare situation	Total
Average actual income	656.33	942.88	2,223.98	2,025.70
Basis: Welfare = 100	29.5	42.4	100	91.1
Minimum income required to meet basic needs	644.18	708.40	1,011.15	964.44
Basis: Welfare = 100	63.7	70.1	100	95.4
Minimum income required to make ends meet every month	723.84	834.63	1,232.21	1,169.77
Basis: Welfare = 100	58.7	67.7	100	94.9

Source: EPDS 2008

But the individual perception of poverty and welfare is also conditioned by the multidimensional nature of these social realities. To this effect, the distortion observed is also linked to the fact that insufficiency of income does not directly and necessarily lead to live in a situation of poverty or precariousness. This insufficiency of resources can be temporarily fulfilled by diverse means. Even assuming a total absence of income, among other measures of very diverse nature, families can resort to their savings, accessing in

some instances to loans, selling some of their possessions or calling for aids to third parties, so as to meet their needs over some time.

The availability of some capital or material resources in the household is particularly relevant in this context. The importance of the patrimony basis in the considered households is clearly noticed when analysing their internal characteristics. So, we verified, for example, that 57.3% of households rated as poor by the EPDS method, but that do not consider themselves as poor, have an economic patrimony that can be considered normal or even higher than normal in our society. This patrimony allows for some type of trade-off of occasional problems about accessing to incomes enough and makes that these households do not perceive their economic situation in terms of poverty.

In spite of this, the fact that these same households are fully aware of their precarious situation (79.6% state that they do not have ability to meet unforeseen expenses and 76.7% point out their serious difficulties for meeting their leisure needs), reveals that the upkeep defined thresholds are really operative as indicators of lack. Another thing is that their results could not be automatically interpreted in terms of actual poverty or absence of well-being, but they can be interpreted in terms of at-risk situations that are impossible to overcome if they persist in the long term. Problems of poverty and precariousness in the upkeep dimension bring sometimes about at-risk situations that only end in actual poverty or absence of well-being in those instances where they persist too much in time.

For these reasons, when studying the upkeep problems, the EPDS defines its poverty and absence of well-being indicators in terms of risk rather than in terms of absolute situations defined by the automatic experience of poverty. It is acknowledged so that the fact of having at a given moment an income lower than the poverty or welfare thresholds does not necessarily imply the direct experience of poverty or of other situations of precariousness.

On top of the distortion so far analysed, another important distortion is apparent in

the fact that 38.5% of households that define themselves as at least rather poor are not considered at-risk of upkeep poverty or absence of well-being by the EPDS method. A detailed approach to these households reveals that, effectively, most of these families (81.3% of the cases) are covering at present their basic needs. This reality of covering at odd times the upkeep needs is, however, compatible with important problems in terms of disposable patrimony resources and living conditions. So, 42.6% of these households have low or very low economic patrimony and 62.2% have needs related to housing conditions and equipment. Up to 72% of the households find themselves in one of the aforementioned situations.

To a great extent, considered distortions are fundamentally due to the fact that poverty, as a socioeconomic phenomenon, is not a reality exclusively linked to regular disposable income, but also to the level of patrimony and accumulated capital and to general living conditions. That is why in the methodological design of the EPDS there is the consideration of a poverty linked to patrimony resources and to living conditions in the medium and long term, the accumulation poverty, that is substantially different from the upkeep poverty described in the foregoing chapter.

2. Conceptual approach

As it has been mentioned, the study of upkeep poverty does not cover all the economic problems implicit in the concept of poverty. In order to overcome poverty, further to regularly meeting their usual consumption needs, the population must be able also to consolidate in the medium and long term a vital environment guaranteeing adequate living conditions. The second dimension of poverty contemplated by the EPDS is focused therefore in the study of those precariousness situations –linked to ways of consumption in the medium and long term– that, differing from those of upkeep, do not usually depend on occasional variations in the situation of households in order to leave them behind with enough guarantees.

This type of poverty, known as **accumulation poverty**, is associated to the inability of population to have access to consumer durables required to maintain, in the medium and long term an adequate enough standard of living, understood above all in terms of ability to have access to a decent accommodation properly fitted so as to meet minimum standards of habitability. As a potential scene of precariousness in the medium and long term, accumulation poverty is also related to the difficulty of households to accumulate the minimum patrimony resources required to guarantee, in special situations of crisis or emergency, the continuation of a normal life, thus offering a minimum of economic security²².

Accumulation poverty implies a situation, rather global than specific, of differential precariousness in having access to the necessary consumer durables and in the level of disposable patrimony resources, a circumstance that translates into living conditions insufficient to maintain a decent existence. This way of poverty is manifested in exceptionally low levels of patrimony resources and in qualitatively and quantitatively significant deprivations in living conditions, particularly with regard to characteristics of the usual accommodation (habitability, available fittings and level of furnishings), although also with regard to having access to other consumer durables that are important for living in modern societies (for example, a car or other type of vehicle able to meet the same needs when meeting them is indispensable).

In general, accumulation poverty reflect living conditions clearly below acceptable minima in our society with regard to basic variables that, such as accommodation, are indicative of a social status in the long term. That is why this type of poverty has a dimension more structural than that of upkeep poverty, of an essentially temporary nature.

Just as it happened with the upkeep dimension, also in the accumulation dimension appear precariousness situations that can't be automatically assimilated to poverty realities in a strict sense. These problems rather

reflect particular forms of absence of well-being level that people expects to reach in a society such as the Basque one.

3. EPDS indicators of poverty and precariousness in the accumulation dimension

3.1. Lack of experiences in the European context

The analysis of accumulation poverty is not easy to carry out, because of the lack of theoretical-practical referents adjusted enough to the intentions reflected in the research objectives defined in the EPDS. Nowadays, there are in Europe no references to indicators of accumulation poverty and precariousness able to direct the statistical practice. It is not a question, as in the case of upkeep poverty, of a certain lack of consensus on the procedure to be used. It is, simply, that there is not such a type of indicators for accumulation poverty and precariousness, even after the establishment and implementation of the EU-SILC.

It's true that studies have been carried out in Europe focusing them on the concept of deprivation, a concept that is partly alike to that of accumulation poverty. But in these studies nobody has reflected enough on the need to go more deeply into the diverse dimensions of poverty. In fact, most of the approaches to the study of deprivation, do not deal with the qualitative distinction existing between upkeep and accumulation indicators. The option is rather to contemplate these indicators as a whole without noticing the differential elements that denote the existence of clearly separated dimensions.

3.2. The EPDS indicator

Even though the EPDS method for measuring upkeep poverty is also original, since in the European or Spanish scope there were no

²² This approach was strongly influenced in its origins by the study of Townsend and Mack & Lansley methodology.

external references sufficiently consolidated, the innovation degree of the EPDS has had to be greatly higher in the approach to the study of accumulation poverty.

The study of the accumulation poverty is carried out in the EPDS taking into account the situation of households with regard to a series of quality of life indicators focused on two important aspects: the fittings and furnishings at home, on the one hand, and wealth resources owned by the households (owned house, other personal chattels, accumulated savings and vehicles less than ten years old) on the other.

The ESSDE provided an initial approach to the phenomenon in the treatment of problems linked to the study of accumulation poverty. Starting from the results of its pilot

study, the most significant items were established in order to delimit the diverse situations of poverty and precariousness in the accumulation dimension. In this process, fundamentally collateral items were discarded, as well as those the discriminating ability of which was limited or others that were related to other indicators, not directly associated to the correct measurement of accumulation poverty and precariousness.

The EPDS sorted in 1996 what had been put forward in the previous operation of the ESSDE. The dimensions considered from then on when the time comes to create the indicator for accumulation poverty and precariousness, together with their specific development variables, are presented in the following table:

Table 16. Dimensions considered in the creation of poverty and precariousness indicators

CONSIDERED DIMENSIONS	
Type of dimension	Specific development variables
Overall habitability conditions of the home	
Amenities of the home	<ul style="list-style-type: none"> • Home that in no case has level and amenities enough and a decent condition, level of interior decorating and care. • Other type of home that is insufficient with regard to the elements here considered
Basic systems in the home	<ul style="list-style-type: none"> • Home without hot water system • Home without electrical system • Home without lavatory • Home without bathtub or shower
Habitability conditions	<ul style="list-style-type: none"> • Home with dampness problems: drips; walls, floors and/or foundations with dampness; rot in windows frames or floors • Home with usable surface lower than 20 square metres per person • Home exposed to noises and pollution • Too dark a house, without enough light
Appliances in the home	<p>Basic:</p> <ul style="list-style-type: none"> • Home without fridge • Home without electric or gas cooker • Home without washing machine • Home without oven or microwave • Home without colour TV • No telephone available (fixed or mobile) <p>Less basic:</p> <ul style="list-style-type: none"> • Home without dishwasher • Home without video • Home without HIFI/compact/music centre • Home without computer
Patrimony resources	
Disposable patrimony	<ul style="list-style-type: none"> • Absolute ownership of home • Disposable savings • Personal properties: second home, other home, pieces of land, shops, country estates, etc. • Vehicle less than 10 years old, or older if this is not due to financial problems

As it has been shown, the significance level of these variables, as discriminating elements with regard to diverse accumulation realities, was analysed in the pilot study carried out in 1985 and in the statistical operation of 1986 (ESSDE). In 2004 the battery of indicators defined in the 1996 EPDS was slightly adjusted with the introduction of some new indicators (mobile phone, computer) linked to the modernisation process underwent by the Basque society in the last years²³.

The aim of the approach designed in the EPDS is to delimit the average level of ownership of both properties and savings of the Basque households, a level from which it could be possible to define a series of relative deprivation situations that would allow for a rating of households in the accumulation poverty-welfare scale.

Once the households rated with regard to the possible existence of accommodation problems or of lack of personal chattels, each household is duly rated in the accumulation poverty-welfare scale, with the following categories being used in the EPDS:

1. Poor (serious precariousness)

Here are included situations where very serious accommodation problems are present and, **at the same time**, a very low patrimony.

2. Precarious (significantly lower than the mean).

The following situations are included here:

- Very serious accommodation problems and low or normal patrimony.
- Serious accommodation problems and low or very low patrimony.
- Less serious accommodation problems and very low patrimony.

3. A certain precariousness but without clear evidences of absence of well-being (almost welfare)

The following situations are included here:

- Serious accommodation problems and normal patrimony.
- Less serious accommodation problems and low patrimony.
- Without accommodation problems and low or very low patrimony.

4. In a situation of welfare

This category includes households without housing problems (or less serious problems) and with normal patrimony.

In the study carried out in 1986 with regard to the association existing between place in the accumulation welfare scale and the perception of poverty, it was noticed that a dominant perception about the presence of poverty was fundamentally associated to the category we have defined as poor, characterised by its great precariousness in connection with the accumulation variables introduced in the analysis. This situation was later defined as accumulation poverty since it is the only one showing in the long term a majority perception of the presence of poverty among the affected households in the ACE.

This decision remains fully valid in 2008. To this effect, only in the reference group the association of the observed reality with the experience of poverty results dominant. In this case, a 65.6% of the group in serious precariousness (*poor* according with the EPDS in accumulation terms) see themselves as actually poor. This perception is higher in those households where no upkeep welfare situation is present that could compensate the poverty problems in terms of accumulation. So, in the case of households in absence

²³ In spite of this, it must be pointed out that the approach to accumulation poverty measurement is in the EPDS something different than in the ESSDE.

of well-being situation in the upkeep dimension, 78.2% of the group affected by this situation of extreme precariousness in the accumulation dimension see themselves as poor. In the groups in an upkeep welfare situation, the perception of poverty falls down to 27.4%, what reflects the compensation factor that a welfare position introduces in one of the dimensions taken into account in the study of poverty²⁴.

In the three remaining categories of the accumulation poverty/welfare scale, instead, most of the population consider themselves in a situation that, even if sometimes difficult, can't be considered as poverty-stricken. Even in the case of households whose accumulation resources are significantly below the mean of the ACE, the perception of poverty associated with such a situation only affects 25.3% of households, percentage that falls to 14% among those without associated problems in terms of at-risk of absence of well-being in the upkeep dimension. In the case of a at-risk of absence of well-being situation in the upkeep dimension, the perception of poverty carries on as minority one (43.3%).

Going in deeper details about the traits of the accumulation poverty indicator of the EPDS, it must be pointed out that the poverty situations contemplated are necessarily associated with some of the following circumstances:

- a) A patrimony lower than 25% of the median patrimony of households in the ACE, having or not a vehicle less than 10 years old.
- b) A patrimony lower than 50% of the median patrimony in those cases where, due to financial reasons, the household does not own a vehicle less than 10 years old.
- c) Extreme situations in the home, such as lack of hot water or electrical systems, and in a general sense a deficient level of habitability and amenities enough in such a home.

Table 17. Percentage of households that consider themselves poor⁽¹⁾ according to accumulation precariousness and at risk of upkeep poverty indicators. 2008

(Data in percentages)

Accumulation precariousness indicators	Total	At risk of	Not at risk of
		absence of well-being (upkeep dimension)	absence of well-being (upkeep dimension)
Profound precariousness	65.6	78.2	27.4
Significantly below the mean	25.3	43.3	14.0
Some problematic trait	11.3	29.4	5.9
In a welfare situation	3.8	15.5	1.9
TOTAL	7.3	25.2	3.4

Source: EPDS 2008

(1): Including those considering themselves as very poor, poor or rather poor. The absence of well-being indicator includes the poor group.

d) Other situations clearly denoting an inadequacy of the fittings and systems in the home, such as:

- Neither lavatory nor bathtub or shower.
- A significant number of deficiencies in the fittings of the house, what results in an insufficient level of amenities in it.
- A significant number of deficiencies, due to financial reasons, with regard to basic appliances such as fridge, electric or gas range, washing machine or oven, or of such a customary use that the lack of them due to financial reasons denotes a situation of great precariousness (for example, colour TV).

As it can be noticed, accumulation poverty reflects, therefore, some or several of the following lacks:

- No basic systems or fittings in the house (running water, lavatory and shower, etc.).
- Significant and accumulated lacks as regards systems and fittings in the house.

²⁴ For the whole period 1996-2008, the average proportion reaches 40.2%, with a maximum of 70.3% in 1996.

- Insufficiency of a minimum disposable personal asset that would enable to meet extraordinary financial difficulties.

It is important to remember, however, that the accumulation poverty situation characterises itself mainly by the combined presence of some of the patrimony problems together with very serious problems of accommodation. The combined presence of both types of problem in the accumulation dimension is a sine qua non condition of the existence of this type of poverty.

4. Deprivation indicators in the accumulation dimension

As we have seen before, the EPDS limits itself to the single institutionally consolidated indicator, derived from the application of the EPDS method, as regards the study of accumulation poverty and precariousness. The statistics provides, nevertheless, another series of indicators of material deprivation and disadvantage in the accumulation dimension. As it was the case with upkeep problems, these indicators allow for a better understanding and specification of the internal traits of poverty and precariousness situations.

4.1. Specific indicators

Specific accumulation indicators being considered in the EPDS are those that in practice constitute the development variables of the diverse dimensions taken into account when creating the poverty and precariousness indicators. They cover, therefore, the diverse aspects related to the habitability of the house, its systems, fittings and level of amenities; the diverse elements composing the whole of the patrimony system are also included.

4.2. Synthetic indicators

Two synthetic deprivation indicators are brought up in the EPDS. The first one refers

to problems about accommodation regarding lacks in systems and fittings; the second one relates to the general access to personal assets. These indicators are fundamental in the EPDS in that they are instrumental for delimiting the accumulation poverty and precariousness indicator being used in the statistics.

4.2.1. Synthetic indicator of housing problems

From the treatment of specific development variables being related to the systems and fitting of the house, as well as from the consideration of the conditions and general maintenance of the house, the four following positions are stated in the EPDS with regard to the habitability conditions of the house:

1. Very serious housing problems

It includes any of the following cases:

- Lack of hot water system.
- Lack of electric system
- Lack of lavatory and bathtub or shower
- Two or more lacks in basic fittings
- Answer “No, at all” to the question: Would you say that you are enjoying a home with level and amenities enough, in a decent state of maintenance and with sufficient interior decorating and care? (Question about comfort at home)
- Answer “No, it’s insufficient” to the question about comfort at home, as long as two or more lacks are present in the systems in the house.

2. Serious housing problems

If the foregoing situations are not present, this category includes any of the following cases:

- Answer “No, it’s insufficient” to the question about comfort at home, when there is present only one lack in the house systems.
- One lack in basic fittings.
- Two or more lacks related to problems of dampness, crowding or noise/pollution.
- Three or more lacks in less basic equipment of the house.

3. Less serious housing problems

If the foregoing cases are not present, this group includes any of the following situations:

- Answer “No, it’s insufficient” to the question about comfort in the house, when no lack at all is present regarding the systems and fitting in the house.
- One lack related to problems of dampness, crowding or noise/pollution.
- One or more lacks in less basic equipment of the house.

4. Without housing problems

Groups without any of the lacks pointed out in categories 1 to 3.

4.2.2. Patrimony resources synthetic indicator

Approaching the patrimony situation of the households starts from one estimate of the patrimony value per capita. Taking into account the diverse patrimony chattels and their estimated value, the following categorisation is defined for situations related to the level of access to patrimony resources:

1. Very low patrimony

Any of the two following situations is included in this category:

- Patrimony per capita lower than 25% of the patrimony median.
- Patrimony per capita lower than 50% of the patrimony median and no availability, because of exclusively financial reasons, of a vehicle less than 10 years old.

2. Low patrimony

There being no presence of the abovementioned situations, this group includes any of the following situations:

- Patrimony per capita lower than 50% of the patrimony median.
- Patrimony per capita lower than 100% of the patrimony median and no availability, because of exclusively financial reasons, of a vehicle less than 10 years old.

3. Normal patrimony

Here are included the remainder of patrimony situations not taken into account heretofore.

5. Matters pending

It should be emphasized that, unlike the upkeep poverty and precariousness indicator, the accumulation poverty and precariousness indicator is above all a synthetic indicator of deprivation. Its attainment derives from the combination of both deprivation indicators considered in the above section, that related to accommodation problems and that other related to patrimony resources. The approach to the study of patrimony resources, on the other hand, is based on a relative statistical approach, similar to that used by Eurostat with regard to upkeep poverty, potentially subject, therefore, to some of the criticisms formulated in this same report.

It should not be forgotten, nonetheless, that the attempt to consolidate a precise methodology in the accumulation dimension has been significantly conditioned by the lack of research in this matter in Europe. This is why the EPDS has not tried but to progress in the necessary process for approaching the study of accumulation poverty and precariousness, focusing on an analysis of relative deprivation in dimensions related to the access to the patrimony and consumer goods more usual in the medium and long term, specially with regard to accommodation. The proposal put forward seeks above all to prove the usefulness of the internal rating of the diverse types of poverty and precariousness and the reality itself of diverse dimensions to be taken into account in the study of these social phenomena.

These conceptions do not attempt to diminish the importance of the EPDS accumulation poverty and precariousness indicators. On the contrary, it is necessary to agree on the operative character of the method that has been introduced in the EPDS and on the existence of coherence elements enough in the way the accumulation poverty study is set out. To this effect, on the one hand, the method waives

the strictly objective indicators, working with indicators based in objectivable realities, on the other, it establishes the poverty levels in an agreed way, rating the population as poor only in those situations where the experience of poverty is mostly perceived. The fact that the principles typical of the European statistical method are partially used in the approach to accumulation poverty is because, when properly adjusted, the relative statistical approach is capable of providing adequate results in the processes of measurement of poverty and precariousness, such as it was suggested when dealing with the problems of approaching upkeep poverty and precariousness.

Nevertheless, the coherence principle would require that the development of the methodology for approaching accumulation poverty and precariousness should be better adapted in the future to the general principles that inspire the EPDS method. This working plan would force to deal with the following tasks in next years:

- a) A deep and renewed evaluation of the items to be taken into account when obtaining the poverty and precariousness indicators.
- b) An exhaustive analysis of goods and capitals seen as necessary by the population. This aspect requires knowing not only the necessary goods but also the specific characteristics, or quality requirements, they have to comply with (standards, useful life, etc.).
- c) A quantifying, in economic terms, of the necessary goods.
- d) A quantifying, in economic terms, of really disposable goods.

It is obvious that such purposes would require the carrying out of new researches enabling to go more deeply in the method development, particularly as regards to update and, where appropriate, to increase the items battery being contemplated at present in the EPDS.

Chapter three: REAL POVERTY

1. The interrelation between upkeep and accumulation problems

As we have seen so far, the EPDS indicators for upkeep and accumulation poverty can be adjusted reasonably well to the measurement of the poverty phenomenon and to the way in which this phenomenon is perceived by the population. When analysing these indicators, however, it is necessary to take into account that we are dealing with objective risk situations rather than with poverty realities that be considered as fully consolidated in each and every one of the cases. It is besides confirmed that both poverty dimensions, although reflecting different problems, are closely interrelated, being part of the same and single phenomenon.

In fact, the combined consideration of accumulation and upkeep poverty realities is explanatory in order to understand the relationship between objective realities and subjective perceptions as regards welfare and, through it, to understand the real meaning of experiencing poverty and precariousness in our societies. To his effect, it is possible to establish a rating of situations from higher to lower level of deprivation that closely correlate with a stronger or weaker perception of situations of poverty or absence of well-being among the population.

To these ends, a synthesis table is included where subjective perception and objective situations are listed as regards the rating of households in the poverty-welfare scale in the double dimension of upkeep and accumulation.

Table 18. Subjective perception of poverty situations according to objective realities in terms of upkeep and accumulation. Average for the 1996-2008 period
(affected households % in each group)

Type of objective situation (upkeep and accumulation)	Subjective perception		Households %
	At least rather poor	Comfortable	
Accumulation poverty / No upkeep welfare	74.7	0.0	1.0
Upkeep poverty / < accumulation mean	60.6	0.0	1.4
Accumulation poverty / Upkeep welfare	40.2	5.9	0.5
Upkeep poverty / Accumulation welfare	31.4	7.2	3.0
Absence of well-being / < accumulation mean	30.3	2.8	3.5
Absence of well-being / Accumulation welfare	13.3	17.6	16.2
Upkeep welfare / < accumulation mean	13.3	19.9	5.7
Welfare or quasi-welfare in both dimensions	1.9	58.0	68.7

Source: EPDS 2008

The main conclusion to be pointed out is that combined consideration of the households rating as regards upkeep and accumulation variables enables to objectively gauge them in a downward scale of state of want that notably correlates with a higher or lower level of subjective perception of poverty experience.

At this level, three clearly differentiated situations can be pointed out. In the first place, realities linked to a majority subjective perception of poverty are associated to the objective presence of some of the two dimensions of the phenomenon, together with a situation of poverty or absence of well-being in the

other dimension. In the opposite pole are households at the highest levels of the welfare scale, in the dimensions both of accumulation and of upkeep. In these cases, the dominant perception is one of comfort and a life of ease.

Intermediate situations in the objective rating scale stand out by a subjective positioning mostly defined by a distancing from both extreme poles of the classification, prevailing the image of a group mostly positioned below the mean, unconnected both to prevailing subjective poverty positions and to those of comfort and life of ease.

The case is here, however, about a more heterogeneous group than that of the two foregoing groups. The proportion of households with a perception of poverty in three specific circumstances grows notably in it:

- When a situation of upkeep absence of well-being is combined with an accumulation position clearly under the median (30.3% of households consider themselves as poor).
- When a situation of accumulation welfare is linked to an upkeep poverty reality (31.4% of households consider themselves as poor).
- When an upkeep welfare situation is linked to an accumulation poverty reality (40.2% of households consider themselves as poor).

Two aspects must be emphasized in any case. On the one hand, the presence of a welfare situation in some of the considered dimensions implies mostly a lack of perception of poverty experience; on the other hand, only the access to welfare in its diverse dimensions determines a dominant perception of comfort and life of ease, that is to say of ability to gain access to full welfare situations.

2. EPDS indicator for real poverty

As we can gather from data exposed so far, when the time comes for dealing with the study of poverty and precariousness it is essential to take into account the presence of compensating elements that allow that a risk

situation in one or another poverty dimensions does not necessarily translate into a reality marked by situations of real poverty. EPDS data reveal, to this sense, that a welfare situation in one of the two dimensions of the phenomenon can get to compensate sufficiently, in terms of access to minimum levels of welfare, the presence of a at-risk of poverty situation in the other dimension. This is particularly true in the cases of at-risk of upkeep poverty, given the strong circumstantial component of this type of poverty. In this case, it can't never be forgotten that there are alternative resources to the usual income to meet, at least over some time, basic needs.

This is the reason why, besides risk indicators –that are those commonly used in applied research all over Europe– it is advisable to have indicator relating to that we could describe as *real poverty*, that is to say real situations, not only those at risk, of insufficient cover of basic needs. **Real poverty** would exclusively include those circumstances where the at-risk situations of insufficient cover of basic needs appearing in one or the other poverty dimensions are not sufficiently compensated in the daily life of people, so that it be possible to gain access to a minimum welfare level, alien to the experience of poverty.

For this purpose, it is essential to take into account that the experience of poverty only tends to be mostly perceived by the population in some specific instances. This is specifically so when poverty is present in both dimensions –upkeep and accumulation– or, where appearing only in one of them, it is not compensated with a situation full welfare in the complementary dimension.

Taking into account the diverse aspects exposed so far, the EPDS provides two types of real poverty indicators: one strictly objective and the other with objective information taking into account in special circumstances the perception of the situation by the affected persons themselves.

2.1. Real poverty objective indicator

In an historical perspective, it is possible to determine what are the specific situations

resulting from the cross of both dimensions of the study of poverty and precariousness (upkeep and accumulation) where, in the long term, a majority agreement tends to consolidate with regard to the assessment that such situations imply an effective experience of poverty. For these purposes, the three positions are crossed in the scale of upkeep poverty/welfare (poverty, absence of well-being, welfare) with the four positions in the accumulation poverty/welfare (poverty, clearly below the mean, near-welfare and welfare), analysing in which of the possible combinations a subjective majority perception of poverty is maintained in the affected households in the long term.

From these premises, the EPDS presents a strictly objective indicator that, further of the risk situations, enables us to approach the estimation of the impact of real poverty situations existing in the community. The real poverty objective indicator is defined in the EPDS as follows:

households % with accumulation poverty, or with upkeep poverty problems not compensated by a welfare or near-welfare situation in the accumulation dimension.

In this case are included as *really poor* all persons affected by the accumulation poverty, as well as persons experiencing an at-risk of upkeep poverty not associated to a welfare or near-welfare situation in the accumulation dimension. It has been verified that it is in these situations –and only in them– that it tends to prevail in the long term the perception of a life marked by poverty.

2.2. Real poverty objective indicator, adjusted in special circumstances

The EPDS provides an alternative indicator for real poverty where, in special circumstances, the subjective perceptions of the considered households are taken into account. To this effect, it could be defined as a real poverty objective indicator, adjusted according to subjective perceptions in those circumstances that could suggest an evident contradiction between the objective rating and the house-

hold perception as regards their position in the poverty/welfare scale.

The procedure consists in this case of adjusting the objective indicator of *real poverty* in such a way that those situations be taken into account where distortion between objective rating and subjective perception questions the validity of the objective allocation. The elements being introduced for adjustment are as follows:

- Persons affected by a situation of accumulation poverty (but living at present in welfare conditions in upkeep terms) are not considered poor, provided that the household of reference considers itself in a comfortable financial situation.
- Conversely, persons affected by a situation of upkeep poverty (in spite of finding themselves in a situation of welfare or near-welfare in the accumulation dimension) are considered poor when they consider themselves poor or very poor, or when considering themselves rather poor they dispose of an income lower than the minimum they state for covering their basic needs.
- Persons in a situation of absence of well-being are also considered poor, but no poor in the upkeep dimension and in a situation of evident precariousness, although not poor in that of accumulation. In this case it is necessary the presence of a subjective perception of poverty and that disposable income be lower than the minimum stated for covering basic needs.

In practice, data provided by this indicator are similar to those provided by the objective indicator in a strict sense. The adjusted objective indicator has the advantage, however, of eliminating of the poverty-affected groups some circumstances where distortions between objective information and subjective perception could suggest an undervaluing of disposable resources (either by concealment of data or by other type of special situations). On the contrary, it allows us to detect specific situations of special hardship that could be overseen by the objective at certain points.

Chapter four: HIDDEN POVERTY AND PRECARIOUSNESS

1. General aspects

Studies about poverty usually focus on already existing households. But notwithstanding there are poverty and precariousness problems associated to the difficulties that their lack of financial resources brings upon some persons, groups or social collectives when they try to gain access to an independent life. In the socio-economic context of the '80s and '90s, where massive unemployment affected basically persons without family or household responsibilities these emancipation problems constituted a reference element for the analysis in the launch stage of studies and statistics on poverty in Euskadi. The lack of consideration of these problems would have implied a significant undervaluing of the real impact of poverty. For such a reason, one of the aspects receiving a special attention in the EPDS is the so-called hidden poverty.

In the methodological sphere, the abovementioned concern translated itself into the need to try and approach a correct measurement of hidden poverty problems. Back in 1986 one of the new aspects of the ESSDE was precisely the introduction of the analysis of so-called *hidden forms of poverty*. For this purpose, a specific questionnaire was established for unities and persons potentially independent, procedure for data collection that would be later maintained in the EPDS.

The EPDS defined in duly time the problems of hidden poverty as those circumstances that, affecting family units potentially independent, would imply a life of poverty would these units decide to constitute an independ-

ent household. The study suggested in its conclusions the link between hidden poverty and demographic crisis, both in marriages and fecundity rates. To this effect, it pointed out three control mechanisms for real poverty among young population with significant implications on demographic processes: prolongation of unmarried state, delay in leaving their parents' home (even in the case of some young married couples), and birth control.

When developing the 1996 EPDS the decision was made of maintaining the study of these problems, associating them to the existence of a wish to create an independent household that couldn't come true as a consequence of the unavailability of enough financial resources. The operation carried out in 1996 evidenced once again the persistence of the problems, both in the poverty side and in other situations of precariousness. This is the reason why in the 2000, 2004 and 2008 operations of the EPDS, the study of this matter was again carried out in great depth.

From 2004 onwards the approach focus to the study of hidden poverty and precariousness was, however, expanded. The two new research lines that have been introduced refer to the internal allocation of the household income and the potential risk of poverty and precariousness associated to the measurement of income in personal terms, that is to say taking into account the income strictly generated or attributable to each one of the persons.

All in all, as regards the most recent approach to the study of hidden poverty in the EPDS, the objective has remained, fundamentally, in

detecting persons that would be affected by financial situations of poverty and precariousness, would they initiate a process of emancipation from the household where they usually reside. This objective has been completed, however, with the introduction of new indicators, particularly individual indicator for upkeep poverty and those indicators associated to a lack of fair distribution of disposable income within the household.

2. EPDS indicators for hidden poverty and precariousness

The EPDS offers nowadays three different types of indicators related to the study of hidden poverty and precariousness.

2.1. Indicator for individual upkeep poverty and absence of well-being

There are some authors who have suggested the convenience of approaching the study of economic poverty and precariousness from a strictly individual perspective, assessing the position in the poverty-welfare continuum that would correspond to each person according to his or her strictly personal income, regardless of those from other persons in the household.

Taking into account this position, the presence of individual situations of upkeep poverty and absence of well-being risk is determined in the EPDS applying to each person residing in the ACE (strictly on the basis of such individual personal income) the poverty and absence of well-being thresholds corresponding to single persons in the general methodological approach. Just like in this, the age group of the reference person is taken into account (less than 45 years, 45-64 years and 65+ years)²⁵.

In a strict sense, the indicator reflects the individual risk level that for inhabitants of the

ACE (25+ years old or younger if they are not students) would represent to gain solitary access to an independent life. The risk is measured in terms of poverty and/or absence of potential upkeep poverty.

The indicator is interesting in order to measure the individual position in the poverty/welfare scale, regardless of the compensation (or charge) element represented by the household. To this effect, it provides a more correct approach to individual risk groups than that derived from the individual perspective that is commonly used. The household disposable incomes are distributed here in a pro rata form –according to the equivalences model adopted– among its different members. This means, in practice, allocating to each person the general position in the poverty/welfare scale of the household they belong to.

Notwithstanding, it must be specified that an absolute value can't be assigned to this indicator, but a merely illustrative and comparative one. It must not be forgotten that many of the individual decisions with consequences in terms of access to the productive system and to the mechanisms for obtaining income gain sense in a context of shared decisions. The decision of living together, on the other hand, is an unquestionable reality in most cases, not imposed by circumstances, reason by which the risk situations of individual type derived from the approach that is proposed here are no more than a merely theoretic exercise. That is why the data provided by the indicator do not reflect always, in a strict sense, social realities of potential or hidden poverty or precariousness. The indicator of reference tries above all to reflect what groups are in an initial situation potentially more precarious.

2.2. Indicator of imbalances in internal distribution of resources

Statistical approaches to the study of poverty and precariousness do not usually take into

²⁵ This procedure is coherent in terms of the EPDS approach. In the case of older persons, however, where the poverty and absence of well-being thresholds by age groups tend to reflect the loss of importance of accommodation expenses, it is possible that the application of the thresholds system by differentiated age groups translates itself into some form of undervaluing the incidence of individual poverty analysed. The alternative of applying a single threshold, however, would neither resolve the problem in that the tendency to reduction of expenses is also linked to different ways of life associated to age.

account the possible differences in gender, or related to other variables, in the distribution of resources in households. In order to try and solve at least partially this deficiency, an exploratory question was introduced for the first time in the 2004 EPDS so as to approach the estimate of the incidence of problems posed by not-shared access to resources.

The innovation focuses on women problems. In the approach to the problems taken into consideration, work is based on answers from women living in couples, attached to the household main group and direct informants in the surveying process. In such cases, women interested are asked whether they are free, or not, to dispose of the household resources on an equal basis than their partner.

2.3. Indicators of emancipation problems

The original approach for studying hidden poverty and precariousness in the EPDS relates itself to problems of emancipation. In this case, hidden poverty and precariousness fundamentally refer to those potential realities of poverty and absence of well-being that remain hidden through preventing emancipation, with the main objectives of this non-emancipation being those of the preventing the experience of poverty or absence of well-being situations.

The approach to this type of hidden poverty and precariousness is dealt with in the EPDS introducing a final question referring to whether any member of the household would like to live in an independent home but he/she can't take that step due to lack of financial resources. A complementary questionnaire if then applied to the group of reference, with the aim of measuring the circumstances associated to the problem so detected²⁶.

Although the emancipation questionnaire allows for an ampler approach to the study of the situations so detected, the treatment of indicators of hidden poverty and precariousness is centred in practice on those persons that indicate they have income enough to establish an independent home, specially when they indicate that they would create –probably or surely– their own home in one year would they have the personal financial resources for it. In such a case, the presence of a poverty or absence of well-being situation is measured according to the disposable income of the persons capable of creating the new home. Upkeep indicators are so provided, calculating them from the thresholds system established with a general character according to the EPDS method.

Furthermore and in a complementary form, indicators are provided related to the accumulation dimension, particularly as regards the access to the ownership of a house, considering where appropriate the level of fittings and the availability of savings.

²⁶ The questionnaire aimed to measuring emancipation problems is applied also to a control group composed by a sample of persons aged 18 to 35 years, employed but not defined previously in the general survey as potentially independent by their relatives.

2

Second part:
evolution of poverty
and precariousness
indicators

Preliminary remarks

The methodological traits characterising the EPDS in its approach to the study of poverty and precariousness have been presented in the first part of this report. In this second part, that constitutes the foremost topic of the report, the main results derived from the application of the EPDS method are dealt with, and in some instances the results are compared with those corresponding to the Eurostat method. Specially aimed to the analysis of the evolution of poverty and precariousness over these last years in the ACE, this part of the study is organised in the following way:

1. The first chapter puts forward a general presentation of the results from the EPDS, with a special emphasis both on the situation existing in 2008 and on the evolution of different indicators in the last twenty years. In addition to the main deprivation indicators, the study considers the poverty and precariousness indicators in the upkeep and accumulation dimensions. The chapter also includes synthetic information about real poverty indicators.
2. The second chapter deals with a detailed study of the at-risk of poverty and precariousness situations, considering at the same time the aspects related to the internal distribution of these phenomena. In order to delimit the profile of the at-risk groups, diverse demographic variables are considered, some of them related to the general characteristics of the household, such as the type of family group or the presence of children, and others that have to do with the head of the household, specifically gender, age or nationality. Other aspects are also dealt with, such as the level of instruction and occupation. In this last context, aspects related to the activity of the head of the household and to general characteristics of the employed population are dealt with. A synthetic approach is included trying to take into account all the information about the activity, employment and unemployment.

Starting from the abovementioned demographic and occupational variables a series of socio-demographic types is configured, allowing for an overview of the population's situation in the face of different poverty and precariousness risks. The chapter considers, all the same, the territorial implications of poverty and precariousness, contributing data for the different historical territories and districts of the ACE.

Like the first chapter, this second one examines both the situation existing in 2008 and the more noteworthy evolution aspects.

3. The third chapter tries to provide some data on the most important economic determinants of poverty and precariousness. For such purposes, aspects related to income sources, the impact of social transfers and the problems associated with the access and maintenance of a home are duly considered.
4. The fourth chapter deals with hidden poverty. Data are provided about the risk level of upkeep poverty arising from: strictly personal income, imbalances in the internal distribution of that income between household members, and burden

on households of members who state their lack of income enough to access an independent life.

5. The second part of the report ends with a chapter where the situation of the ACE is considered within the European context. This chapter precedes the last part of the report, focused on the discussion of the main results.

It must be pointed out that the information presented in this second part of the study corresponds to data adjusted to poverty and precariousness thresholds for 2008. In view of the evolutionary character of the approach adopted, it is fundamental to operate with information as homogeneous as possible. The need for homogenisation is particularly evident due to two reasons. In the first place, methodological adjustments have been introduced all over the application of the EPDS that have slightly affected the results. Specially worth mentioning is the abandonment of the two-stage process for calculation of the thresholds applied to the first waves of the EPDS. On the other hand, the development of the 1996 ESSDE, in spite of being based on similar premises to those of the EPDS, stands out because of the substantial differences from the current approach, both in the definition of the age groups to be considered in the calculation of thresholds and in the way of approaching the study of accumulation poverty.

In the second place, even though the available data reveal the basically stable nature of poverty and precariousness thresholds over the medium and long term, showing that they basically refer to comparable realities, isolated factors of an occasional nature can

influence the social perceptions on which the EPDS method is based. Occasional factors can be quoted, by way of example, such as those that were associated to the economic crisis in 1996, to the introduction of the euro in 2004 and in 2008 to the slowing down of growth and the massive process of access –or renewal of access– to the ownership of a house.

In a long term comparative approach it is necessary to overcome said determinants. The process of adjustment that has been used is based on the application of 2008 upkeep poverty and precariousness thresholds to preceding waves of both EPDS and ESSDE. Two variables have been taken as adjustment factors: changes in the average cost of accessing general levels of welfare for the population and the impact on said welfare levels associate to the presence or not of differential costs of rent or mortgage amortisation as regards the access to the house where one lives.

The adjustment has also taken into account the need to introduce an adaptation mechanism for the estimation of accumulation poverty indicators corresponding to 1986 ESSDE in order to make them comparable with the EPDS approach. The method used for the obtainment of the diverse adjustment indicators is explained in Annex 2.

It must be mentioned, finally, that the evolution study that is dealt with in this part of the report is based above all on the period of strict application of the EPDS, that corresponding to years 1996 to 2008. When it has been considered both relevant and possible, however, the 1986 ESSDE results have been also taken into account.

Chapter one:

IMPACT OF POVERTY AND PRECARIOUSNESS

1. Problems in the upkeep dimension

1.1. Deprivation indicators

In 2008 a still substantial percentage of the Basque population, estimated from 20 to 30%, has difficulties for tackling the determinants related to the access to well-being.

These problems have to do, on the one hand, with the access to leisure and free time activities in the way normally expected in our society. 33% of the population belongs to households experiencing difficulties to meet their needs, with a further 22.9% meeting them but having to squeeze their resources to the maximum and 10.1% being unable to meet them at all. The population in households that has not been able to go out for leisure at least every fortnight because of financial reasons is 15.3% of the total, the percentage of those unable to enjoy at least one-week holidays for this same reason rising to 20.3%.

These shortages are related, on the one hand, to insecurity about the appearance of unforeseen expenses of some importance. To this effect, 34.8% of the population lives in households stating they are unable to meet this type of expenses.

Although the figures are by far lower, 11.4% of the population belongs to households that have general troubles to meet their usual commitments and expenses. Persons in households having to reduce leisure expenses make up a similar proportion, 10.2% of the total population. 8.1% of them have had to reduce basic expenses over the last year.

Furthermore, a far from negligible part of the Basque population, between 3 and 5% of the total, keeps on suffering serious problems in their ability to cover basic needs. The following facts are noteworthy:

- Serious or very serious problems to buy food have still a considerable incidence. 5.7% of the Basque population has suffered, in the last 12 months, some of the food insecurity problems defined in the FSS scale.
- 3.7% of the population lives in households that have resorted to second hand clothing over the last twelve months due to financial reasons.
- For these same financial reasons, 4.1% stated having suffered from cold in some occasions during the last winter.
- As a whole, the population in households that inform of their inability to meet their current basic needs represents 3.1% of the total.

With regard to the abovementioned problems, 6.4% of the population lives in households that have seen themselves forced to ask for financial aid to third parties. 5.1% of them resorted to friends, neighbours or relatives and 3.5% to public or private institutions. 4.7% has had to resort in a significant way to their savings and 3.2% has had to ask for extraordinary loans.

In spite of the difficulties shown by these data, the proportion of the population affected by the most serious implications of financial precariousness and poverty in 2008 is rather more reduced:

- The most serious problem related to food, the experience of hunger, did not affect over the previous twelve months but 2.1% of the population, a proportion coherent in the level of the EU-SILC precariousness indicator that situates at 2.3% of the resident population.
- Failure to pay and delays in payments affected 2.9% of the population over the period,

and incidents related to supply cuts (water, power, phone, etc.) 1.6%. The proportion of persons in households that have had to take extraordinary measures such as selling properties, change of home or school, is limited to 0.3%, proportion that is also of 0.3% with regard to attachments and foreclosures.

Table 19. Evolution of some (upkeep) deprivation specific indicators. 1986-2008.

Population in family households (affected persons %)

Deprivation specific indicators	1986	1996	2000	2004	2008
Difficulties meeting usual commitments and expenses	–	9.3	9.2	13.1	11.4
Need to reduce basic expenses	28.8	7.0	6.3	9.1	8.1
Does not cover basic expenses currently	–	3.6	6.9	5.4	3.1
Problems about access to food (last 12 months)					
<i>FSS indicators</i>					
Serious problems about food	–	NA	2.4	2.5	3.5
Very serious problems about food	–	NA	1.1	2.7	2.1
Total FSS insecurity problems	–	NA	3.5	5.2	5.7
<i>EU-SILC indicators</i>					
No protein meal at least every second day	–	NA	NA	3.4	2.3
Serious problems: usual commitments and expenses cover					
Failures to pay or delays in payment	2.6	2.0	2.3	2.7	2.9
Power, water or phone cuts	2.6	0.8	1.1	1.1	1.6
Seizure of possessions	–	0.2	0.6	0.3	0.3
Sale of possessions, change of house or school	3.4	0.6	0.6	0.5	0.3
Other problems associated to subsistence					
Resorting to second hand clothing (last 12 months)	–	5.1	3.7	5.8	3.7
Cold sometimes over the last winter	–	4.2	5.3	5.5	4.1
Problems for enjoying leisure					
No cover of leisure needs	–	8.3	8.4	10.5	10.1
Covered but only by squeezing resources at maximum	–	23.4	18.4	20.6	22.9
Total of problems for accessing leisure	–	31.7	26.8	31.0	33.0
No holiday due to financial problems	–	27.8	19.4	19.7	20.3
No leisure time-out due to financial problems	–	20.8	11.2	9.9	15.3
Reducing leisure and free time expenses	27.0	8.3	7.8	11.3	10.2
Ability to meet unforeseen expenses	–	NA	NA	39.5	34.8
Asking for aid	11.6	4.3	4.6	7.1	6.4
Asking for aid to friends, neighbours or relatives	–	3.3	3.7	4.7	5.1
Asking for aid to public or private institutions	–	2.1	2.2	4.0	3.5
Resorting significantly to own savings	–	3.3	3.8	5.4	4.7
Resorting to extraordinary loans	–	0.9	1.6	2.5	3.2
Risk of indebtedness	–	1.6	1.1	1.3	1.4

Giving a general significance to the trends reflected in the specific indicator so far taken into consideration, the synthetic deprivation indicator the EPDS works with shows that 2.5% of the Basque population lives in 2008 in conditions of extreme precariousness, with 12.4% in conditions of precariousness in basic aspects and other 6.7% in less basic aspects. As a whole, 21.6% of the population suffers some type of precariousness in the upkeep dimension, with a further 20.1% in a less precarious situation but still not wholly alien to difficulties.

Table 20. Evolution of the incidence of (Upkeep) deprivation situations. 1986-2008. Deprivation synthetic indicator.

Population in family households (vertical %)

Deprivation levels	1996	2000	2004	2008
Very precarious	1.5	1.5	2.6	2.5
Precarious (Basic)	15.3	11.9	14.8	12.4
Precarious (Less basic)	10.6	5.7	3.2	6.7
Less precarious	22.9	17.9	20.1	20.1
No precarious	49.7	63.0	59.2	58.3
Total	100	100	100	100

Evolution data show a very significant improvement in deprivation specific indicators between 1986 and 2000, a period over which the proportion of persons in households that need to reduce their expenses experiences a substantial fall. The population percentage in that situation falls from 28.8% to 6.3% as regards basic expenses, and from 27% to 7.8% as regards expenses related to enjoyment of leisure and free time activities.

The proportion of persons in households affected by very serious problems in the upkeep dimension fell in a significant way over this period. So is the case, for example, with persons affected by power, water or phone cuts (from 2.6% in 1986 to 1.1% in 2000) or forced to consider processes of dispossession: selling some of their properties,

changing of house or transferring their sons or daughters to less expensive schools (from 3.4% to 0.6%). There was also a substantial reduction (from 11.6% to 4.6%) in the proportion of households that saw themselves in need of asking for aid to other persons or institutions. The risk of indebtedness was also reduced from 1.6% to 1.1% between 1996 and 2000.

A great deal of the progress so observed corresponds in fact to the decade 1986-1996, with notably lesser improvements between 1996 and 2000, some indicators even worsening, although never in a substantial way. The worsening became, in fact, a reality between 2000 and 2004 with an increase in the proportion of persons living in households mentioning problems for meeting their needs, consolidating then some negative trends that were already glimpsed in the 1996-2000 period.

The proportion of persons in households with difficulties for meeting their usual commitments and expenses rose in fact from 9.2% to 13.1% between 2000 and 2004. The proportion of persons in households forced to reduce basic expenses also rose from 6.3% to 9.1%, and from 7.8% to 11.3% that of persons affected by cutbacks in leisure and free time activity expenses.

All the same, some of the indicators most closely related to the access to higher levels of well-being show a worsening in those years. The share of population that encountered problems for meeting their needs of leisure rose from 28.8% to 31%, the indicator of absolute lack of cover for these needs reaching a level of 10.5% in 2004 against figures close to 8.5% in 1996 and 2000. Even so, some specific indicators show a tendency to stabilisation or lessening in the 2000-2004 quadrennium, consolidating and even extending the positive tendency manifested in previous years. There are clear improvements, to this effect, in the indicators related to the enjoyment of holidays (the percentage of persons not enjoying them by strictly financial reasons falls from 27.8% in 1996 to figures between 19% and 20% in 2000 and 2004) and time-out for leisure (from 20.8% to 9.9% between 1996 and 2004).

In comparison with the partially favourable evolution of well-being indicators, the negative tendency of those related with covering the most elemental needs is much more evident. Problems about food showed, in particular, an eye-catching upward tendency in the 2000 to 2004 period. During the twelve months preceding the moment of the survey, 5.2% of the population faced some problem of food insecurity, well above the 3.5% in 2000. This increase is associated above all to very serious problems that increasingly affected 2.7% (against 1.1% of former measurements) of the total population resident in the ACE.

Other indicators equally reflect the deterioration in the cover levels for basic needs between 2000 and 2004. Thus, resorting to second hand clothing grew from 3.7% to 5.8%, there being also an increase in the perception of suffering cold due to financial problems (from 5.3% to 5.5%, above the 1996 level of 4.2%). Although in a less eye-catching way, the risk of indebtedness also rose from 1.1% to 1.3%.

In spite of this, the worsening so detected does not imply rises in the share of persons with problems such as supply cuts, seizure of personal assets or need to resort to dispossession processes, although the proportion of persons in households with failures to pay or delays in payments rose from 2% to 2.7% between 1996 and 2004.

The observed deterioration of the situation means in practice having to take extraordinary actions to gain access to financial resources. Thus, between 1996 and 2004, the proportion of persons in households forced to resort significantly to their savings rose from 3.3% to 5.4%, the share of those having to resort to extraordinary loans grew from 0.9% to 2.5% and, finally, those asking for aid from third parties rose from 4.3% to 7.1%. The largest increase was in the demand of institutional aid, put in by 4% of persons in 2004 (2.1% in 1996), while looking for aid from friends, neighbours or relatives grew from 3.3% to 4.7%. This substantial increase corresponds above all to the 2000-2004 quadrennium, even though the upward tendency of problems was already evident between 1996 and 2000.

The positive effect of the contemplated adjustment measures results all the more eye-catching because, in spite of the negative evolution of almost all indicators, the proportion of persons in households stating that they don't cover their basic needs falls from 6.9% to 5.4% between 2000 and 2004. Despite everything, the figures reflect an important increase with regard to the 3.6% of 1996.

The chiaroscuro in evolution that culminate in the worsening observed in 2004 are only partially resolved in the quadrennium 2004-2008. In this period, for example, the problems observed in previous years in the levels of access to leisure resources are consolidated. The population in households that don't meet their leisure needs or that meet them but only by squeezing their resources at maximum reaches a high point of 33% in 2008, exceeding the 2000 and 2004 levels with regard to problems about enjoying holidays or weekly time-out due to financial shortages (20.3% and 15.3% of the population, respectively).

Although 2004 levels are not reached, resorting to external aids and own savings were also at levels by far higher than those of the 1996-2000 period, affecting 6.4% and 4.7% of the population. The need of extraordinary loans reaches effectively its highest level in 2008, with 3.2% of the population being affected and an indebtedness risk reaching 1.4%. Failures to pay also reached highest-ever levels this year, reaching 2.9%.

Partly thanks to resorting to external aids, to savings or to indebtedness, however, most of the indicators related to the cover of basic needs improved over this period. Although above the levels of the 1996-2000 period, the proportion of persons in households with difficulties for meeting their commitments, for coping with their usual expenses or needing to reduce their basic or leisure expenses decreased with regard to 2004 (from 13.1% to 11.4%; from 9.1% to 8.1%; and from 11.3% to 10.2% respectively). The improvement is even more significant when considering the most basic indicators. In this case, 2008 is the year with the lowest levels in the whole period going from 1986 to 2008. Thus, after rising

from 3.6% to 6.9% between 1996 and 2000, and staying still at 5.4% in 2004, the proportion of persons in households that do not cover basic expenses falls to 3.1% in 2008. Only the food insecurity problems seem to contradict this containment of difficulties related to most basic needs, given that the incidence of the FSS indicator went from 3.5% in 2000 to 5.2% in 2004 and 5.7% in 2008. Even though, the most serious forms of insecurity also show a downward tendency, at least with regard to what was observed in 2004.

The evolution of the synthetic deprivation indicator confirms, in general, the tendencies reflected by specific indicators, particularly the noteworthy worsening of the general situation between 2000 and 2004. In this way, the percentage of population in a very precarious situation that had stayed at levels of 1.5% in 1996 and 2000 rose to 2.6% in 2004. The proportion of persons in households with problems of precariousness in basic aspects that had fallen from 16.8% to 13.5% between 1996 and 2000 also rose in 2004, up to 17.4%. Although the weight of persons affected by basic problems went down to 14.9% in 2008, the figure still exceeds the 13.5% found in 2000. Furthermore, population in a very precarious situation remains at 2.5%, hardly a tenth lower than in 2004. On the well-being side, however, the progressive fall in the weight of population in non-precarious households that had already been observed between 2000 and 2004 is consolidated in 2008, so that it falls from 63% in 2000 to 59.2% in 2004 and 58.3% in 2008.

1.2. General indicators for poverty and absence of well-being

1.2.1. Poverty and absence of well-being rates

Looking closely at the poverty and precariousness indicators, taking as a reference the whole of the population, data derived from the EPDS method reflect in 2008 an incidence of 4.1% for the risk of upkeep poverty. The risk increases up to 14.6% with regard to absence of well-being problems, a similar figure to that reflected by the Eurostat indicator

of 60% of the median. Resorting to the 40% indicator the figure lowers to 3.1%, one point below the EPDS indicator, but evidencing nevertheless some convergence in the results provided by both measurement methods.

Table 21. Indicators for risk of poverty and/or absence of well-being (upkeep). 2008
Households and population in family homes (Absolute data and incidence levels in percentages)

Indicators	Households	Incidence (in %)	Population	Incidence (in %)
EPDS method				
Absence of well-being	141,605	17.8	313,215	14.6
Poverty	36,955	4.6	88,643	4.1
Eurostat/UE method				
Relative poverty/Low income 60%	137,007	17.2	318,161	14.8
Poverty 40%	23,753	3.0	66,540	3.1

Note: The indicators for relative poverty and/or absence of well-being include the poor group.

The long term evolution tendencies reflected by deprivation indicators related to well-being are in general confirmed when considering the evolution of upkeep absence of well-being. The rates of absence of well-being risk evidence in this sense an important fall between 1986 and 1996, that in adjusted terms goes from 43.8% to 35.4% over the period. The largest fall corresponds however to the 1996-2000 quadrennium, reaching in the last year a 24.5% level. After stabilising at 24.3% in 2004, the risk levels reduction process is resumed in the last quadrennium with the absence of well-being rate in the upkeep dimensions falling to 14.6% in 2008.

The adjusted EPDS indicator also shows an important and continuous fall in poverty rates between 1996 and 2008. The adjusted rate came down from 9.3% in 1996 to 6.3% in 2000, 6.1% in 2004 and 4.1% in 2008. The figures show, however, that between 1986 and 1996 no real fall had occurred in the upkeep poverty incidence but, on the contrary, an eye-catching enough increase from 5.7% to 9.3%.

The mentioned evolution can't hide the small growth that in non-adjusted terms occurred between 2004 and 2008, with the risk level rising from 3.5% to 4.1%.

Particularly as regards poverty indicators, the described evolution partially bumps against the deprivation indicator's evolution. On the one hand, the fact that the available deprivation specific indicators show an evident improvement in the decade 1986-1996 would explain that the non-adjusted 1996 poverty rate should result much more lower than the adjusted one (4.0% against 9.3%) even though –as we shall be able to prove– a large part of the improvement is associated to the positive evolution over the period of the accumulation indicators. On the other hand, poverty data for the 2000-2004 period show that, over that period, in spite of the perceived deterioration, the access by the population to the compensation mechanisms in due course observed –resorting to savings or asking for aid to relatives or institutions– allows in practice for a counteraction on the negative tendencies, consolidating slightly downwards the level of poverty rates. Finally, between 2004 and 2008 the improvement of deprivation indicators associated to measurement of the most basic lacks seemed a priori a contradiction in view of the non-adjusted poverty rates. The consideration of adjusted indicators confirmed however the favourable nature of the recent evolution of poverty indicators.

As a whole, data reflect a very positive evolution in the long term of both poverty and absence of well-being rates. The fall has been however more intense with regard to the absence of well-being indicator. To a great extent, this is due to the significant declines in the absence of well-being problems recorded in the 1996-2000 and 2004-2008 quadrennia, but it has also to do with the upwards pressure of poverty risk observed between 1986 and 1996 and, to a certain extent, between 2000 and 2008.

In contrast to the long term downward tendency of absence of well-being rates shown by the EPDS, Eurostat data reflect on the contrary a certain stabilisation of figures almost over the whole of the period. The indicator for absence of well-being or low income would have increased by one and a half points between 1986 and 2000, going from 15.6% in 1986 to 16.7% in 1996 and 17.1% in 2000. This upward tendency would be later broken, with rates falling to 16.5% in 2004 and to 14.8% in 2008, eight tenths below 1986 level. As a whole, however, the poverty or low income rate would have remained basically stable at around 15% to 17% of the resident population.

The 40% Eurostat indicator shows the same tendencies. In this way, the rates would have gone from 3.3% to 4.8% between 1986 and 2000, and then down to 3.7% in 2004 and 3.1% in 2008, a rate similar to that of 1996.

Table 22. Poverty and absence of well-being risk general indicators evolution. EPDS indicators. 1986-2008. General and 2008 thresholds adjusted data. Population in family homes (Incidence in percentages)

Non-adjusted general indicators	1986	1996	2000	2004	2008
EPDS method (absence of well-being)	31.5	28.3	20.9	19.8	14.6
EPDS method (poverty)	4.5	4.0	3.6	3.5	4.1
Adjusted general indicators	1986	1996	2000	2004	2008
EPDS method (absence of well-being)	43.8	35.4	24.5	24.3	14.6
EPDS method (poverty)	5.7	9.3	6.3	6.1	4.1

Notes: The indicators for low income, relative poverty and/or absence of well-being include the poor group. Non-adjusted data have been calculated anew for the 1986-2000 period in order to adjust them to the changes introduced from 2004 onwards.

Table 23. Poverty and absence of well-being risk general indicators' evolution. Eurostat indicators. 1986-2008.

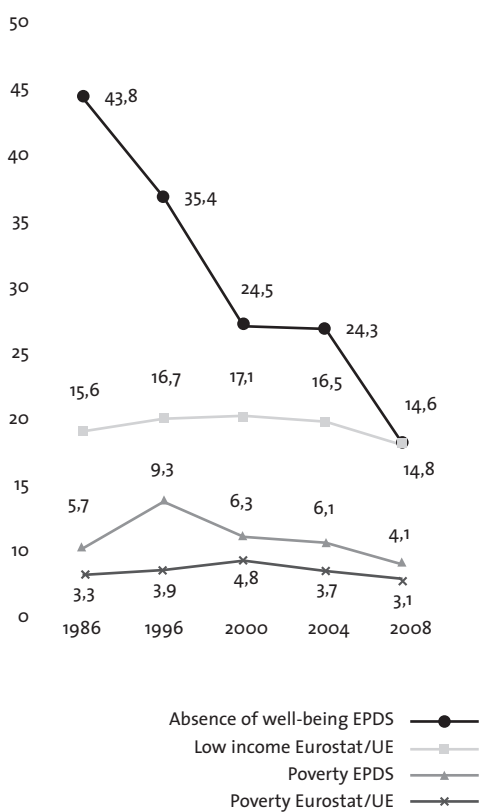
Population in family homes (Incidence levels in percentages)

Indicators	1986	1996	2000	2004	2008
Eurostat/UE method (low income)	15.6	16.7	17.1	16.5	14.8
Eurostat/UE method (poverty)	3.3	3.9	4.8	3.7	3.1

Note: The indicators for low income, relative poverty and/or absence of well-being include the poor group.

Figure 2. Upkeep precariousness: poverty and absence of well-being risk general indicators' evolution 1986-2008. EPDS and Eurostat indicators

(Incidence in % on population in family homes)



Nota: datos EPDS ajustados.

1.2.2. Gap and inequality indexes

The results submitted in the foregoing section allow for a general analysis of the evolution of poverty and absence of well-being rates. The study of upkeep precariousness is not however limited to the consideration of the phenomenon's general incidence, but it must take into account other indexes, particularly those that measure the gap between disposable income and the poverty and absence of well-being thresholds. The tables shown in

this section contain detailed results on the incidence rate of the diverse situations considered –upkeep poverty and absence of well-being–, the gap between disposable income and established poverty and absence of well-being thresholds –Sen index– and on some more complex indexes that, such as those of FGT and Hagenaars, measure the internal inequality among at-risk groups. Of a particular interest is the FGT index (2) that allows to estimate the impact that poverty and absence of well-being would have on the population as a whole assuming that all the present existing mismatch with regard to needs were estimated in terms of equalised persons with null income.

The Sen index measures the difference between disposable income of households experiencing a situation of precariousness and the corresponding poverty and absence of well-being thresholds. In the case of at-risk of poverty groups, disposable incomes reflect in 2008 a 19.9% gap with regard to the poverty threshold (43.6% with regard to the absence of well-being threshold). The at-risk of poverty households have therefore disposable incomes that represent 80.1% of those required to overcome poverty risk and 56.4% of those required to come closer to the minimum levels of well-being expected in our society. As regards the well-being threshold, the mismatch for households at-risk of absence of well-being but who are not poor situates on its part at 22.4%.

As regards FGT or Hagenaars indexes, they reflect a very reduced level in 2008. This indicates that poverty in the ACE is characterised by a relatively small gap to the poverty threshold of most households and persons affected by these problems, with a relatively small internal inequality between at-risk groups. Taking the FGT (2) indicator as the main reference indicator, the situation in the ACE reflects an incidence of hardly 0.82% of cumulative poverty for the population as a whole, well below the level of 0.94% existing in non-adjusted terms in 2004. The reference percentage shows that the impact of poverty would be equivalent to a figure slightly lower than 1% of absolutely poor persons, that is to say with resources equal to zero. The shown proportion is 3.27% in the case of the absence

of well-being indicator, clearly below the 5.12% observed in non-adjusted terms in 2004.

Table 24. Intensity and internal inequality indexes for different precariousness situations. Sen, FGT and Hagenaars indexes. 2008. Population in family homes (Data in %)

Indicadores EPDS	EPDS method	
	Poverty risk	Absence of well-being risk
H = General rate q / n	4.1	14.6
I = Sen index (income poverty gap)	19.89	22.44
FGT (2) HI	0.82	3.27
FGT (3)	0.36	1.36
FGT (4)	0.26	0.88
Hagenaars index	0.20	0.57

In the medium and long term, extremely noteworthy is the downward tendency of the FGT (2) index. As regards the poverty indicator, the adjusted index falls from 2.25% in 1996 to 1.62% in 2000, 1.51% in 2004 and 0.82% in 2008. This last value is for the first time clearly below the 1996 level that was 1.52%.

As for absence of well-being indexes, in this case a substantial fall is observed in the FGT (2) indexes from 1996 on. Thus, from a 11.80% index in that year, the index goes to 10.07% in 1996, about 6.50% both in 2000 and 2004, and 3.27% in 2008.

A particularly eye-catching datum of the observed evolution is the substantial fall in Sen indexes observed in 2008, a fall that marks a clear rupture with regard to figures for the 1996-2004 period, defined by their stability. Another aspect worth pointing out is that the quadrennium 2004-2008 is the only one where an eye-catching fall in the FGT (2) indexes is observed in a period of steep increase in the creation of new households. Between 1986 and 1996 the increase in the volume of households is associated to a sig-

nificant growth of the poverty index, with only the absence of well-being index showing a downward tendency. After the stabilisation observed between 1996 and 2000 in the number of households, the number of households rises again substantially between 2000 and 2004. In this case, the demographic growth is associated to an evident stabilisation of the FGT (2) indexes, with regard both to poverty and absence of well-being.

Therefore, even though both in the 1986-1996 decade and in the 2000-2004 quadrennium the risk levels tend to rise in parallel with the creation of a large number of new households, the consequences over the first period –in a context of high unemployment– result above all in a steep increase of poverty indicators; in the second period –marked above all by a more difficult access to housing– the impact results rather in terms of rupture in the progresses observed over the 1996-2000 quadrennium. It is only between 2004 and 2008 that a combination between progress in the process of access by the population to an independent life and a substantial fall in FGT (2) indexes for poverty and absence of well-being becomes possible.

Table 25. Statistical indexes associated to the impact of upkeep poverty. 1986-2008.

Poverty rate, Sen index, FGT (2) index and equivalised persons with null resources with regard to poverty threshold

Year	Poverty rate	Gap to threshold Sen index	FGT (2) HI index	Equivalised persons with null resources	Households base
1986	5.7	26.4	1.52	32,312	594,550
1996	9.3	24.2	2.25	47,837	674,954
2000	6.3	25.7	1.62	33,504	688,227
2004	6.1	24.8	1.51	31,382	742,753
2008	4.1	19.9	0.82	17,627	797,372

Note: Adjusted indicators.

Table 26. Statistical indexes associated to the impact of situations of absence of well-being in the upkeep dimension. 1996-2008.

Absence of well-being rate, Sen index, FGT (2) index and equivalised persons with null resources with regard to well-being threshold

Year	Poverty rate	Gap to threshold Sen index	FGT (2) HI index	Equivalised persons with null resources	Households base
1986	43.8	26.9	11.80	251,254	594,550
1996	35.4	28.4	10.07	213,543	674,954
2000	24.5	26.7	6.54	135,304	688,227
2004	24.3	26.9	6.53	136,060	742,753
2008	14.6	22.4	3.27	70,271	797,372

Note: Adjusted indicators.

2. Problems in the accumulation dimension

2.1. Deprivation indicators

2.1.1. Access to patrimony resources

A distinctive trait of the Basque population is that, with the exception of housing, their access to patrimony possessions is still relatively limited. The most noteworthy data on this issue are as follows:

- 73.4% of the population lives in households that lack complementary patrimony possessions such as a second home, other houses, pieces of land, shops, country estates, etc.

- 51.9% lack a significant level of savings (250,000 equivalised 1986 pesetas), with 28.5% lacking any savings.
- Although the access to home ownership is widespread, an important proportion, 41.7%, has not completed the amortisation of their mortgage or has to meet periodic payments for access to a rented housing and other similar situations.
- 14.8% of the population lives in households where, due to financial reasons, there is no car less than 10 years old.

In the light of these data, it is no surprise to verify that 12.9% of the population belongs to households having a very low patrimony and

another 13.3% a low patrimony. The remaining 73.9% has a normal or higher than normal patrimony in the context of the ACE.

Table 27. Evolution of some deprivation specific indicators (accumulation). Access to patrimony resources. 1986-2008. Population in family homes (affected persons %)

DEPRIVATION INDICATORS	1986	1996	2000	2004	2008
Specific indicators					
Property not wholly paid, rent or similar charges	31.2	23.5	26.7	34.0	41.7
Without savings higher than 250,000 equivalised pesetas, 1986 base (1)	46.7	59.7	45.9	52.8	51.9
Without savings	NA	42.7	29.8	33.8	28.5
With no car less than 10 years old	51.9	37.2	39.3	38.8	38.7
With no car less than 10 years old (due to financial reasons)	NA	16.2	14.8	14.5	14.8
Without other patrimony possessions	NA	78.6	71.7	77.5	73.4
Synthetic indicator					
Very low patrimony	NA	12.3	13.5	15.3	12.9
Low patrimony	NA	11.2	14.9	12.1	13.3
Normal or higher than normal patrimony	NA	76.5	71.6	72.7	73.9

(1) The datum for each reference year equivalised saving is estimated from general adjustment indicators used in the standardisation of data related to upkeep poverty (see Annex 2).

Evolution data allow us to complete some considerations made so far. Thus, between 1986 and 1996, we witnessed an important drop in the levels of some indicators of patrimony deprivation. To this effect, the proportion of households without at least one car is substantially reduced (from 51.9% to 37.2%). The percentage of households having to pay for their housing, either rented or owned but mortgaged with instalments still pending of payment, also fell from 31.2% to 23.5%. This favourable process is, however, associated over this period to processes of dispossession in terms of family saving. So, the proportion of persons in households lacking minimum savings of 250,000 equivalised 1986 pesetas, rises from 46.7% to 59.7%.

The proportion of households without savings or with savings lower than 250,000

equivalised 1986 pesetas drops substantially between 1996 and 2000 (from 42.7% to 29.8%, and from 59.7% to 45.9% respectively). The proportion of households without any type of complementary patrimony possession also drops from 78.6% to 71.7%. There was a lesser drop, from 16.2% to 14.8%, in the proportion of households where the lack of at least a car less than ten years old can be attributed to financial reasons. The only increase over this period, although a small one, was in the proportion of households paying rent, mortgage repayments or interests: from 23.5% to 26.7%.

Contrary to the positive evolution observed over the 1996-2000 quadrennium the evolution observed between 2000 and 2004 reflects a relatively widespread deterioration of patrimony indicators. On the one hand there was a substantial rise (up to 34%) in the proportion of persons in households bound to pay rent or mortgage expenses. All the same there was an eye-catching rise in the proportion of persons in households without savings (from 29.8% to 33.8%) or without savings equal at least to 250,000 equivalised 1986 pesetas (from 45.9% to 52.8%). Only in the case of access to a car the figures show a stabilisation of the indicators, even with a slight improvement: 14.5% of persons in households without a car less than 10 years old due to financial reasons, percentage that was 14.8% four years before.

Data available for the 2004-2008 period don't reflect at first a substantial improvement in the patrimony levels of Basque households. For example, the proportion of persons in households that still have to pay for the mortgage of their house or that have to meet rent payments has risen from 34% in 2004 to 41.7% in 2008, the maximum observed over the 1986-2008 period. There has been, however, a slight decrease in the proportion of persons in households without other patrimony possessions (from 77.5% to 73.4%) and, more clearly, in the rate of persons in households without savings. In this case, the 2008 rate of 28.5% reaches a historical minimum for the 1986-2008 period.

The synthetic indicator for patrimony problems only is available from 1996 onwards.

The most eye-catching datum is the sustained growth of very low patrimony situations up to 2004. Population in households with a very low patrimony went from 12.3% in 1996 to 13.5% in 2000 and 15.5% in 2004. An increase is also to a good extent the tone as regards dependent persons in households with low or very low patrimony, with a rise of the indicator from 23.5% to 28.4% between 1996 and 2000. The 2004-2008 quadriennium entails in any case an improvement of both indicators that fall to 26.1% in the case of persons in households with low or very low patrimony and to 12.9% in the case of residents in households with very low patrimony, figures that only are bettered in 1996. In the case of situations with low or very low patrimony, the improvement was already detected in 2004, with a reduction in the rate from 28.4% to 27.3%.

The abovementioned figures make clear, in any case, that a substantial part of the population is characterised by low or very low patrimony levels, a circumstance that explains the still very high figures of households that declare themselves insecure would they have to meet contingent expenses of an extraordinary nature.

2.1.2. Fittings, habitability conditions and equipment of the house

Compared with what is observed in the patrimony dimension, lacks of Basque population are less eye-catching in relation with access to adequate fittings, equipments and habitability conditions in dwellings. Most noteworthy data on this matter are as follow:

Taking into account the fittings existing in the house, basic lacks in fittings –hot water system, electrical system, lavatory, bathtub or shower– affect at present to figures close to or lower than 0.5% of the ACE population. Notwithstanding, between 5.5% and 7.5% of the population suffer in their dwellings problems related to dampness or lack of illumination. Noise or pollution problems affect 11% of the population, while the most widespread lack refers to insufficient surface, with less than 20 square metres of available space per

person, problem that affects 15% of the Basque population. As a whole, 6.5% of the population dwell in houses with significant habitability problems.

As regards access to equipments, lacks due to financial problems are equal or lower than 1% of the population as regards access to basic appliances such as fridge, cooking range, washing machine, conventional or microwave oven or colour TV set.

The level of lacks is more eye-catching in the case of less basic appliances. Lacks due to financial problems affect 3% of the population as regards access to video, 4.1% in the case of music centre, and 5.7% as regards computer. A 8% of the population lack dishwasher because of financial reasons, the highest level among the indicators taken into consideration.

The synthetic indicator for fittings and equipment problems in the house situates the very serious dwelling problems at hardly 1.5% of the total population, with 9.5% of persons with serious problems. 89% of the population does not have dwelling problems or, if any, they can be rated as less serious.

Table 28. Evolution of some deprivation specific indicators (accumulation). Fittings, habitability conditions and equipment in the house. 1996-2008. Population in family households (affected persons %)

DEPRIVATION INDICATORS	1986	1996	2000	2004	2008
General conditions of habitability in the house					
<i>Basic systems in the dwelling</i>					
Without hot water	3.6	0.6	0.3	0.9	0.1
Without electrical system	–	0.0	0.0	0.2	0.0
Without bathtub or shower	4.7	0.4	0.3	0.9	0.4
Without lavatory or bathtub/shower	–	0.4	0.3	0.9	0.4
<i>Habitability conditions</i>					
House with dampness problems	29.9	5.1	8.9	9.6	7.7
Surface lower than 20 sq metres per person	44.1	32.5	28.5	21.3	15.0
Exposure to noises/pollution	–	20.2	20.2	16.0	11.0
Not illuminated, without enough lighting	–	–	–	8.8	5.7
<i>Synthetic indicators</i>					
Inadequate or bad-conditioned dwelling and two lacks in fittings	–	3.4	3.9	2.9	1.1
Inadequate dwelling and one lack in basic fittings	–	3.5	2.2	2.2	1.5
Adequate dwelling but two or more lacks in fittings	–	7.5	8.1	5.7	3.9
Total of dwellings with significant habitability problems	–	14.4	14.2	10.9	6.5
Equipment in the dwelling					
<i>Specific indicators (basic equipments)</i>					
Fridge	59.2	0.1	0.1	0.8 (0.8)	0.1 (0.1)
Cooking range	5.8	0.1	0.1	0.0 (0.0)	0.0 (0.0)
Washing machine	6.0	0.6	0.3	0.3 (0.2)	0.1 (0.1)
Oven/microwave	–	4.6	5.2	5.1 (2.1)	1.8 (0.7)
Colour TV set	26.4	0.7	0.4	1.2 (0.8)	0.4 (0.1)
<i>Specific indicators (less basic equipments)</i>					
Dishwasher	86.9	76.8	69.7	55.4 (11.5)	47.6 (8.0)
Video	–	31.2	21.2	16.6 (4.3)	14.1 (3.0)
HIFI/Music centre	81.3	31.7	26.1	22.9 (7.1)	25.0 (4.1)
Computer	–	–	–	41.1 (9.7)	33.1 (5.7)
<i>Synthetic indicators</i>					
Two or more lacks in basic equipments	–	0.4	0.2	0.9	0.1
One lack in basic equipments	–	2.2	1.7	2.1	1.1
Three or more lacks in less basic equipments	–	12.9	6.5	9.4	5.0
Total of households with significant problems	–	15.4	8.4	12.4	6.2
Synthetic indicator of housing problems					
Very serious	–	3.7	4.2	3.5	1.5
Serious	–	16.1	12.5	14.7	9.5
Less serious	–	38.2	36.3	31.0	25.8
Without problems	–	42.0	47.0	50.9	63.3

Note: Parenthetical data are provided for 2004 and 2008 about the lacks in equipment due to financial reasons.

When analysing the evolution of indicators taken into consideration, a first datum to be pointed out is the noteworthy and widespread improvement observed in the indicators for quality of fittings and habitability conditions of dwellings between 1986 and 1996. The proportion of persons in houses without hot water fell from 3.6% to 0.6%, those without bathtub or shower decreased from 4.7% to 0.4% and those having dampness problems fell from 29.9% to 5.1%. Although less intense, a decrease is also detected in the percentage of population in dwellings of an insufficient size that fell from 44.1% to 32.5%.

Later evolution consolidates in general terms the containment of very serious situations, there being substantial improvements over the 2004-2008 quadrennium. Thus, from figures which were yet in the range of 3-4% between 1996 and 2004, the indicator relating to dwellings without habitability conditions or with very deficient conditions drops to 1.1%. As a whole, the proportion of persons in dwellings with habitability problems went from figures close to 14% in 1996 and 2000 to 10.9% in 2004 and 6.5% in 2008. All the same, the proportion of dwellings of an insufficient size for the number of dwellers goes on decreasing, down to 15% in 2008. The proportion of persons exposed to noises or pollution also decreased from figures of 20.2% in 1996 and 2000 to levels of 16% in 2004 and 11% in 2008. Although the percentage of persons dwelling in houses with dampness problems grew initially from 5.1% in 1996 to 8.9% in 2000 and 9.6% in 2004, the figure has gone down to 7.7% in 2008.

The evolution of data relating to equipments also stands out by the qualitative advance observed between 1986 and 1996, marked by the substantial fall in indicators for lack in access to basic equipments. Leaving aside the fridge²⁷, it is observed that between 1986 and 1996 the proportion of persons in households without a colour TV set drops from 26.4% to 0.7% and the percentage of access to kitchen appliances and washing machine went from figures of about 6% to levels close to 0.5% or

lower. Substantial decreases were also observed with regard to less basic equipments: the proportion of persons in households without Hi-fi equipment, for example, fell from 81.3% to 31.7% over the considered period.

The tendencies observed over the 1996-2004 period reflect a progressive fall in lack levels associated to less basic equipments. Thus, the proportion of persons in households lacking a dishwasher went down over these years from 76.8% to 55.4%, from 31.2% to 16.6% with regard to video, and from 31.7% to 22.9% regarding Hi-fi equipment. Figures for the indicators related to basic aspects consolidate in general the low levels already reached in 1996. Nevertheless, attention is drawn by the small increase observed with regard to population lacking at least some of the basic equipments between 2000 and 2004, with figures going from 2% to 3% with regard to the presence of at least one basic lack. There is also an increase in the number of households with three or more lacks in less basic equipments, from 6.5% to 9.4%.

The most recent evolution is also characterised by substantial advances. Thus, the proportion of persons in households with two or more lacks in basic equipment fell from 0.9% to 0.1% between 2004 and 2008, and the fall was from 2.1% to 1.1% in the case of persons affected by one lack in this type of equipments. Lacks related to basic equipments fall below 1% in all cases, with historical minima being recorded with regard to less basic equipments.

From 1996 onwards the EPDS provides a synthetic indicator for housing problems that allows to consider deprivation specific indicators related to access to an adequate dwelling in a global way. After the steep improvement in situations of want observed in 1986, the indicator for very serious problems reached 3.7% in 1996. This indicator grew up to 4.2% in 2000, but fell to 3.5% in 2004 and to 1.5% in 2008, the lowest level ever in the analysed period.

²⁷ In this case data are not strictly comparable, since in 1986 capture of data referred to a given quality level that was later diminished.

If serious and very serious problems are jointly taken into consideration, a fall from 19.7% to 16.7% is recorded between 1996 and 2000, with an upturn between 2000 and 2004 that situated the indicator at 18.1% in this last year. The improvement between 2004 and 2008 is, however, substantial, lowering the indicator to a historical minimum: 11%. In the most favoured portion of the scale the proportion of persons in households with no housing problems at all increases in a sustained way with percentages going from 42% in 1996 to 50.9% in 2004 and 63.3% in 2008. The improvement in habitability conditions of Basque dwellings constitutes, therefore, a characteristic trait of the situation observed in 2008.

2.2. Poverty and precariousness general indicators

As it has been pointed out, the EPDS method defines four positions in the poverty/well-being scale in terms of accumulation. The first position is associated to a situation of extreme differential precariousness that at present affects 14,395 persons, that is to say 0.7% of the total. This is the group in an at-risk situation with regard to accumulation poverty in a strict sense.

A second group includes a series of households where precariousness situations are not so eye-catching as in the foregoing group, but where an accumulation level is observed significantly lower than the average of Basque households. There are 216,769 persons in this situation, 10.1% of the total.

Evidence of precariousness is already lesser in the third group. Even though with lower levels of accumulation than those characterising most of Basque households, or at least with some problematic element in terms of accumulation, the situation is almost of well-being for 20.3% of the total population in the ACE. Together with persons enjoying a situation of well-being in its most strict sense (69% of the total) they comprise 89.3% of the Autonomous Community population.

The evolution of data on poverty and precariousness in the accumulation dimension confirms the noteworthy change that took place from 1986 to 1996, foretold by diverse deprivation indicators. Such a change is apparent, specially on the one hand, in the noteworthy fall in at risk of poverty situations, with the rate going from 5.6% to 1.8% over the period. But there were also falls in situations characterised by accumulation levels significantly lower than the average. The poor group included, the rate falls from 17.8% to 15.3% in the considered decade. Especially regarding poverty follow-up, the observed change is fundamental. The improvement in the accumulation dimension brings about a generalised fall in the social perception of deprivation presence, even in a context where the upwards pressure of the number of households results in an objective increase of differential risks of upkeep poverty.

The second evidence of the process under way between 1986 and 1996, associated both to the fall in realities of highest precariousness and to situations of almost well-being, is the eye-catching increase from hardly 42.5% in 1986 to 64.1% of households in a situation of full well-being.

Later evolution was characterised instead, particularly between 1996 and 2004, by stability in the level of indicators. Thus, the impact of situations defined by an accumulation level significantly lower than the average was kept between 1996 and 2004 about 15-15.5%. In the case of poverty situations even a slight increase is observed in rates between 1996 and 2000, from 1.8% to 2.6%. Later on, the rate fell slightly down to 2.2% in 2004.

The evolution between 2004 and 2008 entails important advances in the fight

Table 29. Indicators for poverty and/or absence of well-being risk (accumulation). 2008. Households and population in family homes (Absolute data and incidence levels in percentages)

Indicators	Households	Incidence (in %)	Population	Incidence (in %)
Poor	4,126	0.5	14,395	0.7
Significantly < average	67,749	8.5	216,769	10.1
Some precariousness; almost well-being	144,480	18.1	436,202	20.3
In a situation of well-being	581,018	72.9	1,484,419	69.0
TOTAL	797,372	100	2,151,785	100

against poverty and precariousness. The precariousness rate in the accumulation dimension falls from 15.4% to 10.7% and that of poverty from 2.2% to 0.7%, which are the lowest values in the 1986-2008 period. In the high end of the scale, the percentage of popu-

lation in households enjoying a situation of full well-being in the accumulation dimension also progresses with regard to the 1996-2004 period, going from figures close to 85% up to 89.3% in 2008.

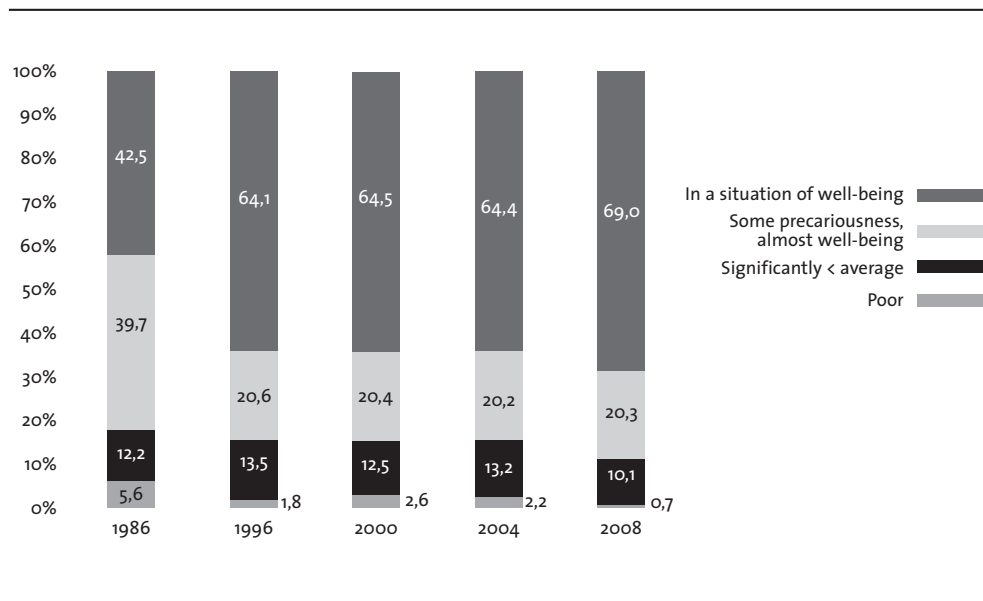
Table 30. Accumulation precariousness: evolution of general indicators for risk of poverty and absence of well-being. 1986-2008.

Population in family homes (Incidence levels in percentages)

Accumulation poverty	1986	1996	2000	2004	2008
Poor	5,6	1,8	2,6	2,2	0,7
Significantly < average	12,2	13,5	12,5	13,2	10,1
Some precariousness, almost well-being	39,7	20,6	20,4	20,2	20,3
In a situation of well-being	42,5	64,1	64,5	64,4	69,0

Figure 3. Accumulation precariousness: evolution of general indicators for risk of poverty and absence of well-being. 1986-2008

(Incidence in % on the population in family homes)



3. An approach to real poverty impact

3.1. Joint impact of different poverty realities

Taking jointly into consideration the diverse lacks being analysed, it results that 39,737 Basque households see themselves affected by some of the risk situations taken into consideration (upkeep or accumulation). The affected individuals, 100,250 in total, represent 4.7% of the total population.

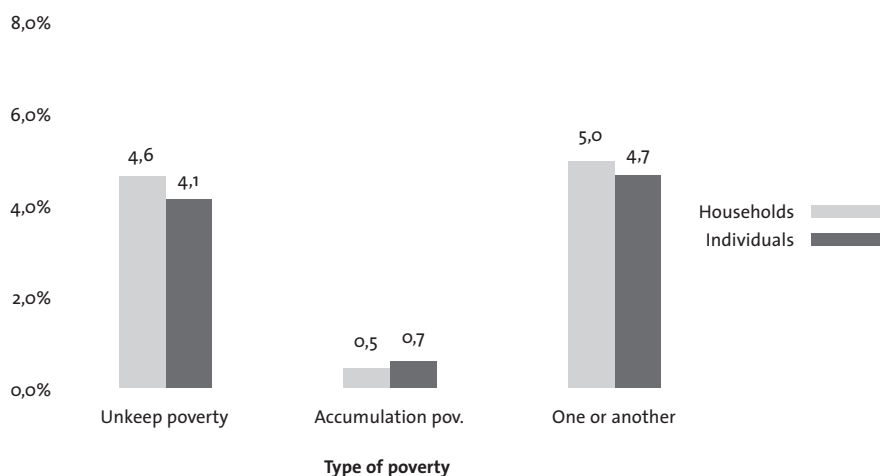
3.2. Real poverty and precariousness risk

Upkeep and accumulation poverty situations taken into consideration so far constitute undoubtedly objective and potential poverty realities. As it has been stated, however, they reflect in many cases risk situations. Therefore, it is necessary to consider to what an extent these situations result in real poverty problems. As it was stated duly in time, the objective adjusted real poverty indicator is used in this report. This indicator is the one that best adapts itself to a long term analysis of the joint impact of different risk situations²⁷.

Incidence of real poverty among Basque population reached 3.2% in 2008, therefore lower than the 4.7% rate corresponding to the joint impact of one of two poverty dimensions. Real poverty rate is at present higher than the 2.1% of persons in households that consider themselves poor or very poor, but clearly lower than the 6.5% rate corresponding to households that consider themselves at least rather poor.

Taking into consideration the positions in the poverty/well-being scale in an ampler way, it is also possible to approach those situations where a well-being reality has not been fully consolidated from a joint viewpoint of upkeep and accumulation dimensions. They are cases where there is not a situation of full well-being, understood as a well-being reality in the upkeep dimension and of well-being or almost well-being in that of accumulation, but where a reality of real poverty is neither present²⁸.

Figure 4. Incidence of upkeep and accumulation poverty risk situations in the A.C. of Euskadi 2008 (Data in percentages)



²⁷The advantage of the corrected indicator lies in the fact that, such as stated in the methodological section of the report, it allows for adjustments to some special situations that force to consider the relationship between objective rating and perception of the situation on the part of population directly affected.

²⁸Reference is made hereafter to this group as the population group in precariousness situation, understood in terms of lacking access to full well-being situations. It must be pointed out, however, that it is an internally very heterogeneous group, with persons close to poverty realities and others in a position very near to full well-being.

It is advisable to state at this point that the same way as the EPDS has studied with precision the real characteristics of the population affected by poverty, not so much attention has been paid to delimit where the real boundary between full well-being and the absence of well-being situations lies. This is due to a great extent to the limitations represented by the almost total absence of references in the European scene for a correct statistical approach to the study of accumulation poverty.

Data on the group that does not gain access to situations of full well-being must be evaluated in this context, as indicators that approach a reality scarcely known and studied in Europe.

Taking into account what has been stated, it is verified that in the opposite pole to the 3.2% of persons affected by a real poverty situation, a 78.9% share of the population find themselves in practice in a situation assimilated to full well-being that has been defined. In an intermediate situation, a 17.9% share of the population, still not affected by a real experience of poverty, is in a position of more or less distant from the well-being levels expected in the Basque society.

Table 31. Real poverty, absence of well-being and well-being indicators. 2008.

Population in family homes
(Incidence levels in percentages)

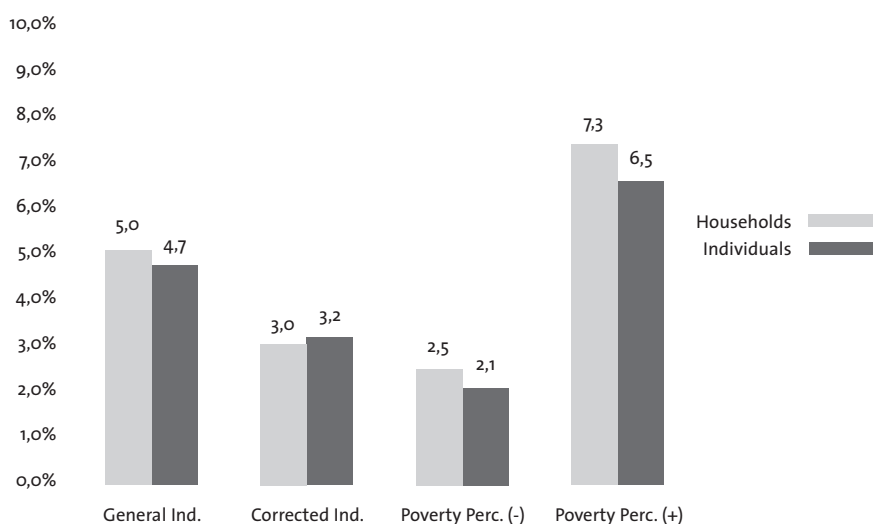
Indicators	%
Real poverty	3.2
No real poverty, no full well-being	17.9
No full well-being	21.1
Full well-being	78.9
Total	100

The most important datum with regard to real poverty evolution, and therefore to the set of evolution data presented in the report, is that their incidence does not stop to fall from 1986 onwards, in both adjusted and non-adjusted terms. In spite of the steep increase recorded in upkeep poverty risk, a decisive moment in the fight against poverty corresponds to the 1986-1996 period, with a fall in the adjusted rate from 8.3% to 5.8%. The trend also persisted between 1996 and 2000, with a decrease from 5.8% to 4.4%. Even though the favourable evolution also characterised the 2000-2004 quadrennium, the slowing down of this tendency became the more evident, reaching a 4.2% level. The reduction rate became more pronounced from then onwards, so that a historical minimum of 3.2% was reached in 2008.

Considering the factors underlying the reduction process of real poverty rate, it is confirmed that the noteworthy improvement of

Figure 5. Real incidence of poverty in the A.C. of Euskadi. General indicator, corrected indicators and self-perception of households. 2008

Households and population in family homes (data in percentages)



General indicator: % of households with accumulation poverty or at risk of upkeep poverty
 Corrected indicator: % of households with accumulation poverty or with upkeep poverty problems not compensated by a situation of well-being or almost well-being in accumulation dimension, adjusted according to subjective perceptions.
 Poverty perception (-): % of households that consider themselves poor or very poor.
 Poverty perception (+): % of households that consider themselves rather poor.

the 1986-1996 period is associated to the fall in the accumulation poverty indicator that drops from 5.6% to 1.8%, because it was a period over which the upkeep poverty risk increased from 5.7% to 9.3%. On the contrary, from 1996 to 2000, it is the reduction in upkeep poverty risk levels –the rate went down from 9.3% to 6.3%– that the continuation of the fall is associated to, with an increase of the poverty rate in the accumulation dimension (from 1.8% to 2.6%).

The reduction of the impact of different situations of poverty is very limited between 2000 and 2004 which means that the rate of real poverty is almost stabilised. The new fall in real poverty figures between 2004 and 2008 is associated both to the recovery of upkeep

poverty risk rates drop –they fell from 6.1% to 4.1% in adjusted terms– and to the sharp fall in accumulation poverty rate. After remaining steady about 2-2.5% between 1996 and 2004, it fell for the first time below 1% in 2008, when it reached a 0.7% rate.

Table 32. Real poverty rates evolution. Real and adjusted data. 1986-2008.

Population in family homes (Incidence levels in percentages)

Indicator	1986	1996	2000	2004	2008
General indicator	7.8	3.7	3.4	3.5	3.2
Adjusted indicator: 2008 thresholds	8.3	5.8	4.4	4.2	3.2
Associated indicators	1986	1996	2000	2004	2008
Accumulation poverty	5.6	1.8	2.6	2.2	0.7
Upkeep poverty (adjusted indicator)	5.7	9.3	6.3	6.1	4.1

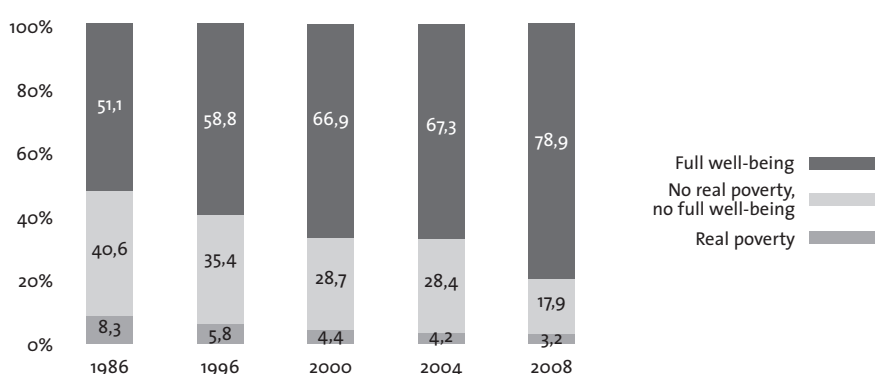
Table 33. Evolution of real poverty, absence of well-being and well-being indicators. 1986-2008.

Population in family homes (Incidence levels in percentages)

Indicator	1986	1996	2000	2004	2008
Real poverty	8.3	5.8	4.4	4.2	3.2
No real poverty, no full well-being	40.6	35.4	28.7	28.4	17.9
No full well-being	48.9	41.2	33.1	32.7	21.1
Full well-being	51.1	58.8	66.9	67.3	78.9
Total	100	100	100	100	100

Figure 6. Evolution of real poverty, absence of well-being and well-being indicators. 1986-2008.

Population in family homes (Incidence levels in percentages)



Regarding the diverse situations characterised by the lack of access to a reality of full well-being, the adjusted data evidence an important fall in figures from 48.9% in 1986 down to 21.1% nowadays. In this case, most of the fall corresponds to two periods. Even though consolidating a tendency that had already begun back in 1986, the first period with a heavy fall in the adjusted rate of precariousness is the quadrennium 1996-2000, with figures going from 41.2% to 33.1%. The evolution of the 2000-2004 period broke, however, the former tendency by maintaining the index at 32.7%. The downward path was again trodden between 2004 and 2008 with a biggest ever fall in precariousness rates from 32.7% to 21.1%.

The advance of the population residing in the ACE towards a well-being society is evident in this last quarter of a century. Persons in a full well-being situation that hardly amounted to 51.1% of the total back in 1996, rose to 67% in both 2000 and 2004 but reached a 78.9% level in 2008.

The evolution of data on subjective perception generally confirms the tendencies reflected by objective indicators, with a special emphasis on two important facts. Firstly, it was observed that in terms of perceived poverty the main cut-off corresponds to the 1986-1996 period. So, the proportion of persons in households that see themselves as poor or very poor went from 17.6% to 2.1% in the decade taken into consideration.

Although figures rose from then onwards to 3.2% in 2004 and they went down again to 2.1% in 2008, the fact is that the indicator remained within a 2% to 3% level between 1996 and 2008. Since the improvement of poverty indicators between 1986 and 1996 was associated to the accumulation dimension, attention must be paid to the fundamental impact that the greater easiness in accessing some consumer durables necessary for households shortly after the incorporation to the European common market has had in fighting poverty.

A second element worth of a special emphasis is that perceived poverty indicators, at least those relating to population in poor or very poor households, are always lower from

Table 34. Real poverty indicators. Subjective perception. 1986-2008.

Population in family homes (Incidence levels in percentages)

General indicators	1986	1996	2000	2004	2008
Poor or very poor	17.6	2.1	2.2	3.2	2.1
At least rather poor	(72.8)	7.8	6.5	7.6	6.5

Note: The 1986 figure for the at least rather poor group is not strictly comparable.

1996 onwards than the real poverty objective indicators, in spite of a certain convergence of the different indicators in 2004.

Chapter two: RISK AND DISTRIBUTION OF POVERTY AND PRECARIOUSNESS

This chapter studies the historical changes observed in the characteristics of the population affected by poverty and other forms of precariousness that prevent them from completely accessing well-being situations. For such purposes a time series analysis of the incidence and distribution of the different situations of poverty and precariousness was carried out using EPDS data adjusted to the demographic structure and needs existing in 2008. The adjustment procedure that has been used is explained in Annex 2.

The study of risk groups is based on poverty and precariousness rates. Given the fundamentally informative character of this report, no attempt is made to go any more deeply in complex aspects such as those related to the study of statistics such as FGT (2) or Hage-naars over the medium and long term.

Although upkeep and accumulation poverty risk rates are also taken into consideration, the central element of the analysis is the study of real poverty and precariousness rates, so that when analysing these indicators the specifications made in former chapters of this report must be remembered. This is particularly important as regards the precariousness indicator. This indicator refers to very varied social realities, so that it needs further development and realisation once Europe consolidates methods for approaching the study of accumulation poverty and precariousness.

The chapter deals with these issues considering the main demographic variables of households and their dwellers. To such purposes, it is organised about two large thematic blocks. The first block centres on demographic

aspects; the personal traits of the head person in the household, basically. The variables taken into consideration are the type of family group, the presence or not of children and some specific traits of head persons in the household, such as gender, age or nationality.

The second block contemplates occupational aspects. Aspects linked to education such as level of studies of the head person are analysed, as well as the relationship with employment. In addition to the occupational situation of the head person, aspects relating to characteristics of the working population as a whole are also considered, as well as a joint approach to the position of all members of the household as regards activity and occupation.

These two blocks are completed with a typological approach where an attempt is made to synthesise the main demographic and occupational traits of households in order to verify their risk level and their contribution to the distribution of poverty and precariousness problems.

Finally, the chapter considers the territorial impact of real poverty and precariousness, approaching it from the perspectives both of each one of the Historical Territories and of the diverse regions of the ACE.

1. Demographic aspects

1.1. The type of family group

1.1.1. The impact of poverty and precariousness problems

Taking into consideration the type of family group, two are the main risk groups in the ACE. The first one refers to persons not belonging to any of the family groups living in the household, a group that has typically stood out because of high rates of poverty and precariousness. Still in 2008, 38.4% of people in this group are unable to gain access to levels of full well-being. At 4.2%, real poverty rate is not excessively far apart, however, of average levels, after a notable drop from the 8.8% level it had reached in 2004.

The second risk group is that of persons integrated in lone parent households. Although the rate of precariousness is situated a little below that of persons without family group in the household (34.3%), the real poverty rate of the group is still very high, with levels higher than 10% (10.1%). Persons in lone parent families also participate, as lone persons do, in the fall process of rates that takes place in the 2004-2008 quadrennium with a fall in real poverty levels from 16.4% to 10.1%, for example. In both considered groups, this process breaks a trajectory marked up to 2004 by

high rates of poverty and precariousness, not only stable in the long term but even clearly rising in some periods.

The recent fall in real poverty rates is also associated to the same factors in both groups, especially to a noteworthy reduction in accumulation problems. In the case of lone parent families, after growing continually from 1986 onwards (from 3.2% in 1996 to 4.8% in 2000 and 10.4% in 2004) the rate fell abruptly in 2008 to a historical minimum of 2.6%. Among persons that do not belong to a family group, figures about 2-3% over the 1996-2004 period came down to a 0.6% rate in 2008.

In spite of the importance of recent drops in upkeep poverty levels, risk rates in this dimension go on affecting considered persons in 2008: 7.9% in the case of absence of family group and 11.9% among persons linked to lone parent families.

Against both risk groups so far considered, the impact of problems drops substantially among persons dependent on a couple or marriage, independently of the presence or not of sons and daughters. The rates of precariousness fluctuate in these cases about 17-19%, with real poverty figures between 1.5% and 2.5%. Tendencies in the long term reflect in general an important drop in poverty and precariousness rates within these groups.

Table 35. Evolution, by family group type, of the incidence of different poverty and precariousness situations - 1996-2008

Population in family homes (In %)

Group type	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
No group	10.8	16.7	15.5	7.9	2.3	2.8	2.1	0.6	7.2	7.0	8.8	4.2	52.2	53.8	49.5	38.4
Couple/no children	8.7	6.1	5.1	3.3	1.5	1.7	1.1	0.3	2.9	2.9	2.4	1.5	41.4	27.2	28.7	19.3
Couple with children	7.8	4.6	3.9	2.8	1.7	2.5	1.3	0.5	5.4	3.8	2.4	2.6	39.5	31.6	29.1	17.4
Lone parent	23.1	10.0	15.0	11.9	3.2	4.8	10.4	2.6	13.0	7.6	16.4	10.1	47.9	35.9	50.4	34.3
Other type	NA	14.9	3.0	4.4	NA	0.0	1.0	0.0	NA	9.3	2.5	4.4	NA	35.9	26.7	24.3
TOTAL	9.3	6.3	6.1	4.1	1.8	2.6	2.2	0.7	5.8	4.4	4.2	3.2	41.2	33.1	32.7	21.1

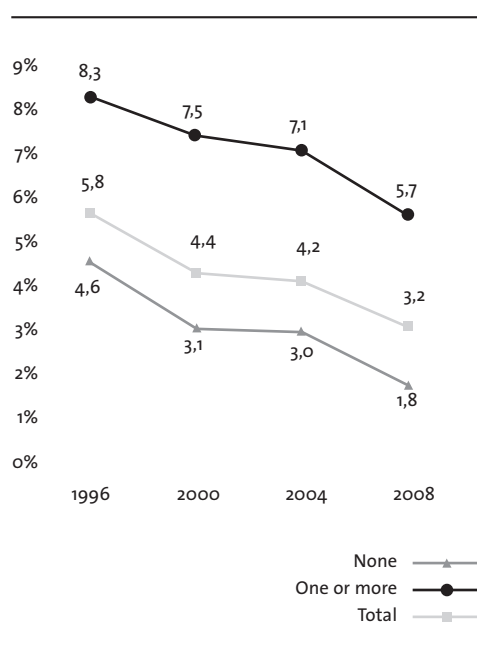
The drop of real poverty figures in households with children results, however, insufficient and is even something lesser than that of persons in households without children where there was a drop from 3% to 1.8% over the last four years. This circumstance is not attributable to the evolution of accumulation poverty where a 1.3% rate was recorded after several increases that made it reach figures

close to 4.5% in 2000 and 2004. Notwithstanding a positive evolution from the 12.6% levels in 1996, it is therefore in the consolidation of figures still relatively high of upkeep poverty (at a 6% level in 2008) where the origin of the real poverty differential should be placed as regards persons living in households with presence of children under 14.

Tabla 37. Evolución de la incidencia de las distintas situaciones de pobreza y precariedad por número de menores de 14 años en el hogar. 1996-2008. Población en viviendas familiares (En %)

Number of children under 14	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
None	7.8	5.4	5.1	3.1	1.4	1.8	1.3	0.3	4.6	3.1	3.0	1.8	39.4	30.2	29.0	17.6
One or more	12.6	8.5	8.4	6.0	2.8	4.5	4.4	1.3	8.3	7.5	7.1	5.7	44.9	40.3	41.4	27.6
TOTAL	9.3	6.3	6.1	4.1	1.8	2.6	2.2	0.7	5.8	4.4	4.2	3.2	41.2	33.1	32.7	21.1

Figure 7. Evolution of the incidence of real poverty situations according to number of children under 14 in the household. 1996-2008. Population in family homes (incidence levels in percentages)



1.2.2. Distribution of poverty and precariousness problems

Notwithstanding what has been stated heretofore, given the dominant weight of families without children in the recent demographic structure of the ACE, persons in poverty and precariousness situations belonging to households without children have been typically a majority.

Even so, in a context marked by a differential precariousness and where the weight of households with children has shown an upward tendency in these last years the weight of persons dwelling in this type of households has done nothing but grow within the groups affected by poverty and precariousness problems. In this last case, after rising from 34.7% to 37.8% of the total of situations of absence of well-being between 1996 and 2004, the proportion reaches a 45.5% level in 2008.

It is in real poverty situations, however, where this upward tendency becomes more eye-catching. Starting from levels already reaching 45.8% in 1996, the contribution of persons in households with children under 14

Table 38. Evolution of the distribution of diverse poverty and precariousness situations according to the number of children under 14 in the household. 1996-2008. Population in family homes (In %)

Number of children under 14	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
None	56.8	61.5	58.9	49.5	52.4	50.5	40.2	30.5	54.2	51.0	49.8	36.8	65.3	65.4	62.2	54.5
One or more	43.2	38.5	41.1	50.5	47.6	49.5	59.8	69.5	45.8	49.0	50.2	63.2	34.7	34.6	37.8	45.5
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

just became majority in 2004, reaching a 63.2% maximum in 2008.

This evolution is particularly eye-catching with regard to accumulation poverty problems, strongly concentrated in households with children, whose figures were slightly lower than 50% until 2000 but experienced a rise up to 59.8% in 2004 and 69.5% in 2008. The share of households with children in upkeep poverty situations also shows an increase that situates it for the first time above the 50% level in 2008.

1.2.3. Child poverty

The stronger impact of poverty and precariousness in households with children under 14 determines a greater risk situation in the group of persons under such age. Against 20.1% of persons in the population aged 14 or more facing difficulties for their access to well-being, the proportion rises in 2008 to 27.5% between children under 14. In this same line, the rate of real poverty among children under 14 is almost double than that corresponding to the remainder of the population: 5.4% against 2.8%.

In spite of the downward tendency in the long term, the greatest differential corresponds to upkeep poverty with a 6.1% share of the child population, well above the 3.8% level recorded in the population aged 14 or more. The difference is by far smaller with regard to accumulation poverty: 1% and 0.6% respectively. One of the more positive processes observed in these latter years has had to do precisely with the drop in accumulation poverty among under 14 year olds.

After a steady growth from a 2.8% rate in 1996 up to 4.9% in 2004, the rate dropped to 1% in 2008.

The change in tendency recorded between 2004 and 2008 is also observed with regard to figures for precariousness. After holding in figures close to 40% between 1996 and 2004, the rate fell from 41.5% to 27.5% in the referenced quadrennium, with an intensity by far higher to that recorded among the population aged 14 and over. Within this population, however, the drop from 31.5% to 20.1% observed between 2004 and 2008 extends a decrease that was already recorded from the 40.8% rate recorded in 1996.

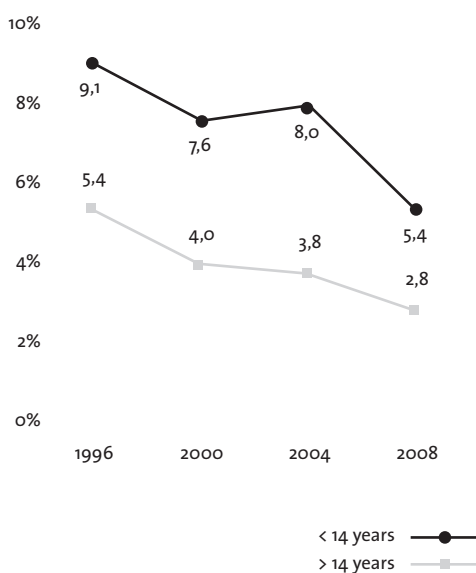
In any case, recent tendencies show that, between 2004 and 2008, the child population has been taking part of the positive evolution recorded in the remainder of the ACE population since some years before.

Table 39. Evolution of the incidence of diverse poverty and precariousness situations among children under 14 in the household. 1996-2008. Population in family homes (In %)

Situation	< 14 years				> 14 years			
	1996	2000	2004	2008	1996	2000	2004	2008
Upkeep poverty	14.2	9.1	8.9	6.1	8.7	6.0	5.7	3.8
Accumulation poverty	2.8	4.6	4.9	1.0	1.7	2.3	1.9	0.6
Real poverty	9.1	7.6	8.0	5.4	5.4	4.0	3.8	2.8
No full well-being	43.9	39.6	41.5	27.5	40.8	32.4	31.5	20.1

Figure 8. Child poverty: evolution of real poverty rates among population under 14 and population over 14 (%). 1996-2008.

Population in family homes
(incidence levels in percentages)



1.3. Head person's gender

1.3.1. Impact of poverty and precariousness problems

The differential impact of poverty and precariousness situations on households headed by a woman constitutes even in 2008 a relevant element to be highlighted. To this effect, persons in households depending on a woman have precariousness and poverty rates that nearly double those of persons in households whose head person is a man: 34.7% against 18.5% and 6.4% against 2.5% respectively.

These data, however, mustn't hide the change in tendency occurring in the last quadrenni-

um. Up till then, the differential between men's and women's households tended to rise over time up to the culminating inequality recorded in 2004 with rates of poverty and precariousness in women's households reaching 14.2% and 50.9%, against hardly 2.6% and 29.6% for persons depending on a man. In fact, against important and continuous drops in the rates for men's households between 1996 and 2004, figures hardly showed any advance between these two dates in the case of women's households.

The important improvement in the situation between 2004 and 2008 for persons dwelling in households headed by a woman is evident both in upkeep poverty rates and in those of accumulation: the risk of upkeep poverty falls from 16.2% to 8.2% with the impact of accumulation problems falling from 7.5% to 1.4%. This change breaks an up till then negative evolution characterised by two specific facts. The first is associated to a differential impact on persons dependent on a woman as regards the increase observed between 1986 and 1996 in the risk of upkeep poverty, together with a lesser rhythm of later drop attributable in a good extent to the upturn recorded between 2000 and 2004. The result is that while in the case of men the risk rate was in 2004 lower than in 1986 (4.4% against 5%) that of women was higher (16.2% against 13.6%).

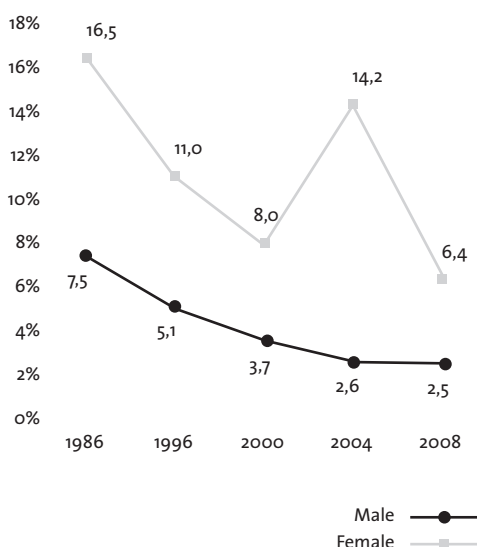
The second element is that the upturn tendency of accumulation poverty rates from 1996 onwards consolidated in 2004 among women going from 2.9% to 7.5%. But instead in the case of households dependent on men the rate fell between 2000 and 2004 down to a 1.3% level, the lowest ever since 1986.

Table 40. Evolution of the incidence of diverse poverty and precariousness situations by gender of the head person. 1986-2008.
Population in family homes (In %)

Gender	Upkeep poverty					Accumulation poverty					Real poverty					No full well-being				
	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008
Male	5.0	8.0	4.9	4.4	3.3	5.1	1.7	2.2	1.3	0.5	7.5	5.1	3.7	2.6	2.5	48.3	39.7	30.9	29.6	18.5
Female	13.6	19.1	14.2	16.2	8.2	10.7	2.9	4.5	7.5	1.4	16.5	11.0	8.0	14.2	6.4	55.2	52.0	45.3	50.9	34.7
TOTAL	5.7	9.3	6.3	6.1	4.1	5.6	1.8	2.6	2.2	0.7	8.3	5.8	4.4	4.2	3.2	48.9	41.2	33.1	32.7	21.1

Figure 9. Evolution of the incidence of real poverty situations by gender of the head person. 1986-2008.

Population in family homes.
(Incidence levels in percentages)



1.3.2. Distribution of poverty and precariousness problems

The weight of persons in households headed by a woman went from 8.3% in 1986 to 11.9% in 1996 and about 14% to 15% between 2000 and 2004. Together with the increase of the poverty differential in these households, this contributes to a substantial increase in its share of poverty situations till 2004. From hardly 16.5% of the total of persons in a situation of real poverty in 1986, the households headed by women accounted for a 47.8% of the total in 2004. The increase is noticed both in the upkeep dimension (from 19.5% to 38.2%) and in that of accumulation (from 15.8% to 48.4%).

Even though the number of persons in households headed by women goes on growing up to 16.1% of the total population, the change recorded in the 2004-2008 quadrennium defined by a drop of poverty rates in households headed by women and a certain stabilisation in those headed by men breaks the process observed until 2004. The share of persons dependent on women drops from 47.8% to 32.6% among poverty situations, a figure, however, which is still higher than those of the 1986-2000 period.

Although in a less eye-catching way, the increase in the share of persons dependent on women was also observed till 2004 among precariousness problems: from 9.3% to 22.2% of the total of persons in problematic situations. The recent evolution does not mean in this case any change whatever in tendency, the share of dependants in households headed by women increasing up to 26.4% in 2008.

Table 41. Evolution of the distribution of different poverty and precariousness situations by gender of the head person. 1986-2008.
Population in family homes (vertical %)

Gender	Upkeep poverty					Accumulation poverty					Real poverty					No full well-being				
	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008
Male	80.5	75.6	66.3	61.8	68.0	84.2	81.4	73.7	51.6	66.7	83.5	77.4	72.6	52.2	67.4	90.7	85.0	79.5	77.8	73.6
Female	19.5	24.4	33.7	38.2	32.0	15.8	18.6	26.3	48.4	33.3	16.5	22.6	27.4	47.8	32.6	9.3	15.0	20.5	22.2	26.4
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1.4. Age of the head person

1.4.1. Impact of poverty and precariousness problems

The most severe precariousness problems affected in 2008 the population dwelling in households headed by persons under 45, there being between 28 and 29% of persons unable to gain access to the well-being levels expected in this society. Figures go from 17.5% among residents in households of persons aged 45-54 years to a minimum of 13.1% among population in households of persons aged from 55 to 64 years. Problems turn again up to figures close to the average in the case of households whose head person is older than 65, with 21.3% of residents in precariousness situation.

The abovementioned situation contrasts strongly with what was observed in 1986 when the most serious problems were observed, undoubtedly as a consequence of the industrial streamlining processes, in households headed by 45 to 54 year olds, with 58.5% of the population living in those households in a precarious situation. Furthermore, levels were higher than 45% among the population in households headed by persons aged 55 to 64 years old, somewhat higher than the figures recorded both among those younger than 45 and among persons dwelling in households of persons older than 65 years.

The change observed over the last twenty-five years is associated to a very eye-catching and almost continuous drop of rates in households of persons aged 45 or over, which contrasts with a relative deterioration of the position of younger persons. A first move in the worsening of this population's situation

began with the increase in precariousness rates recorded between 1986 and 1996 for those dwelling in households headed by persons younger than 35 years old. Even so, still in 1996 the rates of absence of well-being among dependants of a head person aged 35-44 years continued to be lower than those of dependants in households headed by persons aged between 45 and 64 years.

The second step covers the 2000-2004 period. The generalised improvement of rates between 1996 and 2000 was then compensated in persons younger than 45 years by the increase recorded between 2000 and 2004 (from 41.3% to 42% in households of persons younger than 35 years and from 35.5% to 41% in households of persons aged between 35 and 44 years). This increase contrasts with the drops observed in households of persons older than 45 years.

What happened between 1986 and 2004 results in any case decisive for explaining the noteworthy differences existing in 2008 between persons younger and older than 45 years. If those older than 45 years saw their rates drop between 15 and 30 points over that period, they only decreased between 3 and 5 points among dependants of persons younger than that age. The evolution observed between 2004 and 2008 shows, however, a noteworthy improvement of the situation among population in households of persons younger than 45 years, the rate falling from 41-42% levels to 28-29% nowadays.

Data on real poverty reflect even more intensely the worsening of the situation for the population depending on a person younger than 45 years in the last twenty-five years. From a real

Table 42. Evolution of the incidence of diverse poverty and precariousness situations by age of the household head. 1986-2008.
Population in family homes (In %)

Age	Upkeep poverty					Accumulation poverty					Real poverty					No full well-being				
	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008
< 35 years	6.4	15.9	16.1	12.6	10.6	4.1	0.6	10.5	7.6	1.3	5.9	8.7	14.3	16.1	9.8	45.0	46.0	41.3	42.0	28.8
35-44 years	6.0	13.3	7.1	10.4	6.1	2.2	2.7	1.9	3.2	1.6	6.4	8.1	4.5	5.2	6.1	46.0	38.7	35.5	41.0	27.8
45-54 years	5.9	6.9	3.6	3.1	2.6	7.0	2.2	1.7	0.7	0.2	10.1	5.7	2.5	2.2	1.1	58.5	44.8	31.2	30.6	17.5
55-64 years	4.9	10.1	6.4	4.8	2.9	5.7	0.7	2.3	1.2	0.2	8.1	4.6	4.4	1.7	1.3	46.4	46.1	30.9	28.8	13.1
65 and more years	5.8	5.0	5.7	3.2	2.3	9.0	2.2	2.3	1.2	0.4	9.8	3.7	3.7	2.1	1.3	41.1	31.8	33.0	25.8	21.3
TOTAL	5.7	9.3	6.3	6.1	4.1	5.6	1.8	2.6	2.2	0.7	8.3	5.8	4.4	4.2	3.2	48.9	41.2	33.1	32.7	21.1

poverty rate between 6% and 6.5% in 1986, lower than the average in that year, 2008 has seen figures still situated at 9.8% in households of persons younger than 35 years and at 6.1% in the case of the head persons aged between 35 and 44 years. These rates contrast with figures very close to 1% in households of persons older than 45, households that in 1986 stood out by real poverty rates quite higher than those of younger persons, situated between 8% and 10%.

The worsening of the position of persons in households headed by a person younger than 35 years is associated to a steep and continuous rise of real poverty rates from 1986 to 2004. Rates went from 5.9% in 1986 to 8.7% in 1996, 14.3% in 2000 and 16.1% in 2004, date from which they began to fall substantially until reaching a 9.8% rate at present. The deterioration observed until 2004 in households with young dwellers is not so evident among population dependent on persons aged 35 to 44, with a poverty rate of 5.2% in 2004, slightly lower than the 6.4% in 1986. Unlike the remainder of households, the poverty rate grows, however, from 5.2% to 6.1% between 2004 and 2008 in this population group.

Within a context marked by a generalised descent of accumulation problems, the high rates of poverty among persons dependent on a household head younger than 45 years are related above all to upkeep poverty rates still very high in 2008: 10.6% in households of persons younger than 35 years and 6.1% in households of persons between 35 and 44 years old.

1.4.2. Distribution of poverty and precariousness problems

In spite of there not being any increase in their demographic weight between 1986 and 2008, the differential impact of poverty among persons living in families headed by young people is eye-catching. Thus, population in households headed by a person younger than 45 years goes from accounting for 25.9% of the total population in real poverty situations in 1986, to 73.9% in 2008. The increase is, undoubtedly, important as regards the upkeep dimension (from 36.7% to 58.2% of the total) but the most eye-catching change is that observed in the accumulation dimension, this group going from accounting for 18.1% of the total of poverty situations in 1986 to a 74.4% rate in 2008.

The increase in the relative weight of persons in households headed by persons younger than 45 years can be also observed in the precariousness situations as a whole. In this case, the share of the group being taken into consideration goes from 32.1% to 44.2% between 1986 and 2008. Even so, in spite of the herein stated increases the fact is that the main part of precariousness problems, 55.8%, still corresponds to persons dwelling in households headed by people older than 45 years. Their weight is, in any case, lower than the 68-72% figures of the 1986-2000 period.

Compared to 1986, the importance of the relative weight of the population dependent on persons older than 65 years grows within the

group of persons in households headed by a person older than 45 years. Dependants of persons of 65 years and over account, in 2008, for 24.3% of the total, when they accounted for hardly 11.9% in 1986. This real-

ity is not associated so much to a worsening of the rates of absence of well-being for older persons as to their growing weight in the demographic structure (from 14.2% in 1986 to 24% nowadays).

Table 43. Evolution of the distribution of different poverty and precariousness situations, by age of the head person. 1986-2008.

Population in family homes (vertical %)

Age	Upkeep poverty					Accumulation poverty					Real poverty					No full well-being				
	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008
< 35 years	14.4	12.8	15.8	22.9	21.3	9.6	2.4	25.5	37.8	15.9	9.2	11.2	20.3	41.7	25.5	11.9	8.4	7.7	14.1	11.3
35-44 years	22.4	31.0	23.4	36.7	36.9	8.5	31.5	15.3	30.6	58.5	16.7	30.4	21.2	26.1	48.4	20.2	20.3	22.2	26.7	33.0
45-54 years	30.3	20.2	14.4	13.3	15.1	36.8	32.1	16.3	8.5	5.6	35.7	26.7	14.2	13.5	8.5	35.1	29.5	23.5	24.5	19.5
55-64 years	18.7	24.9	23.1	15.5	13.5	22.4	8.6	20.4	10.9	6.2	21.6	18.2	23.0	7.6	7.7	20.9	25.7	21.3	17.3	12.0
65+ years	14.3	11.1	23.2	11.7	13.2	22.8	25.4	22.4	12.2	13.9	16.8	13.4	21.3	11.0	9.9	11.9	16.1	25.3	17.3	24.3
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Figure 10. Real poverty by age of the head person: evolution of the incidence (% of population in family homes) and distribution of poor population (vertical %). 1986-2008

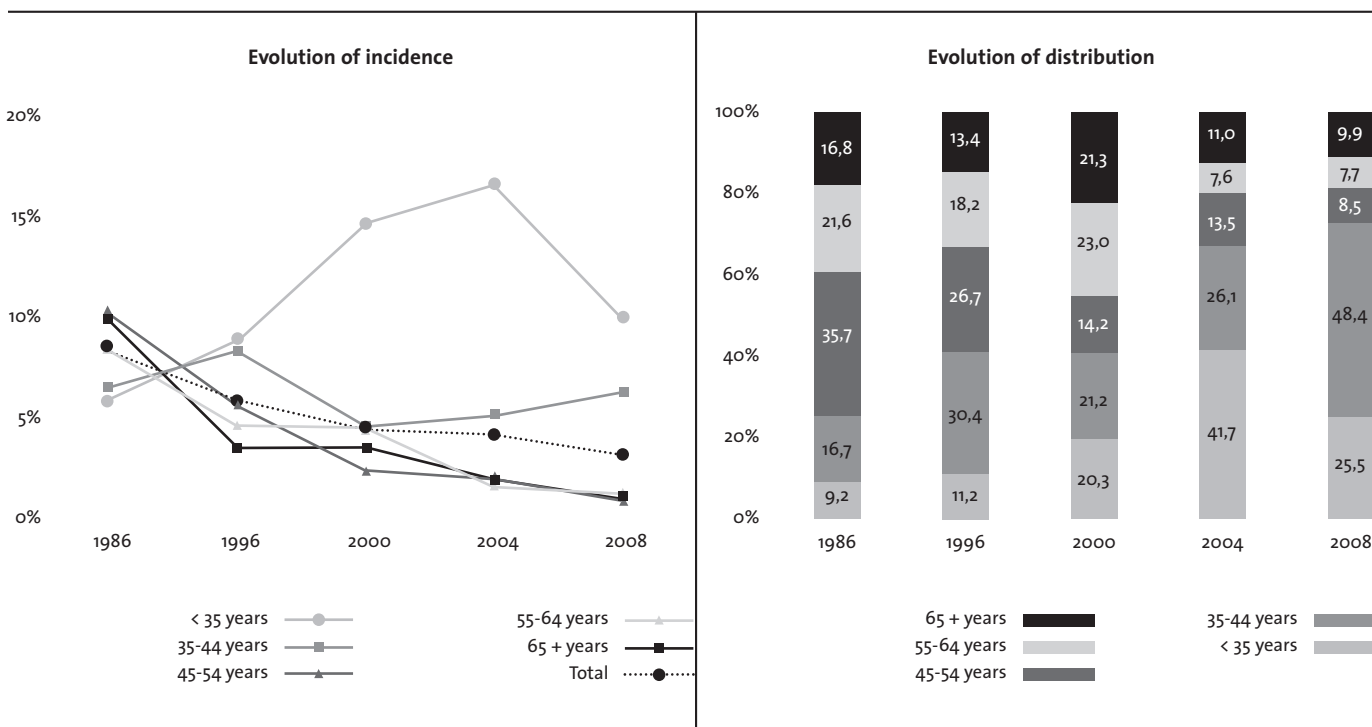


Figure 11. Real poverty by nationality of the head person: evolution of incidence (population % in family homes) and of poor population distribution (vertical %). 2000-2008

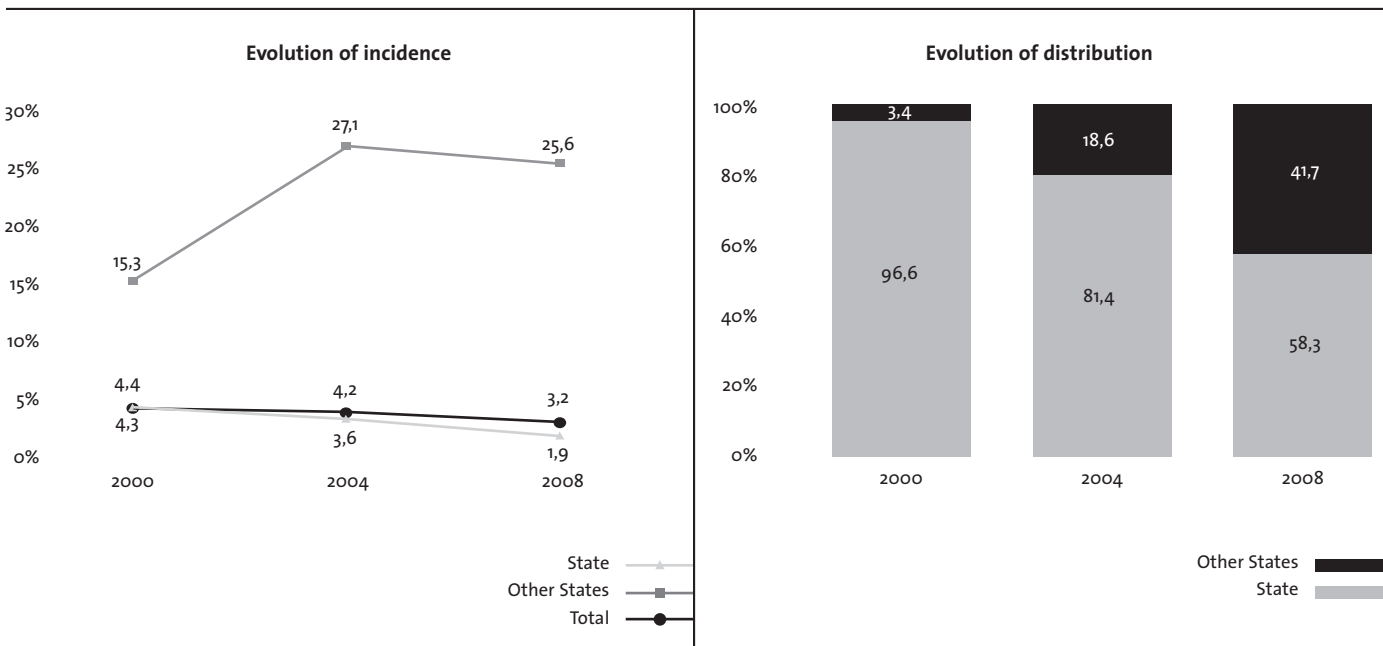
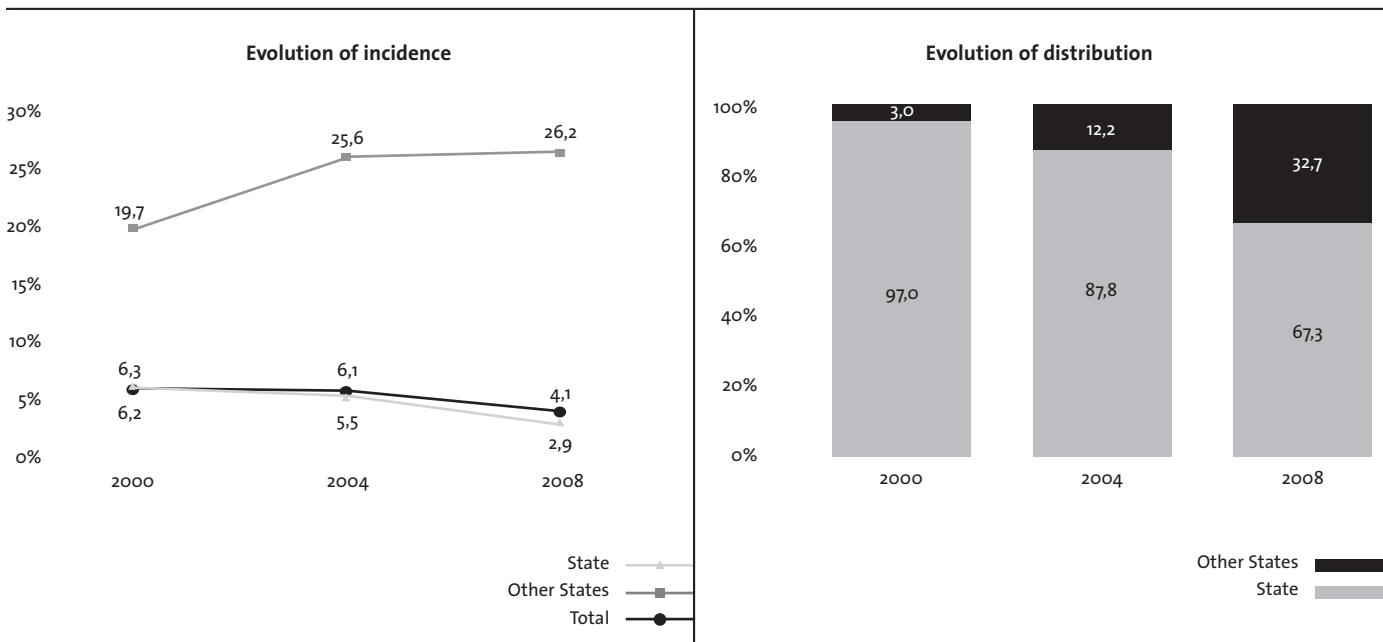


Figure 12. Upkeep poverty by nationality of head person: evolution of incidence (population % in family homes) and of distribution of precarious population (vertical %). 2000-2008



2. Occupational aspects

2.1. Educational level of the head person

2.1.1. Impact of poverty and precariousness problems

In 2008, the impact of poverty and precariousness keeps on with its tendency to grow as the education level decreases. This tendency is particularly clear as regards precariousness problems. Thus, while the rate goes down to 11.3% in the population dependent on a person with higher education, it rises to 24.3% in the case of a secondary education and vocational training of first level, rising to 25.3% in the case of primary education and finally reaching a maximum of 38.1% among population dependent on an uneducated person. Data on real poverty also reflect the sense of the differences, with hardly 0.5% in the case of higher education and figures greater than the average in households headed by persons with primary or secondary education. In this case, however, some mismatches are observed with regard to the downward tendency in the level of problems as the level of education rises: on the one hand, the figure hardly reaches 2.5% in the case of an uneducated head person, reaches a 4.5% rate when the head person has a primary education and, on the other hand, the maximum corresponds at 4.7% to dependants of a head person with vocational training of first level or with a secondary non-professional education.

Recent evolution characterises precisely by the good evolution of the poverty and precariousness risk among the population in households of uneducated persons. In this way, the precariousness rate drops for the first time clearly below 50% in 2008, reaching a 38.1% level. The same happens with real poverty whose rate fell from a historical maximum of 21.9% recorded in 2004 to 2.5% in 2008. The drop is particularly eye-catching as regards the accumulation dimension with the rate dropping from 19.6% to 0.4%. But it is also important in the upkeep dimension that reached a 3.7% minimum in 2008.

Against similar tendencies in the case of qualified graduates, the evolution is more

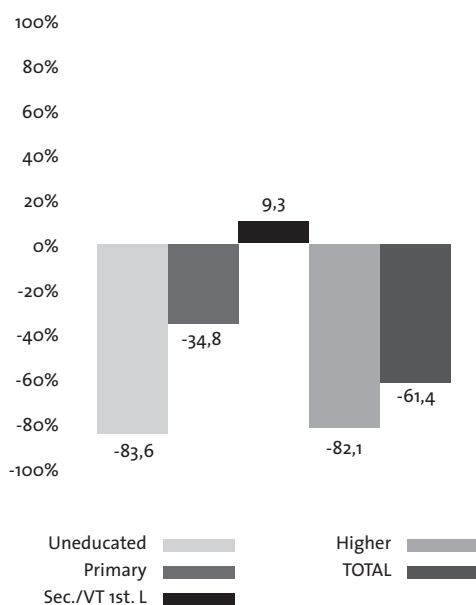
negative among the population dwelling in households headed by persons with less qualified education. In the case of a head person with a primary education, the slightly downward tendency observed up till then in real poverty levels broke, with rates at figures close to 4.5%. Concerning head persons with vocational training of first level or secondary non-professional education, 2008 marks a historical maximum of 4.7%, culminating a process of slight but continual rise from the 2.9% rate recorded in 1996. A common trait of dependants of a head person with primary or non-professional secondary education is the persistence of high rates of risk in the upkeep dimension, situated between 5.5% and 6% in 2008. In spite of the dropping line from 1996 onwards, particularly as regards head persons with a primary education, these records go on being similar or slightly higher than those of 1986.

In households of persons with an intermediate education, the 2004-2008 period also shows some positive changes. One of them is the heavy drop of precariousness rates, putting so an end to the stabilisation process recorded between 2000 and 2004. The drop is particularly significant in the case of dependants of head persons with a vocational training of first level or with a secondary non-professional education. Always situated at levels from 30% to 40% between 1986 and 2004, the rate falls down to 24.2% in 2008. The other positive datum is the consolidation of the drop in accumulation poverty rates that began from 2000 onwards, with figures ranging between 0.6% and 1.1% in 2008.

Table 46. Evolution of the incidence of different poverty and precariousness situations, by education of the head person. 1986-2008.
Population in family homes (In %)

Education	Upkeep poverty					Accumulation poverty					Real poverty					No full well-being				
	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008
Uneducated	8.6	18.1	10.9	6.9	3.7	10.6	7.9	5.8	19.6	0.4	15.2	18.5	13.8	21.9	2.5	64.1	62.1	49.2	56.4	38.1
Primary	5.6	11.2	8.2	7.4	5.5	5.0	2.1	3.3	1.6	1.1	6.9	6.9	5.5	4.4	4.5	52.9	47.9	39.8	38.9	25.3
Sec./VT 1st. L	4.5	7.0	4.6	7.4	5.7	2.6	0.7	2.6	1.5	0.6	4.3	2.9	4.2	4.4	4.7	35.3	38.8	32.8	33.0	24.2
Higher	2.4	4.0	2.5	3.3	1.2	0.8	0.5	0.5	1.2	0.1	2.8	1.9	0.9	1.5	0.5	23.4	21.0	16.8	19.9	11.3
TOTAL	5.7	9.3	6.3	6.1	4.1	5.6	1.8	2.6	2.2	0.7	8.3	5.8	4.4	4.2	3.2	48.9	41.2	33.1	32.7	21.1

Figure 13. Proportional variation in real poverty rates, by education of head person
(% variation between 1986 and 2008)



2.1.2. Distribution of poverty and precariousness problems

Both the process of growing access by the population to higher levels of education and the relative worsening of the position of groups with intermediate education affect the internal distribution of poverty and precariousness situations. This results, on the one hand, in the loss of importance of population in households dependent on an uneducated person in the distribution of poor and precarious groups. The population taken into consideration, accounting for 52.9% in 1986, hardly reaches a 2.7% share of the total of real poor persons in 2008. The drop in weight of the group is also observed with regard to precariousness problems with a fall from 37.6% to 6.4% between 1986 and 2008. This process, most intense between 1986 and 1996, is associated to the heavy fall in demographic weight of persons in households headed by an uneducated person between 1986 and 2008 that went from 28.7% to 5%.

The second important change is the growing weight of person with an intermediate level of education among groups in poverty situation. In the case of a head person with a primary education the contribution to the real poverty figures goes from 35.3% in 1986 to 68.6% in 2008; in the case of a head person with a VT of 1st level or with a non-professional secondary education the process is relatively so much intense since its share goes from 5.9% in 1986 to 24.1% in 2008.

Table 47. Evolution of the distribution of different poverty and precariousness situations, by head person's education. 1986-2008.

Population in family homes (vertical %)

Education	Upkeep poverty					Accumulation poverty					Real poverty					No full well-being				
	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008
Uneducated	42.8	9.7	6.4	4.9	3.2	54.3	21.4	8.4	38.2	1.9	52.9	16.0	11.7	22.4	2.7	37.6	7.5	5.5	7.5	6.4
Primary	41.0	69.7	72.7	57.7	65.1	37.7	66.6	72.1	33.6	77.7	35.3	69.1	69.6	48.9	68.6	45.6	67.3	67.1	56.5	57.9
Sec./VT 1st L	9.0	10.9	10.4	20.1	22.5	5.4	5.5	14.6	11.2	14.5	5.9	7.3	13.5	17.2	24.1	8.3	13.6	14.1	16.7	18.8
Higher	7.3	9.6	10.5	17.3	9.2	2.6	6.6	4.9	16.9	6.0	5.9	7.6	5.2	11.5	4.6	8.4	11.5	13.4	19.3	16.9
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

This qualification process of groups in precarious situation was also acting with regard to dependants of a head person with a higher education till 2004, with the weight of these persons growing from 5.9% in 1986 to 11.5% in 2004 as regards real poverty and from 8.4% to 19.3% as regards precariousness situations. The heavy fall in rates over the 2004-2008 quadrennium in this group reduces however that contribution to 4.6% in the poverty dimension and to 16.9% in that of precariousness.

2.2. Aspects relating to the activity

2.2.1. Activity of the head person

2.2.1.1. Impact of poverty and precariousness problems

Problems of poverty and precariousness are realities clearly associated to non-occupation and, in a more specific form, to unemployment. Thus, while 17.6% of dwellers in households of working persons are affected in 2008 by problems of access to situations of full well-being, such a proportion rises to 24.3% in the case of inactive head persons and goes up to 77.4% in the case of unemployed head persons.

The abovementioned tendencies are similar when considering exclusively the poverty levels, although in this case the favoured posi-

tion of occupied population is even more noteworthy. So, while 1.5% of persons dwelling in a household headed by an occupied person can be considered in a real poverty situation, figures rise to 3.7% in the case of persons in households headed by an inactive person and to 44.8% in the case of dwellers in an unemployed head person's household.

The differential existing in real poverty levels against dependants of an unemployed person is exclusively linked in 2008 to the upkeep poverty risk, with a risk rate of 46.8% in unemployed persons' households, rate that is 4.6% in the case of inactive persons and 2.5% in the case of working persons. With regards to accumulation poverty, the incidence goes on nearing levels of 2% in the case of dependants of an inactive person (1.8%). This reality is associated to the significant fall observed between 2000 and 2008 in rates of accumulation poverty in the case of unemployed persons' households. After the increase that took place between 1996 and 2000 with a rise in the rate from 13.4% to 22.2%, the rate went down to 6.5% in 2004 and almost disappeared in 2008.

From an evolutionary viewpoint, in spite of the great differences existing in the impact of poverty and precariousness problems, a common trait was observed until 2004 that was the tendency to a long term fall of poverty rates in the different groups. So, the real poverty rate went down from 5% to 2.1% in occupied persons' households between 1986 and 2004, from 11.2% to 5.7% with regard to

inactive persons and from 35.9% to 28.5% in the case of unemployed persons. While the real poverty falling process took a new impulse between 2004 and 2008 in the case of inactive and occupied persons with rates falling down to 3.7% and 1.5% after some years of practically a stabilisation between 1996 and 2004, the problem affects substantially unemployed persons' households. The impact of real poverty goes so from 26.5% to 44.8% between 2004 and 2008, reaching this last year a historical maximum for the period. The problem is associated to the upturn of the upkeep risk from the 35.1% minimum in 2004 to 46.8% in 2008.

The negative evolution of the situation for dependants of unemployed persons is also perceived in the precariousness indicators, with figures at levels still close to 80% in 2008, with almost no improvement with regard to 1996 figures. This contrasts with favourable data in occupied and inactive persons' households. In the case of dependants of occupied persons the small increase recorded in 2004 is compensated in 2008 with a consolidated fall from 45.2% in 1986 to 17.6% in 2008. The fall is continuous among inactive with figures falling from 50.6% in 1986 to 24.3% in 2008. The process of gaining access to well-being for groups in households headed by both occupied and inactive persons is therefore a determinant trait of the evolution over the 1986-2008 period. Only unemployed persons' households continue in the dominant precariousness situation that characterised the middle of the '80s.

2.2.1.2. Distribution of poverty and precariousness problems

The role of unemployment hasn't however the same importance in 2008 than it had in 1986, because the weight of persons dwelling in unemployed persons' households has fallen from 5.6% in 1986 to 2.1% nowadays. Instead, the weight of inactive persons' households grows from 25.1% to 33.7%. A consequence of the aging process of the Basque population and more specifically of the head persons of their households, is precisely the increase of the relative weight of dwellers in households of inactive persons in the group affected by real poverty situations. The proportion goes from 34.1% in 1986 to 51% in 2000, falling however to 38.9% in 2008 as a consequence of the recovery of weight of dwellers in occupied persons' households (28.1% in 2000 and 31.4% in 2008) and in unemployed persons' (20.9% in 2000 and 29.7% in 2008). The contribution to real poverty figures by unemployed persons –almost 30%– is eye-catching if we remember that dependants of unemployed persons hardly account for 2% of total population in 2008.

Without prejudice of what has been stated so far, the basic trait of the poor group is, even in 2008, the weight of population in unemployed or inactive persons' households, a 68.6% rate in 2008. Even though the figure does not reach the 71.9% maximum recorded in 2000, it clearly exceeds the 58.3% rate recorded in 1986.

The abovementioned tendencies for poverty are similar with regard to situations of no

Table 48. Evolution of the incidence of different poverty and precariousness situations, by the head person's activity, 1986-2008.
Population in family homes (In %)

Activity	Upkeep poverty					Accumulation poverty					Real poverty					Not full well-being				
	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008
Occupied	2.2	5.8	3.0	4.0	2.5	3.8	0.9	1.2	1.3	0.1	5.0	3.2	2.1	2.1	1.5	45.2	37.0	28.3	29.6	17.6
Unemployed	39.5	50.4	45.1	35.1	46.8	18.4	13.4	22.2	6.5	0.0	35.9	38.2	30.3	26.5	44.8	87.9	84.0	72.7	82.2	77.4
Inactive	8.1	9.3	8.2	6.6	4.6	7.7	1.7	3.1	3.4	1.8	11.2	5.4	5.7	5.7	3.7	50.6	42.0	37.2	32.7	24.3
TOTAL	5.7	9.3	6.3	6.1	4.1	5.6	1.8	2.6	2.2	0.7	8.3	5.8	4.4	4.2	3.2	48.9	41.2	33.1	32.7	21.1

Table 49. Evolution of the distribution of different poverty and precariousness situations, by the head person's activity. 1986-2008.
Population in family homes (Vertical %)

Activity	Upkeep poverty					Accumulation poverty					Real poverty					No full well-being				
	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008	1986	1996	2000	2004	2008
Occupied	26.0	36.4	28.1	41.4	38.6	47.3	29.2	26.5	36.9	11.4	41.7	32.6	28.1	31.3	31.4	64.0	52.8	49.8	56.7	53.6
Unemployed	38.5	27.6	21.6	21.8	23.8	18.3	36.9	26.1	11.1	0.1	24.2	33.6	20.9	23.6	29.7	10.1	10.4	6.6	9.5	7.7
Inactive	35.5	36.0	50.3	36.8	37.6	34.4	34.0	47.4	52.0	88.5	34.1	33.8	51.0	45.1	38.9	25.9	36.8	43.6	33.8	38.7
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

access to full well-being, being observed again a fall in weight of inactive persons' households between 2000 and 2008 after the steep growth over the 1986-2000 period. After growing in share from 25.9% to 43.6% over said period, the figure falls to 33.8% in 2004 only to grow again up to 38.7% in 2008. In the said year, most precariousness situations actually correspond to dependants of some occupied person. After falling from 64% to 49.8% between 1986 and 2000, their contribution to precariousness grows up to 56.7% in 2004 and stands at 53.6% in 2008.

2.2.2. Characteristics of the employed population

The series of data included in the foregoing section reveal that while two thirds of real poverty situations are associated in 2008 to unemployed or inactive persons' households, dwellers in occupied persons' households constitute the dominant nucleus of the situations of difficulty for accessing realities of full well-being. That's why it is important to go more deeply in the traits of the occupied population in financially precarious situation, analysing the incidence of a series of professional variables at different risk levels²⁹. So, data regarding profession, industry and activity branch, professional situation, type of contract and National Insurance contribution are specifically contemplated.

2.2.2.1. Impact of poverty and precariousness problems

Considering the professional situation and the type of relation with the company (contract and registration in the National Insurance), the truth is that only in the case of salaried persons in an irregular situation an incidence by far higher than the average only can be spoken of both in precariousness and in real poverty. In the case of occupied persons without a contract, 42.6% of them dwell in households without access to a situation of full well-being, with the real poverty rate reaching levels of 16.3%. These figures are very similar when considering the cases wherein no contributions are made to National Insurance (39.7% and 14.9%).

Although rates are already by far lower, in special with regard to real poverty, the temporality in employment introduces equally a by far higher risk than that of indefinite occupation. So, the real poverty rate goes from 0.6% in occupied persons with an indefinite contract to 2% in temporally occupied persons; the increase is from 10% to 20.1% with regard to the indicator of lack of access to full well-being conditions.

A noteworthy datum, with regard to occupied population, is that the narrow supply of new labour force results however in a substantial and almost generalised fall in real poverty and precariousness rates between 2004 and 2008. Although the poverty rate also falls

²⁹ Risk indicators taken into consideration correspond, however, to the household as a whole. Therefore, they are not indicators based on the resources owned by different occupied persons.

from 2.2% to 1.3% situating in almost all professional groups below 2% figures, the most substantial improvement corresponds to precariousness levels with drops from 24.7% to 13.9%. Drops are widespread among salaried persons: from 19.9% to 10% in households whose head person has an indefinite employment contract, from 30% to 20.1% when the head person has a temporal employment contract and from 67.8% to 42.6% in households whose head person works without a contract. These steep falls acquire a greater significance if account is taken that figures had only dropped in an eye-catching way between 1996 and 2004 in the case of persons with indefinite contracts and only from 23.5% to 19.9%. Aside of salaried population, self-employed persons also benefit from the tendency, with their precariousness figures falling down to 19.4% in 2008, in this case following a continuous decrease process from a 38.3% level in 1996.

From the viewpoint of activity, the branches where the most severe problems of poverty and precariousness are detected are those of building, hospitality and domestic service. This last branch, strongly associated to irregular forms of hiring is the most affected with a real poverty rate of 12.6% that rises to 37.4% when considering the precariousness problems, but by far lower than levels higher that 55% in the 1996-2004 period. This group of occupied persons is, on the other hand, the only one where the upkeep poverty risk still surpasses the 10% figure: 11% exactly.

In the hotel and catering and building sectors the real poverty rates are relatively low, situated about 2.5%. However, 21.3% of persons working in the building industry and 26.6% of those working in the hospitality industry do not access still to full well-being situations. The described situation characterises also to persons working in the primary sector with a 23.9% precariousness rate, even though in this case the real poverty problems fall below 1%, as result of a noteworthy reduction in rates from 2004 onwards.

By profession, the greater incidence of the problems taken into consideration corresponds to persons working in the service sector with a 21% precariousness rate and a 2.7%

incidence of real poverty. Figures go down to 17.8% and 1.4% respectively in the case of workers in industry and building. In the other professional groups precariousness and poverty rates decrease substantially, falling in many instances below 1% in this last dimension. To this effect, in the positive portion of poverty/well-being scale, about 90-95% of managers and self-employed, professionals, technicians and office workers access to full well-being situations in 2008.

Even though over the period taken into consideration the poverty impact among industry workers has always resulted lower than among service workers, it was not the same back in 1996 with regard to precariousness indicators. The differences existing nowadays are associated therefore to an evolution comparatively more unfavourable for workers in the service sector. So, against the fall observed between 1996 and 2000 in industry workers, consolidated in 2004, the precariousness rate for service workers rises between 2000 and 2004, reaching in that last year levels higher than those of 1996 and 2000. Even so, the noteworthy improvement in the situation of professionals in the service sector between 2004 and 2008 must be pointed out. To this effect, figures fall substantially over the quadrennium: from 5.4% to 2.7% as regards real poverty; from 37.5% to 21% as regards the rate of precariousness.

Table 50. Evolution of the incidence different poverty and precariousness situations, by occupation. 1996-2008.

Occupied population (In %)

Occupational traits	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
Profession																
Managers and self-employed	2.8	3.1	4.4	1.5	0.0	0.4	0.0	0.0	0.8	0.7	0.0	0.9	28.1	16.1	24.3	12.0
Professionals and technicians	2.1	0.4	0.6	0.3	0.1	0.2	0.1	0.1	0.5	0.3	0.2	0.1	10.9	10.5	9.6	5.0
Office workers	1.9	0.5	0.3	0.8	0.4	0.3	0.0	0.0	1.0	0.3	0.0	0.6	14.2	15.1	13.2	6.8
Service workers	7.4	4.6	7.2	2.8	1.2	4.8	2.8	0.5	4.4	5.7	5.4	2.7	35.1	34.2	37.5	21.0
Industry/building workers	4.6	2.3	2.9	1.8	1.2	1.8	2.0	0.3	2.8	2.8	2.5	1.4	38.0	30.2	30.2	17.8
Primary sector workers	3.0	8.5	0.0	0.2	5.5	3.4	7.4	0.9	5.9	4.5	7.4	1.1	31.5	26.6	22.0	14.7
Activity branch																
Agriculture	2.7	7.6	0.0	0.2	4.9	3.8	7.7	0.8	5.3	4.8	7.7	0.9	29.3	30.0	17.4	23.9
Extr. ind., energy, chemicals	0.2	0.3	0.4	0.0	0.0	1.5	0.0	0.0	0.0	1.5	0.0	0.0	25.4	14.0	15.0	11.1
Metal	3.1	0.8	0.9	0.8	1.2	0.8	1.4	0.4	2.1	1.5	1.4	0.8	30.4	23.3	19.4	12.0
Other industries	5.1	2.6	4.1	0.8	0.1	1.9	0.5	0.1	2.1	3.2	3.2	0.8	30.2	21.9	30.5	16.0
Building	6.9	3.1	4.2	4.1	2.6	1.4	3.4	0.2	6.4	2.3	3.1	2.5	43.2	34.8	41.3	21.3
Trade	2.1	2.7	3.0	0.5	0.3	0.9	2.9	0.1	1.1	1.5	2.3	0.3	27.7	25.5	28.9	14.7
Hotel and catering	7.2	6.8	7.4	3.0	1.4	7.4	3.3	0.3	4.1	8.1	3.4	2.6	42.5	34.1	40.0	26.6
Transport	5.9	2.1	2.2	0.5	1.2	2.6	0.0	0.5	3.2	3.1	0.9	1.0	37.3	24.3	20.8	12.6
Fin. services companies	1.5	0.9	2.2	1.1	0.0	0.7	0.3	0.0	0.9	0.7	1.2	0.3	15.3	14.1	16.1	9.9
Adm., basic services	2.6	0.6	1.1	0.4	0.2	0.4	0.4	0.2	0.9	0.4	1.0	0.5	12.8	14.3	14.6	5.5
Domestic service	18.2	11.5	23.3	11.0	1.7	11.0	2.8	2.4	6.4	14.5	14.4	12.6	57.8	55.3	63.0	37.4
Other commercial services	6.4	2.1	2.6	2.5	0.7	0.9	0.2	0.0	3.2	1.5	1.6	0.1	25.9	28.4	18.1	13.0
Professional situation																
Businessmen with salaried staff	0.5	1.6	2.4	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.4	15.6	10.1	15.8	9.3
Self-employed	9.2	6.2	6.3	1.5	0.5	2.2	2.8	0.4	3.1	3.0	4.9	0.4	38.3	31.2	31.7	19.4
Family aid	10.9	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	61.0	31.5	48.3	32.0
Cooperative member	0.0	0.4	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0	1.6	0.0	12.2	12.1	15.5	12.6
Administrative salaried worker	0.6	0.0	0.3	0.1	0.0	0.0	0.2	0.0	0.3	0.0	0.2	0.1	10.3	13.1	11.6	4.3
Public company salaried worker	3.4	0.0	2.9	0.0	2.6	0.0	0.9	0.0	2.6	0.0	0.9	0.0	29.7	20.7	21.7	8.5
Private company salaried worker	3.9	2.2	3.2	1.8	1.2	2.3	1.6	0.3	2.8	3.1	2.3	1.6	30.5	25.6	26.7	15.0
Other situation	20.9	6.4	0.0	35.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.1	51.9	47.2	26.4	46.0
TOTAL	4.1	2.4	3.1	1.5	0.9	1.8	1.5	0.3	2.4	2.5	2.2	1.3	28.4	24.0	24.7	13.9
Contract type (salaried workers)																
Indefinite	2.0	0.8	1.6	0.7	0.8	0.9	0.3	0.1	1.6	1.3	0.6	0.6	23.5	19.7	19.9	10.0
Temporal	4.4	2.2	2.5	2.4	1.4	2.2	3.6	0.4	3.2	3.1	2.7	2.0	31.0	25.2	30.0	20.1
Without contract	15.7	10.1	28.1	13.2	2.7	10.6	5.9	3.7	8.6	13.4	21.6	16.3	57.9	54.1	67.8	42.6
N.I.S. contribution (sal. workers)																
Yes		1.3	1.9	1.0		1.3	1.2	0.2		1.9	1.2	0.9		21.7	22.8	12.5
No		9.2	23.4	16.9		9.9	5.2	3.5		12.6	18.9	14.9		49.8	59.4	39.7
TOTAL (salaried workers)	3.3	1.8	2.8	1.5	1.0	1.9	1.4	0.3	2.4	2.6	2.0	1.4	27.2	23.6	24.3	13.3

2.2.2.2. Distribution of poverty and precariousness problems

In terms of internal distribution among the occupied population the nucleus of real poverty situations corresponds to salaried workers without indefinite contract, whether they have or not any type of contract.

Although this group accounts for 34.8% of general precariousness situations, it contains 62.8% of real poverty situations, by far higher than the 44.9% rate in 1996.

The statistical weight of workers in irregular situations results in special noteworthy when poverty distribution is considered. Although only 8% of occupied persons that do not access situations of full well-being are irregular workers, they constitute an important group of occupied persons affected by real poverty situations, concentrating 33.4% of these situations. The group of temporal workers also results determinant. They account for 29.4% of total occupied persons with current experience of real poverty, something above the 26.9% rate observed with regard to ampler situations of precariousness.

In spite of recording very low rates, salaried workers with indefinite contract constitute nevertheless the dominant group in general situations of precariousness: almost one half –44.8%– of employed workers that cannot access a full well-being situation are workers with an indefinite contract. Their weight among poor salaried population shows furthermore a rising tendency. To this effect, the most eye-catching datum from the 2004-2008 quadrennium is that after seeing how their contribution to real poverty experienced a continuous fall from 36% in 1996 to 16.4% in 2004, said contribution rises steeply to 27% in 2008. This evolution of salaried persons with indefinite contract is related to the noteworthy increase of the portion corresponding to salaried persons from the private sector in the group of poor occupied persons that goes from a 70.8% minimum in 2004 to 88.7% nowadays. Their share in the precariousness situations among occupied persons is 74.7%.

In full contrast with what has been stated for salaried workers, self-employed persons

account for only 15.8% of total precariousness situations in 2008, with a downward tendency from the 19.5% rate in 1996. Their contribution to real poverty is even lesser because at 3.7% it is by far lower than the 23.7% rate in 2004 and the figures from 15% to 19% in 1996 and 2000.

The three branches of activity with greater risk of poverty and/or precariousness –building, hotel and catering trade and domestic service– concentrate the most of problematic situations, accounting in 2008 for 66.5% of real poverty problems and 35.1% of those of precariousness. Although the remainder of service branches contribute only 18.5% to total figures of poverty, they represent 39.8% of situations without access to full well-being.

In general, the upward tendency in the contribution by the service sector to the realities of poverty and precariousness is in special noteworthy, while the contribution by agriculture and industry decreased between 1996 and 2004 –excepting the building sector– from 31.7% to 15% with regard to real poverty and from 37.7% to 25.1% with regard to problems of no access to situations of full well-being. The contribution by the service sector, instead, goes on growing between 1996 and 2008: from 46.3% to 65.2% with regard to real poverty and from 49.9% to 59.6% with regard to precariousness. After falling from 22% to 8.3% between 1996 and 2000, the role of the building sector also tends to grow in real poverty figures among occupied persons, going from 8.3% to 19.8% between 2000 and 2008, below however of the 22% rate in 1996. The contribution to precariousness is 15.3% above figures from 12% to 13% recorded in 1996 and 2000, but also below the 17.2% maximum recorded in 2004.

2.2.3. Relation with occupation, unemployment and inactivity in the household as a whole

Data submitted so far reflect an evident association between poverty and precariousness situations, on the one hand, and unemployment and non-stable and/or irregular occupation on the other. In a synthetic approach an effort has been made to position different Basque households according to the situation of their different dwellers in relation to activity, occupation and unemployment, connecting the distinct types so obtained with poverty and precariousness indicators.

2.2.3.1. Impact of poverty and precariousness problems

These data reflect some maximum levels of precariousness in households where all their active members are unemployed. In this case, 75.7% of dwellers in this type of households do not access a full well-being situation, proportion that reaches a 35% level when considering the real poverty situations.

Although levels drop notably, poverty and precariousness problems go on being very serious in households where there is some occupied person, although employed in conditions of severe instability. In these cases, the precariousness rate is 39.5% with a 13.7% share of population in real poverty situation. In the case of inactive persons' households, the precariousness rate is similar at 33.1% but real poverty, instead, decreases to 3.8% but still above the general average in the ACE.

The impact of problems because of the lack of access to full well-being situations is substantially reduced in those cases where there is, among the active persons, some unemployed person or some occupied person in a non-stable situation but also some person with access to a stable employment. In these situations, the precariousness and poverty rates go down to 17.4% and 0.7% respectively, by far lower than average figures in the ACE. The same happens as regards dwellers in households of active persons all of them with a stable job. In this case, some of the lowest figures are recorded: 13.3% of precariousness situations and 0.8% of poverty rate.

The groups more severely affected by real poverty situations reflect a close relationship between this situation and upkeep poverty. So, the risk rate in this dimension reaches levels of 7.2% in inactive persons' households, rising to 12.3% in households with active persons among which ones there is some occupied person with an unstable job and to 42.1% in the case of unemployed active persons. But, although the incidence drops substantially, these three groups are also situated above the mean in accumulation poverty rates, with figures of 1.5% in inactive persons' households and from 2.5% to 3% in households of unemployed active persons or of occupied persons in non-stable jobs.

Evolution data showed between 2000 and 2004, at least in occupied persons' households, generalised processes of stabilisation or even increase in the proportion of persons in households without access to full well-being situations. Between 2004 and 2008, however, rates of precariousness drop in all groups with historical minima being recorded in all of them. The most eye-catching drops, between 15 and 20 points since 1986, are associated to households of active persons where all of them are stable workers, as well as to dwellers in inactive persons' households.

In a similar context, where real poverty rate only dropped in a substantial form between 2000 and 2004 in the case of unemployed persons, recent evolution is also very favourable in the already mentioned groups of inactive persons and active persons with stable jobs. Instead, the reality in 2008 is very much negative in other groups. Real poverty rate grew between 2004 and 2008 in unemployed persons' households from 28.7% to 35%, thus reaching the highest level for the period 1996-2008. The same happened in the case of persons in active persons' households where at least one of them is a non-stable worker. In this case, besides, the 13.7% maximum of 2008 has the special feature of reflecting a reality of continuous increase of real poverty rate: 7.4% in 1996, 8.8% in 2000, 9.2% in 2004 and, finally, 13.7% in 2008. In this case, the continuous increase in the upkeep poverty risk level observed between 2000 and 2008 was decisive, a reali-

Table 52. Evolution of the incidence of different poverty and precariousness situations, by household situation regarding activity, occupation and unemployment. 1996-2008. Population in family homes (ln %)

Household situation	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
Active workers, all stable	4.7	2.2	3.1	1.7	0.7	0.5	1.6	0.1	2.2	1.1	2.3	0.8	31.2	23.1	24.0	13.3
Active workers, some stable	2.9	1.6	2.5	0.3	1.2	2.1	0.8	0.3	3.1	2.5	2.1	0.7	32.0	28.7	29.5	17.4
Active workers some non-stable	11.6	7.8	10.2	12.3	2.1	6.6	6.7	2.9	7.4	8.8	9.2	13.7	51.3	43.9	51.7	39.5
Active persons, unemployed	41.9	52.5	43.0	42.1	10.2	16.7	11.0	2.4	29.6	34.0	28.7	35.0	82.7	84.3	83.9	75.7
Non-active persons	13.4	13.8	12.8	7.2	1.4	1.6	2.0	1.5	5.9	5.2	6.4	3.8	54.3	46.7	42.8	33.1
TOTAL	9.3	6.3	6.1	4.1	1.8	2.6	2.2	0.7	5.8	4.4	4.2	3.2	41.2	33.1	32.7	21.1

ty shared with other households of occupied active persons between 2000 and 2004 but that, in the presence of some stable worker, changes sense in 2004 and 2008.

2.2.3.2. Distribution of poverty and precariousness problems

In 2008, 82.5% of persons with real poverty problems and 50% of those without access to full well-being situations belong to households where there is no stably occupied person. The most relevant datum is, nevertheless, that most of the problems concentrate at present in active persons' households where, at least, one of them is not a stable worker. These households account for 67.7% of the total of persons in a real poverty situation, embodying at the same time the main group –with a 42% rate– within those of persons not accessing a full well-being situation (above the 32.6% level that corresponds to dwellers in households of active persons all of them stable workers and the 25.4% of dwellers in inactive persons' households).

In evolutionary terms, in spite of the surge over the 2004-2008 period, the fall in weight of the real poverty is in special noticeable when referred to households where all their active members are unemployed. So, the contribution of dwellers in these households to different real poverty situations drops from 41.2% to 24.3% between 1996 and 2008. Although affecting different poverty dimensions, the drop is more intense in what refers to accumulation poverty problems. These per-

sons' contribution goes from 44.6% to 7.7% (from 36.3% to 22.4% with regard to upkeep poverty risk). The explanation lies, to a good extent, in the loss of social and demographical relevance of the group in the total population, since its share has dropped from 8.1% in 1996 to 2.2% in 2008.

Instead, the contribution to poverty and precariousness in households where some occupied person is present tends to rise. As regards real poverty, this is particularly eye-catching as far as non-stable occupied active persons' households are concerned. This group's share in the figures rises in this case from 16.2% in 1996 to 38.6% in 2008. This process is present in all dimensions of poverty, going from 15.9% to 26.7% as regards upkeep problems and from 14.6% to 38.8% as regards accumulation poverty. Although it drops slightly from 2004 onwards, the weight in real poverty also increases in inactive persons' households, from 13.8% in 1996 to 19.5% in 2008. The group of persons dwelling in inactive persons' households is, on the other hand, if the one that more weight gains in precariousness situations: from 17.8% in 1996 it goes to account for 25.4% of the total of precariousness situations in 2008.

Although it drops for the first time between 2004 and 2008, another significant aspect is that the contribution to precariousness of dwellers in households where there is at least one occupied person still reaches a 66.7% level, a proportion that reaches 56.2% as regards real poverty, clearly above in this case

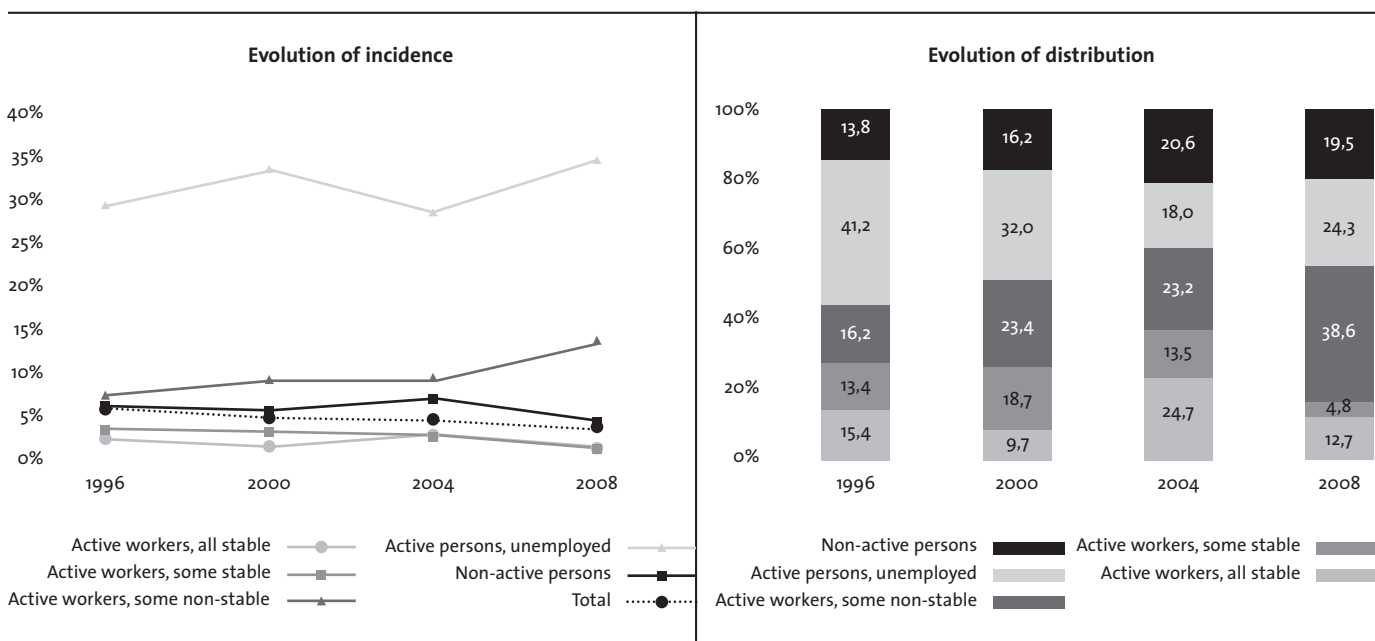
of the 45% rate in 1996. These figures and tendencies reveal that, in societies that tend to full employment, the fight against poverty and precariousness forces to consider in a

specific way the differential problems of households affected by employment instability problems and by low salaries.

Table 53. Evolution of the distribution of different poverty and precariousness situations, by household situation regarding activity, occupation and unemployment. 1996-2008. Population in family homes (Vertical %)

Household situation	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
Active workers, all stable	20.6	13.0	22.9	20.7	14.9	7.7	32.3	9.7	15.4	9.7	24.7	12.7	30.8	26.2	33.2	32.6
Active workers, some stable	7.9	8.6	11.4	1.7	16.0	26.9	9.8	8.6	13.4	18.7	13.5	4.8	19.5	28.8	25.2	17.4
Active workers, some non-stable	15.9	14.5	17.9	26.7	14.6	30.1	32.1	38.8	16.2	23.4	23.2	38.6	15.8	15.4	16.8	16.7
Active persons, unemployed	36.3	34.3	18.8	22.4	44.6	26.8	13.2	7.7	41.2	32.0	18.0	24.3	16.2	10.5	6.8	7.9
Non-active persons	19.4	29.8	29.0	28.4	9.9	8.5	12.5	35.2	13.8	16.2	20.6	19.5	17.8	19.1	18.0	25.4
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Figure 14. Real poverty by household situation regarding activity, occupation and unemployment: evolution of incidence (population % in family homes) and of poor population distribution (vertical %). 1996-2008



3. Socio-demographic types

The approach to the data package related to demographic and occupational variables taken into consideration has allowed, in former EPDS phases, to delimit a series of representative socio-demographic types. Resorting to this typological approach makes it possible to access more synthetic information regarding the impact of poverty and precariousness problems in the ACE and their internal distribution. It also eases an approach to the analysis of factors that have most contributed to the decrease of poverty and precariousness problems in these last years, in particular over the 1996-2008 period for which complete and homogeneous data are available.

3.1. Impact of poverty and precariousness problems

The study of socio-demographic types defined in the EPDS allows for the specification of the main groups of persons affected by poverty and precariousness in the Euskadi of today. In this context, the types characterised by an incidence of real poverty higher than 30% and a presence of precariousness in more than 75% of the group stand out, above all. These types are only two nowadays and include both dwellers in a household headed by a non-EU citizen and dependants of women in charge of a lone parent family, younger than 45 years and without stable occupation.

In 2008, dwellers in the type of lone parent family type just described account for the highest rates of poverty and precariousness in the ACE. Precariousness affects 96.9% of the reference population, with poverty affecting also the largest portion of the group, 54.4%, levels that are slightly lower than those of 2004. The group stands out by maximum levels of poverty both in the accumulation dimension (27.4%) and in that of upkeep (47.1%).

The second group with a higher incidence of poverty and precariousness situations is that of dwellers in households headed by a non-EU citizen. Although the rate decreased in these last years, the proportion of persons

that do not access to full well-being situations accounts still for 77.3% in 2008. The real poverty rate remains unchanged about 31% figures from 2000 onwards. In spite of the practical disappearance of accumulation poverty in this group, the impact of upkeep poverty is notwithstanding noteworthy, rising from a 29.8% rate in 2004 to 34.3% in 2008.

Although theirs are smaller than those of the abovementioned two groups, poverty and precariousness rates are still very high among groups having in common their condition of dwellers in households relying on persons with the following traits: lone persons, not belonging to any family group within the household, younger than 65 years and without stable occupation. This social reality is observed with either a man or a woman as the head person in the household.

In the affected types, precariousness rates tend to be situated about a 50% level, although 70.6% figures are reached among lone women aged 45-64 years. Real poverty rate is also high in this case, reaching a 22.5% level. It drops to 16.9% in lone men younger than 65 years and to 5.4% in lone women younger than 45 years, always in every case above the average levels in the ACE. A common element of these persons taken into consideration is the strong differential impact of upkeep poverty, with figures always higher than a 10% level and sometimes situated between 30% and 35% levels. Even so, there are occasions –as is the case with lone men younger than 65 years– where accumulation poverty can be also important, affecting 7.7% of persons taken into consideration. Except lone women younger than 45 years, real poverty rates tend to rise in these persons groups in the 2004 quadrennium.

Many of the abovementioned traits are also shared by persons integrated in a family group headed by a person younger than 45 years without stable occupation. The precariousness rate continues being too high in this group, at a 42.5% level, with equally very high levels of real poverty (20%), substantially rising compared to those of 2004. Upkeep poverty surpasses also the 10% levels within this group (10.8%) with a 7.7% rate of problems in the accumulation dimension.

In a last group of persons, real poverty rates of rather a low level can be observed in general, but with precariousness levels still situated between 25% and 30%. This refers to dwellers in households headed by some specific types of woman: on the one hand, women with stable occupation in charge of a lone parent family, or without family group reference younger than 65 years; on the other, women without this type of occupation, in charge of a lone parent family aged 45-64 years, or not belonging to a family group older than 65 years. Dependants on a man responsible of a lone parent family also share the characteristics of those types of households, experiencing in general terms substantial drops in their poverty and precariousness levels between 2004 and 2008. In the socio-demographic groups taken into consideration, average levels of real poverty are only surpassed in 2008 in the case of lone women younger than 65 years with a stable occupation, with 4.0%. Even in the case of dependants on a woman older than 65 years, the poverty rate drops down to 2.1%.

In the remainder of socio-demographic types the real poverty incidence results clearly minor, with figures close to or lower than 1% and with precariousness rates that do not surpass 20%. In this situation are included dependants on lone men younger than 65 years with stable occupation, on men older than 65 years, as well as, in a more general sense, those belonging to family groups, with the sole exception of those cases where the head of the family group is a person younger than 45 years without stable occupation. The middle and long term tendency in these demographic types is a heavy fall in poverty and precariousness rates.

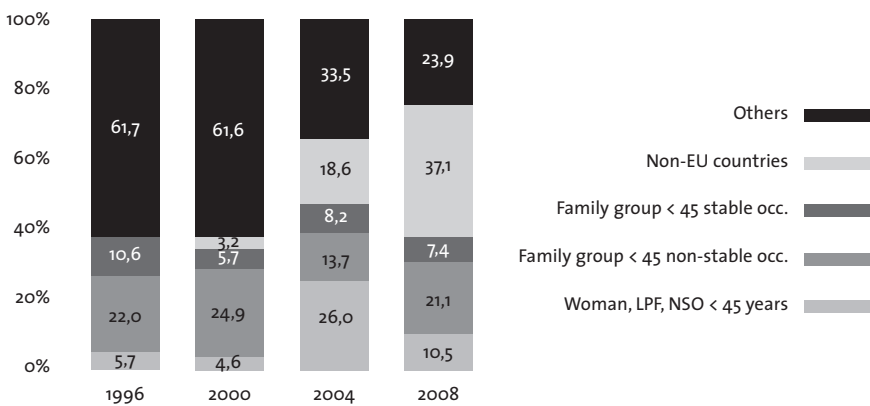
As a whole, the real poverty rate of socio-demographic types with a low incidence of poverty and precariousness situates hardly at a 0.6% level against 12.4% in the remainder of the types taken into consideration. The precariousness rate is 14.6% well below the 44.8% rate of types with a greater incidence of poverty and/or precariousness.

Table 54. Evolution of the incidence of different poverty and precariousness situations, according to socio-demographic type of the household. 1996-2008. Population in family homes (In %)

Socio-demographic type	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
W, LPF, NSO < 45 years	76.3	42.9	40.0	47.1	13.3	24.5	40.9	27.4	42.8	32.1	56.9	54.4	100.0	83.6	87.1	96.9
W, LPF, NSO >= 45 years	26.9	10.9	12.1	7.0	3.0	1.1	4.5	0.0	15.6	3.3	7.3	0.6	66.5	37.5	59.8	31.2
W, LPF, SO	12.2	2.1	7.9	4.8	0.0	0.0	0.0	0.0	2.2	0.8	0.0	0.4	28.1	21.1	37.2	25.0
LW, NSO < 45 years	70.4	47.8	35.7	12.8	0.0	13.0	0.0	0.0	45.8	20.7	24.7	5.4	87.7	62.6	56.9	49.7
LW, NSO >= 45 years	51.3	49.3	44.9	36.8	5.5	0.0	0.0	0.0	24.4	14.2	4.7	22.5	78.9	86.6	73.8	70.6
LW, SO < 65 years	10.5	11.7	19.4	7.8	0.0	0.0	0.0	0.0	2.1	2.9	6.8	4.0	26.3	31.0	32.0	23.9
LM, SO < 65 years	0.0	3.7	4.4	0.0	0.0	0.0	1.2	0.0	0.0	2.8	1.2	0.0	11.6	29.7	26.6	12.5
LM, NSO < 65 years	22.7	26.3	25.1	30.4	9.7	16.8	0.0	7.7	23.6	19.2	10.9	16.9	76.4	70.3	66.4	51.0
FG, NSO < 45 years	32.3	27.7	16.6	10.8	7.8	11.8	6.2	7.7	21.3	24.7	13.9	20.0	60.9	58.1	46.9	42.5
FG, NSO >= 45 years	12.4	8.0	5.3	3.0	1.3	4.7	0.8	0.3	7.3	6.7	2.5	1.2	55.8	43.5	39.9	20.1
FG, SO < 45 years	5.8	2.8	4.8	1.3	0.2	0.9	0.2	0.3	2.9	1.3	1.7	1.0	32.7	29.5	30.5	17.3
FG, SO >= 45 years	3.5	2.1	1.1	0.8	1.4	1.0	0.7	0.0	2.7	1.8	0.8	0.0	37.3	24.0	21.6	10.4
Men > 65 years	4.4	3.6	3.2	2.3	2.2	1.6	0.8	0.2	3.2	2.1	1.5	0.9	27.8	26.5	21.7	15.3
Women >65 years	6.5	10.5	3.5	2.3	2.4	3.8	1.8	0.7	5.0	7.3	3.5	2.1	42.9	47.6	37.1	33.5
Non-EU countries	NA	41.2	29.8	34.3	NA	23.6	19.9	0.0	NA	31.5	31.6	31.0	NA	85.0	93.5	77.3
Men, lone parent family	37.6	0.0	0.0	13.6	0.0	0.0	0.0	0.0	13.6	0.0	0.0	0.2	68.1	21.3	39.3	23.6
TOTAL	9.3	6.3	6.1	4.1	1.8	2.6	2.2	0.7	5.8	4.4	4.2	3.2	41.2	33.1	32.7	21.1

KEY: W Woman LPF Lone Parent Family NSO Non-Stable Occupation
 SO Stable Occupation LW Lone Woman LM Lone Man
 FG Family Group

Figure 15. Evolution of real poverty situations concentration in most severely affected socio-demographic types. 1996-2008 (vertical %)



contribution equivalent to a 36.4% drop in the 1996 poverty figures. A 24.5% drop is linked to the diminution in figures of persons belonging to this type of families, associated to the notable increase in employment in Euskadi from the middle of the '90s as well as to a strong recovery of stable employment. Another 11.9% is linked to the drop in poverty rates among these family types.

The reduction must be also highlighted within this context of the absolute levels of poverty attributable to the drop in rates among dependants on a person older than 65 years (10.5%) or living in lone parent families or other types of family groups headed by a person with a stable occupation (22%).

Would have come into play exclusively the factor so far contemplated, that is to say those associated to the poverty rates evolution and to changes in the demographic structure, poverty absolute figures would have dropped by a 65.1% between 1996 and 2008. But there are some factors that also intervene over the period contributing to the increase of these figures. This increase, equivalent to a 20.6% of the figures existing in 1996, is attributable in whole to a single factor: the new poverty associated to immigration from non-EU countries. In 2008, 37.1% of real poverty situations correspond in fact to population dwelling in households where the head person is a non-EU citizen.

3.3. Change factors in poverty and precariousness impact

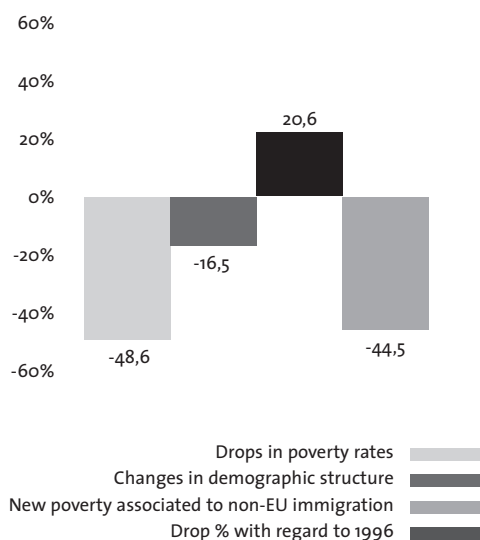
In terms adjusted to 2008 thresholds, 122,723 persons were in real poverty situation in 1996. This figure has decreased by a 44.5% in 2008, being the figure for such year 68,051 persons.

Analysing the factors that have contributed to the abovementioned drop according to the socio-demographic type a special mention can be made of the fundamental role played by the drop in specific rates of real poverty in population groups not associated to non-EU immigration. A reduction of 48.6% on the poverty initial figures can be attributed to this drop. This reduction factor in real poverty figures is accompanied by the positive role played by demographic evolution. Changes observed in the demographic structure imply a 16.5% net drop in 1996 poverty figures.

The evolution of the risk groups formed by lone parent families and other family groups headed by a person without a stable occupation is indeed decisive. The changes in these socio-demographic groups in fact imply a

Table 56. Factors that determined changes in real poverty levels between 1996 and 2008

POOR POPULATION IN 1996		122,723	
Factors contributing to a reduction in poverty figures	Absolute	% pop.1996	% Dominant tendency in the group
Drops in poverty rates			
Lone Par. Fam. of Women/Family Groups. NSO Head Person	-14,568	-11.9	24.4
Lone Par. Fam. of Women/Family Groups. SO Head Person	-26,955	-22.0	45.2
Lone Parent Families of Men	-2,535	-2.1	4.3
Lone Persons Younger than 65 years	-2,689	-2.2	4.5
Persons Older than 65 years	-12,897	-10.5	21.6
Changes in demographic structure			
Drop in population figures: Lone Par. Fam. of Women/Family Groups. NSO Head Person	-30,090	-24.5	100
Rise in population in other socio-demographic types	9,838	8.0	-
Total	-79,896	-65.1	100
Factors contributing to an increase in poverty figures	Absolute	% pop.1996	% Dominant tendency in the group
New poverty associated to non-EU immigration			
	25,225	20.6	100
POOR POPULATION IN 2008		68,051	
Drop % with regard to 1996		-44.5	

Figure 16. Percentage of real poverty reduction between 1996 and 2008 attributable to diverse factors

Against the 44.5% drop in real poverty figures, precariousness levels fall by 48% between 1996 and 2008. Anew in this case, the fundamental portion of the fall in the volume of persons in a situation of precariousness is associated to the drop in rates, even though the contribution –situated in 46.8%– results something lower than the 48.8% level observed with regard to real poverty figures. Something lesser is also the favourable impact of the fall in the volume of population dependent on lone parent families and other family groups headed by a person without a stable occupation. The contribution to the reduction of precariousness figures is, in the case of changes in the demographic structure, of only 8.4%.

The greatest level of drop observed in the precariousness figures is in fact related to the lesser negative impact of immigration on the evolution of absence of well-being problems. The weight of the non-EU population in the 2008 precariousness figures is only 13.8% by far lower than the contribution detected to the poverty figures. The contribution of new

precariousness associated to immigration is reduced to an increase of 7.2% with regard to the figures existing in 1996.

Another aspect of the evolution is worth a special comment. It is the greater role that must be attributed, in the downward evolution of precariousness figures, to the drop in rates corresponding to persons in family groups having a head person with a stable occupation: 28% against 22% as regards the drop in real poverty figures. Instead, the fall attributable to reduction in precariousness rates among dependants on persons older than 65 years drops to 6.7%. Anyhow, these two groups account jointly for 74.2% of the fall in absolute figures of precariousness related between 1996 and 2008 to improvements in precariousness rates, above the 66.8% rate observed in the evolution of real poverty.

Figure 17. Percentage of reduction in absence of well-being and precariousness situations between 1996 and 2008 attributable to diverse factors

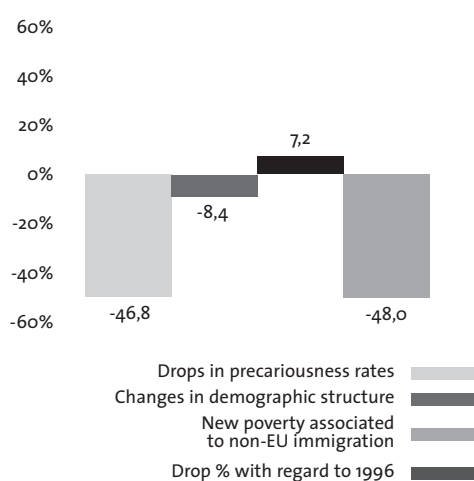


Table 57. Factors that determined changes in precariousness and absence of well-being levels between 1996 and 2008

PRECARIOUS POPULATION IN 1996		873,890	
Factors contributing to a reduction in precariousness figures	Absolute	% pop.1996	% dominant tendency in the group
Drops in precariousness rates			
Lone Par. Fam. of Women/Family Groups. NSO Head Person	-90,309	-10.3	22.1
Lone Par. Fam. of Women/Family Groups. SO Head Person	-244,882	-28.0	59.8
Lone Parent Families of Men	-8,450	-1.0	2.1
Lone Persons Younger than 65 years	-6,795	-0.8	1.7
Persons Older than 65 years	-58,867	-6.7	14.4
Changes in demographic structure			
Drop in population figures: Lone Par. Fam. of Women/Family Groups. NSO Head Person	-146,252	-16.7	100
Rise in population in other socio-demographic types	72,890	8.3	-
Total	-482,664	-55.2	100
Factors contributing to an increase in precariousness figures	Absolute	% pop.1996	% dominant tendency in the group
New poverty associated to non-EU immigration			
	62,862	7.2	100
PRECARIOUS POPULATION IN 2008		454,089	
Drop % with regard to 1996		-48.0	

4. Territorial impact of poverty and precariousness

The poverty problem in Euskadi has an important territorial and regional dimension that will be analysed hereinafter with relation both to different historical territories and their regions.

4.1. Historical Territory

4.1.1. Impact of poverty and precariousness problems

Biscay is still in 2008 the historical territory where precariousness problems have the strongest incidence. A 22.9% of the population in that territory does not have access to full well-being conditions, something higher than the 20.3% rate of Araba and 18.5% of Gipuzkoa.

Nevertheless, recent evolution in Biscay results favourable. The precariousness levels in the territory drop by 13,6 points, decreasing the proportion of persons without access to full well-being levels from 36.5% in 2004 to 22.9% in 2008. In fact, a process of convergence of the diverse territories is observed, with a reduction in the notable differences in rates existing in 2000 and 2004. The gap of Biscay with regard to the remainder of territories reduces from 8.9 points in 2004 to about 2.5 points with regard to Araba and 4.5 points with regard to Gipuzkoa in 2008. This convergence process is compatible with a notable improvement in the situation in Araba and Gipuzkoa. The processes observed along the 2000-2004 quadrennium break in these two territories between 2004 and 2008, with an increase in the precariousness rate in Araba (the rate goes from 26.6% to 27.6% over that period) and a stabilisation of the figures about 28-29% in Gipuzkoa.

A nearing is also profiled over the 2004-2008 quadrennium in the real poverty rate on the part of Biscay. Although the impact of real poverty is still stronger in Biscay, with a 3.8%, figures do not go substantially apart of those of the other territories: 2.9% in Araba and 2.3% in Gipuzkoa.

The evolution in Biscay is in fact favourable since the real poverty rate drops continually going from 7.1% in 1996 to 6.6% in 2000, 5.4% in 2004 and 3.8% in 2008. Instead, the tendencies are more varied in the other two territories. After strong drops in the 1996-2000 period, by far stronger than those in Biscay, a surge is detected in figures between 2000 and 2004. The increase is corrected slightly downwards in Gipuzkoa between 2004 and 2008, with the real poverty rate situated finally at 2.3% something above the 2.1% recorded in 2000 but below the 2.8% in 2004 and the 3.7% in 1996. The upwards tendency persists, notwithstanding, in Araba. So, after dropping from 5.4% to 0.9% between 1996 and 2000, real poverty rises to 2.8% in 2004 and 2.9% in 2008.

Going deeper into the evolutionary traits of poverty in Biscay and Gipuzkoa, a common element is observed: the important and continuous drop in the upkeep poverty rates since 1996. The rate does down from 10.4% to 5% in Biscay between 1996 and 2008; from 7.8% to 2.9% in Gipuzkoa. This evolution marks the downward tendencies in the long term of real poverty in these two territories.

On its part, Araba suffers a deterioration of its situation over the 2000-2008 period –after a substantial improvement in all dimensions of poverty between 1996 and 2000– that is not important in quantitative terms, but significant because of its continuity over time. Upkeep poverty that had dropped from 8.6% to 2.2% between 1996 and 2000 surged up to 5.3% in 2004 and maintains still a 3.7% level in 2008. Araba is, in fact, the only territory where the observed evolution is contrary to the tendency to a continuous drop in upkeep poverty rates in the long term observed in the ACE as a whole and in the territories of Biscay and Gipuzkoa.

Anyhow, a trait common to the three territories is the substantial reduction in accumulation poverty figures that were close to or lower than 1% in all territories in 2008.

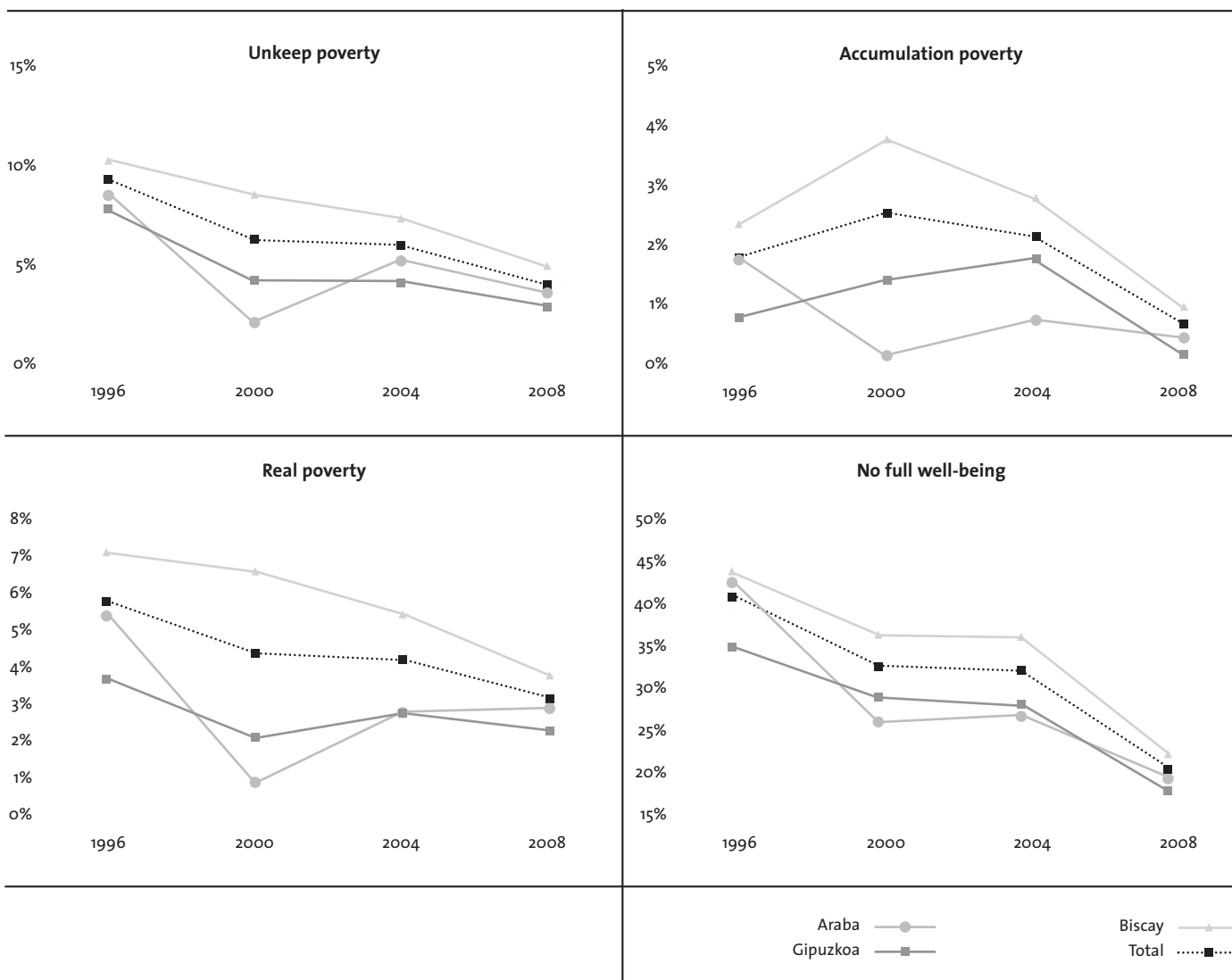
Table 58. Evolution of the incidence of different poverty and precariousness situations by Historical Territory 1996-2008.

Population in family homes (In %)

Territory	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
Araba	8.6	2.2	5.3	3.7	1.9	0.2	0.8	0.5	5.4	0.9	2.8	2.9	43.0	26.7	27.6	20.3
Gipuzkoa	7.8	4.2	4.1	2.9	0.8	1.4	1.8	0.2	3.7	2.1	2.8	2.3	35.4	29.3	28.3	18.5
Biscay	10.4	8.6	7.4	5.0	2.4	3.8	2.8	1.0	7.1	6.6	5.4	3.8	44.1	37.0	36.5	22.9
TOTAL	9.3	6.3	6.1	4.1	1.8	2.6	2.2	0.7	5.8	4.4	4.2	3.2	41.2	33.1	32.7	21.1

Figure 18. Evolution of the incidence of different poverty and precariousness situations, by Historical Territory 1996-2008

(% of population in family homes)



Bank. The evolution over the 2004-2008 quadrennium is particularly favourable in the regions of Biscay. Unlike regions from Araba and those from the Deba valley, these regions show the main drops in precariousness rates between 2004 and 2008.

The analysis of real poverty indicators points out again the disadvantaged position of Bilbao region. The rate is situated still in 2008 at 6.1% by far above those corresponding to the remainder of Basque regions, even the 4.1% rate of the Left Bank. Rates are situated at levels from 2.5% to 3%, relatively close therefore to the ACE average, in Vitoria-Gasteiz, Biscay-Coast and Domostialdea. The figure is lower than 2% in Ayala and Lower Deba, with levels even lower than 1% in Right Bank, Duranguesado, Tolosa-Goierri and Upper Deba.

Recent evolution is, however, positive in Bilbao and Left Bank, regions that still in 2000 had real poverty rates of 9%, even reaching 10.5% in 2004 in Bilbao. The important improvement recorded over the 2000-2004 quadrennium in the Left Bank had, however, to wait till the 2004-2008 period in Bilbao. It was over this quadrennium when the upward tendency in accumulation poverty was at last counteracted in this region, situating the rate at 1.2% in 2008. The basis for the positive

evolution over these last years in Bilbao and the Left Bank is related to this effect not only to the continuous drop in the upkeep poverty rates from 1996 onwards but, in a special way, to the recent reduction in the accumulation poverty figures after the increases observed over the 1996-2000 quadrennium and that, in the case of Bilbao, went on till 2004 (with a continuous increase from 2.7% in 1995 to 5.6% in 2004).

On the negative side with regard to these regions it must be pointed out that a surge in real poverty over the 2004-2008 quadrennium has been observed in the Left Bank with the rate going from 3.5% to 4.1%. This negative surge is also observed in other urban areas. So, after dropping from 5.5% to 0.5% between 1996 and 2000, the rate grew in Vitoria-Gasteiz to 3.1% in 2004, a figure that consolidates in 2008. Donostialdea has gone through a similar evolution: from a 4.6% rate in 1996 it went to 1.7% in 2000, 2.8% in 2004 and 3.1% in 2008. In the most urban purview of the ACE, only the Right Bank shares the recent strong drop in the poverty rates that characterises Bilbao nowadays. From a 2.7% rate in 2004, the tendency in this case is translated into a level of hardly 0.6% in real poverty in 2008, level that is only reached in Euskadi by some regions with a lesser level of urbanisation.

Table 60. Evolution of the incidence of different poverty and precariousness situations, by region 1996-2008.

Population in family homes (In %)

Region	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
Vitoria-Gasteiz	9.1	1.9	5.9	3.8	1.8	0.1	0.8	0.4	5.5	0.5	3.1	3.1	43.2	25.8	28.5	20.6
Ayala	5.7	3.8	1.5	3.0	2.5	0.8	0.5	1.1	4.8	3.2	0.6	1.9	42.0	32.0	22.7	18.8
Right Bank	8.3	3.3	7.0	3.0	0.0	2.1	0.0	0.0	0.8	2.9	2.7	0.6	30.6	27.1	26.9	12.7
Bilbao	12.5	11.8	10.0	8.2	2.7	4.8	5.6	1.2	8.8	9.0	10.5	6.1	47.5	40.5	40.9	28.1
Left Bank	12.4	10.7	7.3	4.0	3.5	5.8	1.7	1.2	9.7	9.1	3.5	4.1	50.5	42.4	39.9	25.3
Biscay-Coast	5.2	6.0	6.0	2.7	1.4	0.4	2.7	1.1	4.3	1.1	3.6	2.5	34.4	32.0	27.4	14.9
Duranguesado	4.2	3.2	1.9	3.4	1.8	0.9	1.7	0.5	3.3	2.8	2.1	0.9	37.7	29.1	33.4	20.8
Donostialdea	10.0	4.2	4.5	3.5	1.2	1.0	2.5	0.4	4.6	1.7	2.8	3.1	37.2	28.6	30.4	21.3
Tolosa-Goierri	2.7	5.0	4.8	1.8	0.0	2.1	0.1	0.0	1.2	2.2	3.3	0.3	30.4	30.5	29.8	13.4
Upper Deba	2.4	2.1	1.5	0.5	0.0	1.1	1.9	0.0	0.3	2.3	2.5	0.1	30.0	31.6	17.6	8.3
Lower Deba	5.8	5.0	2.6	2.5	0.5	3.8	0.2	0.0	5.2	5.3	2.4	1.7	36.7	29.4	19.7	16.9
TOTAL	9.3	6.3	6.1	4.1	1.8	2.6	2.2	0.7	5.8	4.4	4.2	3.2	41.2	33.1	32.7	21.1

Figure 19. Incidence of real poverty, by region in 2008
(% of population in family homes)

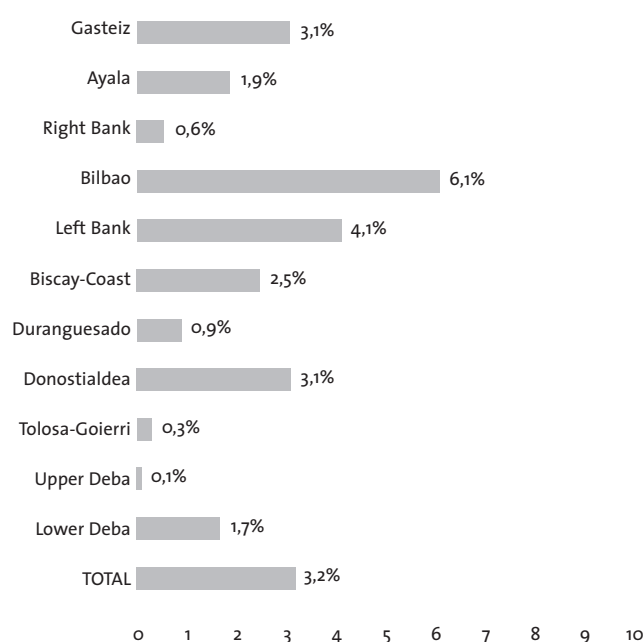
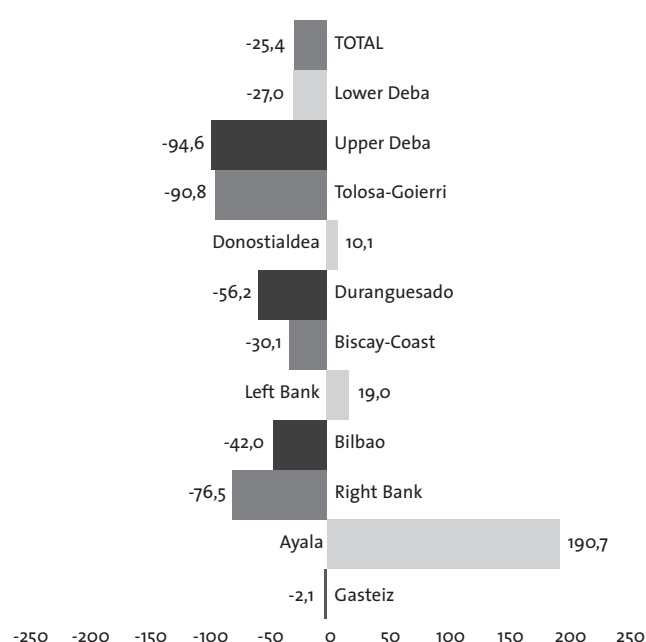


Figure 20. Proportional variation of real poverty, by regions, between 2004 and 2008



The analysis of real poverty indicators reveals, in fact, an evident polarisation between the most and the least urbanised areas in 2008. In regions with a lesser level of urbanisation, poverty rate is low, situating mostly of it below 2%. In more urbanised regions, the impact of poverty surpasses the 3% level, reaching a maximum of 6.1% in Bilbao. In these regions, only the Right Bank is far apart of these levels.

As it can be observed, all things considered, the evolution of real poverty figures in the ACE purview hides in fact a very different evolution when different regions are considered, with regions that experience a substantial improvement in their situation but there being other regions that begin to know an eye-catching worsening over these latter years. On the other hand and in spite of recent improvements the relatively disadvantaged position of the Bilbao region persists within the ACE.

4.2.2. Distribution of poverty and precariousness problems

As regards the distribution of population affected by real poverty problems, the concentration of these situations in the more urbanised areas is exceedingly outstanding particularly in Bilbao and Left Bank regions. The urban character of the phenomenon is evident. As a whole, including the Right Bank, Vitoria-Gasteiz and Donostialdea, 91% of the considered situations are located in the large urban regions (83.8% of those of accumulation and 86.5% of those of upkeep).

A significant change is observed between 2000 and 2008 as regards the internal distribution of poverty situations. So, the weight of Bilbao and the Left Bank drops from 71.1% in 2000 to 56% in 2004, while, instead, the contribution by Donostialdea and Vitoria-Gasteiz rises from 9.5% to 33.5% over the mentioned period.

Chapter three: FINANCIAL DETERMINANTS OF POVERTY AND PRECARIOUSNESS

1. Precariousness and type of main income

1.1. Impact of poverty and precariousness problems

A key element in the study of poverty and precariousness situations is the analysis of the relationship between these problems and the main source of financial resources for the household. Naturally, the probability of their access to a situation of full well-being is very high among dwellers in households where their own income³⁰ is dominant, characterising a 82.7% of the population taken into consideration in 2008. The incidence of precariousness situations is situated at 17.3% with real poverty affecting but a 1.6% of said population.

These figures are quite higher among dwellers in households whose main source of income is from Social Security benefits. In this case, precariousness rate rises to 26.3% and that of real poverty to 3%. Even so, the impact of poverty and precariousness situations still results clearly minority, as in the preceding example. It is not the same with persons fundamentally depending on benefits from Social Assistance. In this case, 98.3% of these persons have problems when trying to access full well-being situations. The proportion stands still at 61.4% with regard to real poverty impact.

The recent evolution shows some eye-catching changes among groups subject to the

severest risk. On the positive side, rates of precariousness and poverty drop substantially and continually from 1996 onwards among persons fundamentally depending on income from Social Security. The impact of precariousness drops between 1996 and 2004 from 57% to 40.7%; real poverty rate, for its part, decreases from 9.5% to 5.7%. The progress keeps up between 2004 and 2008, with precariousness rates decreasing from 40.7% to 28.3% and those of real poverty dropping from 5.7% to 3%. Improvements in the poverty rate are greatly associated to the reduction in risk levels in the upkeep dimension which, continuously dropping from 1996 onwards, fall from 16.6% in 1996 to 6.1% in 2008, equally contributing the notable improvement in accumulation poverty rates between 2004 and 2008. After holding on levels from 2% to 2.5% between 1996 and 2004, the figure drops to 0.4% in 2008.

More negative, instead, is the evolution of persons mainly depending on benefits from Social Assistance. After rising from 66.2% to 80.3% between 1996 and 2000, the real poverty rate dropped to 48.7% in 2004. But the rate surged, however, in 2008 reaching a 61.4% level. Within the context of upkeep poverty rates reduction from 2000 onwards, a portion of the rise for the 2004-2008 quadrennium is associated to the increase of accumulation poverty in this group. The rate surges indeed from 8.7% to 20.5%.

As regards the evolution of population depending on their own resources, 2008

³⁰ This concept refers to income derived from an economic activity of personal character (income from wages, salaries, self-employment or independent activities, capital profits, etc.).

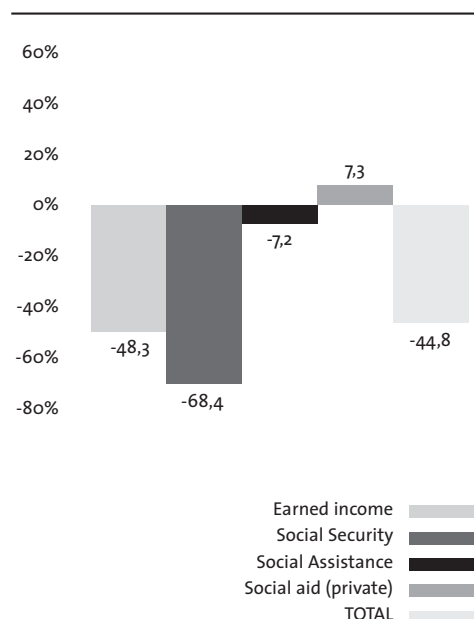
shows for its part historical minima in all poverty dimensions: 2.3% in upkeep, 0.2% in accumulation and 1.6% in terms of real poverty. Thus, the change of tendency is interrupted (there was a slight increase in rates between 2000 and 2004, increase that

was also detected in the 1996-2000 period as regards accumulation poverty). A similar evolution is observed in the precariousness indicators. After the 2004 surge, the rate drops from 29.3% to 17.3% in 2008.

Table 62. Evolution of the incidence of different poverty and precariousness situations, by main source of income in the household. 1996-2008. Population in family homes (In %)

Source	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
Earned income	5.0	2.5	3.8	2.3	1.0	1.9	2.0	0.2	3.1	2.5	3.1	1.6	34.2	28.0	29.3	17.3
Social Security	16.6	15.7	10.8	6.1	2.1	1.8	2.6	0.4	9.5	7.0	5.7	3.0	57.0	48.2	40.7	26.3
Social Assistance	81.5	86.8	60.4	46.4	35.8	61.2	8.7	20.5	66.2	80.3	48.7	61.4	96.9	98.9	93.2	98.3
Social aid (private)	40.5	16.1	30.8	38.6	6.2	38.2	14.5	0.0	20.5	42.1	23.3	22.0	99.4	53.9	81.2	79.4
TOTAL	9.3	6.3	6.1	4.1	1.8	2.6	2.2	0.7	5.8	4.4	4.2	3.2	41.2	33.1	32.7	21.1

Figure 22. Evolution of real poverty incidence, by main source of income in the household 1996-2008
(% of the population in family homes)



1.2. Distribution of poverty and precariousness problems

In spite of its lower risk rates, given its dominant weight in the demographic structure, population in households depending above all on their own earned income is a majority in the group of persons that do not access to situations of full well-being: 60.6% against hardly 29.7% attributable to persons fundamentally depending on income from Social Security. Another 9% corresponds to persons with income predominantly coming from Social Assistance, while a minimum portion, 0.7%, corresponds to persons in households whose main income has its origins in other relatives, the civil society or non government organisations.

Persons in households whose income has its origins in earned income and Social Security constitute the largest portion of population in real poverty situation: 38.1% are persons in households whose main source of income is earned income and another 22.9% are persons depending above all on benefits and aid from Social Security. A substantial portion of the population in real poverty situation (37.7%) corresponds, however, to dwellers in households essentially depending on benefits

Table 63. Evolution of the distribution of different poverty and precariousness situations, by main source of income in the household, 1996-2008. Population in family homes (vertical %)

Source	Upkeep poverty				Accumulation poverty				Real poverty				No full well-being			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
Earned income	39.1	30.6	48.2	40.9	39.6	56.6	68.2	25.7	39.4	43.7	55.7	38.1	60.7	65.5	69.1	60.6
Social Security	44.0	52.7	38.1	35.5	28.1	14.7	25.3	14.8	40.7	34.0	28.5	22.9	34.1	30.7	26.7	29.7
Social Assistance	13.4	15.0	12.5	21.9	29.6	26.1	4.9	59.4	17.5	20.0	14.4	37.7	3.6	3.3	3.6	9.0
Social aid (private)	2.4	0.4	1.3	1.7	1.9	2.6	1.6	0.0	2.0	1.7	1.4	1.3	1.3	0.3	0.6	0.7
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

from Social Assistance, even though this group accounts for only 1.9% of the population in the ACE. The remaining 1.3% is attributable to persons in households living mainly on private transfers. All things considered, being it true that the risk of poverty and absence of well-being is by far higher among persons depending on the Social Assistance, it is also true that the largest portion of the population affected by this type of problems is mostly composed by persons depending on normalised income (earned income and benefits from Social Security).

The weight of persons in households with earned income is by far higher as regards upkeep poverty problems, with a 40.9% rate against a 25.7% rate as regards accumulation problems. The same is the case with persons fundamentally depending on benefits from the Social Security, 35.5% and 14.8%, respectively. Instead, the population depending on Social Assistance has a by far higher share as regards the risk of accumulation poverty: 59.4% against 21.9% as regards upkeep problems.

2. Impact of social transfers

2.1. General aspects

One of the questions deserving a special attention is that related to the impact of social transfers in preventing poverty and precariousness problems. Some data help to understand the decisive importance these transfers have in fighting poverty and precariousness problems linked to difficulties in gaining access to situations of full well-being.

Considering the impact of these transfers on the upkeep dimension, data reveal that poverty and absence of well-being rates risk are reduced about 16 points as a positive effect of the retirement and survivor's pensions policies. This drop is accompanied by another fall, between 4.5 and 5.5 points, attributable to the management of the set of transfers developed in the framework of complementary social policies, the action against unemployment included. The policy of social transfers allows for a reduction in the risk of absence of well-being from the 36.9% that would be recorded should earned income be only taken into account to 14.6% actually observed in 2004. The risk of poverty, for its part, is reduced from 24.7% to 4.1%. As a whole, the overall drop attributable to social policies is situated between 20 and 22 points.

The application of social policies allows, therefore, for a 83.3% reduction in the upkeep poverty rate that would arise should households access only to their earned income, corresponding a 65.7% of the drop to retirement and survivor's pensions and 17.7%

to the remainder of social transfers. The reduction reaches a 60.6% level as regards the absence of well-being rate. In this case, a 45.1% of the drop is attributable to the general pensions system and 15.5% to the remainder of social aid and benefits. One way or the other, about three fourths of the improvement associated to social policies is attributable to general retirement and survivor's transfers.

Table 64. (Upkeep) poverty and/or absence of well-being risk indicators. Consideration of social transfers role. 2008.

Population in family homes (Incidence levels in percentages)

Indicators	Initial income	Intermediate income	Final income
Poverty rate	24.7	8.5	4.1
Absence of well-being rate	36.9	20.3	14.6

Note: Relative poverty and/or absence of well-being indicators include the poor group.

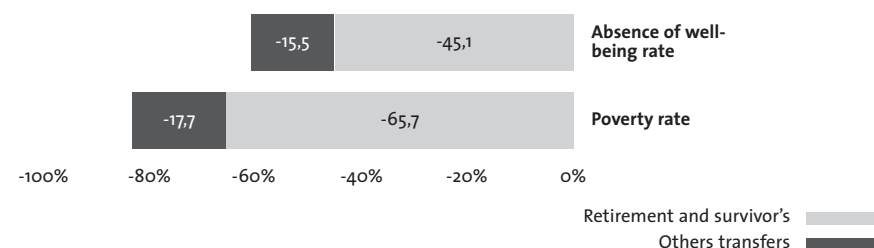
Table 65. Impact of transfer processes in the fight against (upkeep) precariousness. Consideration of social transfers role.

Population in family homes (% of decrease in risk rates)

Indicators	Retirement and survivor's	Other transfers	TOTAL
Poverty rate	-65.7	-17.7	-83.3
Absence of well-being rate	-45.1	-15.5	-60.6

Note: Relative poverty and/or absence of well-being indicators include the poor group.

Figure 23. Reduction of poverty and absence of well-being levels due to social transfers (%)



2.2. The specific role of Social Assistance

A question of specific interest in the approach to the study of social transfers' impact is the role that corresponds to complementary benefits, the Social Assistance in particular. The impact of these aids in no case can be reduced to considering the situation of the 1.9% of the population that live depending mostly of income from this source.

In order to go deeper into the mentioned question it is advisable to consider what we could define as the risk group for potential poverty. This group may include persons affected by an accumulation poverty situation as well as persons that, before transfers complementary to those derived from retirement and survivor's policies, find themselves in an upkeep poverty risk situation. This group accounts for 8.8% of total population in the ACE in 2008.

The analysis of this potential poverty risk group reveals that 37.7% of it is able to compensate with their own resources the shortfalls existing in any of the two dimensions of poverty without need to resort to benefits from the Social Assistance. All the same, 26.2% manages to come out of poverty, although only in this case through access to benefits and aid from Social Assistance. Another 24.1% remain in real poverty situation in spite of accessing to these aids, there being finally 12% of persons in households in a situation of real poverty but without benefits from Social Assistance.

Discarding the 3.3% of persons that are not affected in practice by a situation of real poverty, that situates at a 5.5% the potential rate of real poverty before transfers. Through Social Assistance aid, real poverty percentage is reduced from this 5.5% figure to the 3.2% level recorded with an overall character in the ACE.

The impact of aids is, however, greater than what the abovementioned figures indicate. To this effect, if we analyse the average gap to the upkeep poverty threshold of the disposable income among the groups receiving benefits from the Social Assistance, it is verified that with these benefits the Sen index is

reduced from 57.3% to 13.1%. Although the group does not absolutely come out of poverty, social action allows for the coverage of an important portion of the gap existing between income and the needs presented by the Basque society as a whole. Thus it is evident that the intensity of poverty –and the gap separating it from the well-off strata of society– is considerably reduced.

Taking into account this reality, it is obvious that the benefits from Social Assistance permit to eliminate, or at least to reduce in a significant way, the impact of poverty in the ACE. With regard to the group of persons in a situation of potential poverty, poverty is overcome in a 75.7%³¹ in terms of equalised persons.

The most of real poverty problems unresolved in Euskadi are in fact associated to the small group of persons that in spite of finding themselves in real poverty situations do not access to the benefits system existing in the ACE. An important portion of the population not cared for, 92%, has to do with households that depend on the following types of persons: citizens from non-EU countries (25.5%), persons older than 65 years (23.2%), persons younger than 45 years responsible of a family group (17.1%), lone persons younger than 65 years (14.2%) and women in lone parent families (11.9%).

As it can be verified, population depending on non-EU foreigners, on lone persons older than 65 years and on persons aged 65+ accounts in 2008 for 63% of the considered situations. This reveals that the lack of access to benefits and aid from Social Assistance is strongly linked to cases of alien status and persons of advanced years³².

Table 66. Situation of the group of potential poor persons according to their access to benefits from Social Assistance and real poverty situation. 2008
(vertical % and % on total population)

Situation	Absolute	Vertical %	% total pop.	Coverage of needs by Social Assistance
Recipients of Social Assistance benefits, real poverty	45,438	24.1	2.1	86.9
Recipients of Social Assistance benefits, no real poverty	49,445	26.2	2.3	100.0
Non-recipients of Social Assistance benefits, real poverty	71,127	37.7	3.3	–
Non-recipients of Social Assistance benefits, no real poverty	22,613	12.0	1.1	0.0
TOTAL	188,623	100	8.8	75.7

Persons in poverty situation before Social Assistance transfers and/or with accumulation poverty problems

Impact of Social Assistance: % of equalised persons coming out of poverty with the benefits of Social Assistance on the total of potential recipients (real recipients plus non-recipients in situation of poverty).

Table 67. Persons in situation of real poverty without access to Social Assistance benefits, by socio-demographic type of the household head person. 2008.

Population in family homes (vertical %)

Type	%
Woman, lone parent family	11.9
Lone women, younger than 65 years	9.6
Lone men, younger than 65 years	4.7
Family groups, younger than 45 years	17.1
Family groups, older than 45 years	7.8
Older than 65 years	23.2
Non-EU foreigners	25.5
Other cases	0.2
TOTAL	100

³¹ The referenced 75.7% corresponds to the percentage of equalised persons coming out of poverty with the benefits of the Social Assistance on the total of potential recipients (real recipients plus non-recipients in situation of poverty).

³² It is reasonable to think that high rates of no-access to these benefits on the part of persons aged over 65 will be notably reduced over some forthcoming months as a consequence of the new regulation established in the ACE to guarantee pensioned persons the access to the benefits of the Guarantee of Income.

3.The housing problem

The evolution of the real estate market over the last 25 years has meant an intensification of the problem posed by the access to this economic good for many families in Euskadi. After falling from 31.2% to 23.5% between 1986 and 1996, from this date onwards there has been no pause in the growth in the number of persons having to pay for rent of mortgage in their quest for a decent accommodation. The proportion was still 26.7% in 2000 and 34% in 2004, reaching its maximum level at 41.7% in 2008. The impact of these changes on poverty and precariousness situations has not been neutral. It is therefore desirable to analyse some of the consequences associated to the change process taken into consideration, in particular the implications of housing expenses in the upkeep problems affecting so an ample portion of households.

A first datum to be highlighted is that the net effort rate of households to meet the housing costs places in a position of maximum risk the groups most affected by poverty and precariousness in the upkeep dimension. The charge imposed on their income by housing costs grows effectively as the level of well-being plummets whatever the occupancy regime. While –on average– the effort rate represents 13.4% for households in a situation of well-being, it rises to 22.2% in households where there is a situation of absence of well-being risk, and to 33.4% among those affect-

ed by the risk of poverty in the upkeep dimension.

The problem reaches its maximum seriousness among at-risk households having an occupancy regime of their home defined either by payment of rent or by a partly paid freehold property. In the case of households at risk of absence of well-being, the average effort rate surpasses then a 40% level (40.3% for those in rented homes and 42.2% in the case of a partly paid freehold property). But this level nears of surpasses the 50% figure among households in a poverty risk situation (57.6% and 47.7% respectively).

Recent tendencies must be particularly highlighted on this point. The most relevant refers to the evolution of the charge associated to payment of rent, above all in groups with problems of access to a well-being situation. While the increase observed between 1996 and 2008 in the effort rate only reaches 8.1 points as regards population in a well-being situation (from 15.4% to 23.5%), it reaches 18.4 points in the case of groups at risk of poverty (from 39.2% to 57.6%) and 20.5 points in households at risk of absence of well-being (from 19.8% to 40.3%). On the other hand, as regards payment of rent and compared with the situation of households in a situation of well-being, the most precarious groups not only have to suffer from much higher rates of effort for meeting the housing expenses but, besides, these rates are constantly moving further away over time from those proper to more favoured households.

Table 68. Evolution of net effort rate in households to meet the cost of housing, by level of (upkeep) poverty or absence of well-being risk and occupancy regime. 1996-2008.

Households (In percentages)

Occupancy	Serious poverty				Absence of well-being				Well-being				Total			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
Paid freehold	13.2	14.4	15.9	16.0	8.3	9.0	9.9	12.3	4.6	4.6	4.9	5.5	5.5	5.3	5.6	6.0
Partly paid freehold	45.3	43.4	48.3	47.7	31.5	29.2	32.2	42.2	21.0	18.7	21.1	24.4	22.8	20.0	22.8	25.1
Lease or similar deal	39.2	37.3	48.0	57.6	19.8	23.2	30.8	40.3	15.4	14.7	18.3	23.5	18.7	17.1	22.5	28.0
Free of charge	7.5	12.1	13.1	11.4	10.3	9.5	7.4	8.8	3.8	5.4	6.2	6.3	5.8	6.3	7.6	7.2
Total	21.7	21.8	28.0	33.4	12.2	14.2	18.6	22.2	8.6	8.3	10.1	13.4	9.7	9.2	11.5	14.2

The limiting factor represented by housing expenses as regards access to well-being can be likely analysed through the proportion of population in households where more than 30% of total income is destined to housing-related expenses. This proportion constitutes, to this effect, an indicator of excessive pressure by housing expenses on disposable income.

It is only natural that this problem increases notably in the case both of rented occupancy and not fully paid freehold property. But, while in households enjoying a situation of well-being in the upkeep dimension the abovementioned proportion fluctuates between 26.6% and 29.5% of dwellers, most of the population faces the problem when it affects households at risk of poverty or absence of well-being. In this case, the figures fluctuate between 70% and 85% according to the occupancy regime and the seriousness of the problem posed by that lack of well-being. It is therefore a proven fact that housing expenses represent a fundamental pressure for most households at risk of poverty or absence of well-being when they are in situations of rented occupancy or not fully paid freehold property. Housing expenses undoubtedly condition in these households the ability to meet in an easier way the remainder of basic needs.

The social importance of the problems taken into consideration furthermore increases over the medium and long term. In the case of rented occupancy, the proportion of persons in households living a situation of absence of well-being and dedicating more than 30% of their income to housing expenses has risen from 17.6% in 1996 to 70.6% in 2008. The increase reached figures about 45%-50% in 1996 and 2000, but skyrockets to 84.2% in 2008 in the case of persons in households at risk of poverty.

The negative evolution that has been observed is also present when it is a question of not fully paid freehold property. Although in the case of the poorer households the proportion was in general stable over the period, this stability is indeed associated to a very strong impact of the situations taken into consideration, about 70% in general. After remaining at levels between 40% and 50% till 2004, the 2004-2008 quadrennium marks for its part a notable increase in the case of the population at risk of absence of well-being. In this case, the proportion of persons in households dedicating more than 30% of their income to amortisation and interest of a mortgage goes from 47.6% in 2004 to 69.9% in 2008.

Table 69. Evolution of the proportion of persons in households having housing expenses higher than 30% of their income, by level of (upkeep) poverty or absence of well-being risk and occupancy regime. 1996-2008.
Population in family homes (In percentages)

Occupancy	Serious poverty				Absence of well-being				Well-being				Total			
	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008	1996	2000	2004	2008
Paid freehold	4.7	5.5	6.2	4.6	0.3	0.6	0.5	1.2	0.1	0.1	0.0	0.4	0.5	0.5	0.4	0.6
Partly paid freehold	69.1	69.0	83.6	71.7	47.4	40.7	47.6	69.9	20.1	11.8	17.9	29.5	29.3	19.3	26.6	32.8
Lease or similar deal	49.9	46.1	78.2	84.2	17.6	29.8	55.7	76.0	12.5	9.4	14.6	26.6	23.4	20.2	35.5	46.2
Free of charge	0.0	7.5	0.0	0.0	7.5	0.0	1.0	0.3	0.0	0.0	0.0	0.8	2.5	1.0	0.3	0.6
TOTAL	20.9	21.0	35.5	45.5	8.1	11.4	20.8	26.6	4.4	2.9	5.5	12.4	6.9	5.6	10.1	15.2

Data so far presented leave no room for doubt regarding the differential pressure represented by housing expenses for those groups that are most disadvantaged, a pressure that is growing, in special, as regards the segment depending on a rented flat for gaining access to a decent accommodation.

It has to be said, however, that the process of new creation of homes that began with the new century has determined a more general pressure on the Basque population as a whole as regards the housing expenses entry. In this way, after reaching levels from 5,5% to 7% in 1996 and 2000, the proportion of population in households dedicating more than 30% of

their income to pay for access and maintenance expenses of their home grows in the total population from 10.1% in 2004 to 15.2% in 2008. This process is closely linked with the growing weight of households in Euskadi facing rent expenses or mortgage amortisation payments of their freehold property, a process that has been quoted in other sections of this report. The main underlying factor, however, is not so much related to payment of a rent but to gaining access to the ownership of a freehold property: against a 18.6% of the population with an outstanding mortgage in 2000, the proportion rises to 24.9% in 2004 and 32.7% in 2008.

Chapter four: HIDDEN POVERTY

The exhaustive study of poverty and precariousness would not be possible without taking into account the problems related to phenomena of hidden poverty. This question can be dealt with from three different perspectives: through an approach to individual risk indicators in the upkeep dimension, through the study of imbalances in the internal distribution of resources and, finally, from a specific treatment of problems linked to process of access to an independent life.

1. An individual approach to risk of upkeep poverty

1.1. General data

Data regarding the potential impact of precariousness in the upkeep dimension, measured according to strictly personal resources are indeed illustrative. Taking as a starting point the EPDS method, it is verified that 47.4% of persons aged 25+ (or younger if not student) have a disposable income that would result insufficient to reach a well-being situation in the event of engaging –alone– in an independent life. The risk of poverty, in such a situation of independent life, would be situated at a level still too high: 29.7%³³. The mentioned indicators would increase in the event of applying the Eurostat indicators, reaching a 43.2% level of poverty risk situations and a 67.7% level of absence of well-being.

These results shed light on actual implications of current levels of individual income and of the decisive impact that the decisions

of living together have on the fight against poverty and the attainment of higher levels of well-being.

Table 70. Incidence of poverty and absence of well-being risk according to individual income. 2008. 18+ population. 2008
(excluded 18-24 students) (Vertical percentages)

Method	Poverty	Absence of well-being
EPDS method	29.7	47.4
Eurostat method	43.2	67.7

Notes: In a theoretic circumstance of living independently and alone
The absence of well-being indicator includes the group of poor persons

1.2. At-risk groups and individual poverty distribution

Focusing ourselves on the at-risk situations with regard to personal poverty and on the basis of the results of applying the EPDS method, we can highlight some important aspects in relation to distribution of individual poverty situations and related risk levels according to the main variables of socio-demographic type. The main data to be highlighted are the following:

- The most noteworthy datum is the weight of female population among the at-risk pop-

³³ EPDS indicators for 2008 are however clearly below those registered four years before: 54,3% for the risk of absence of well-being indicator and 33,4% for the poverty risk indicator.

ulation. Women account for 82.9% of the total of persons without personal income capable of guaranteeing them a situation out of the risk of poverty in the event of opting for an independent life as a lone person. Whereas the risk of poverty affects 10.7% of men, the proportion rises to 47.1% among women. The risk level, therefore, is over four times higher among women.

- As it was to be expected, the younger population abounds among the at-risk groups: 44.7% of at-risk persons are younger than 45 years, 36.9% are aged 45-64 and 18.5% are aged 65+.

Personal poverty rates tend to decrease in a continuous way as the age increases, being higher than 45% among persons younger than 24 years (47.6%) and in the vicinity of 30% among those aged 25-44 (30% among 25-34 and 29.1% among 35-44). The risk is lower than 30%, in general, among persons older than 45 years, with the only exception of the group of persons aged 55-64 where the at-risk level is close to the positions of younger persons at 39.7% (against 24.7% for those aged 45-54 and 23.5% among those older than 65).

- Most at-risk persons are individuals without secondary or higher education: 59.9%. The higher the qualification level, the least the probabilities of being limited by a lack of financial resources for an independent life outside of poverty. In this way, whereas among people without education or with primary education the risk level is situated close to 35%, the rate decreases to 32.6% in persons with 1st VT or with non-professional secondary education and drop to a minimum level of 18.7% among persons with 2nd VT or higher education. These data reflect undoubtedly the improvement in rates as the education level improves but also the qualitative improvement generated by a duly qualified education.
- The probabilities of poverty in the case of an independent life as a lone person are over the average among all persons without a stable job. The risk of poverty among non-stable occupied persons affects 32.9% of the group, rising to 46.1% among the inactive

population and to 83.9% among unemployed persons. The risk level decreases, instead, to 9.4% among the population with a stable job, but the figure is, notwithstanding, larger than the 7.8% in 2004.

The close association between number of months worked and level of risk is confirmed among persons with working experiences. In the case of persons with a continuous contact with work over the last year the rate of risk is relatively low, at 10.3%. The level rises rather sharply, even over the general average, among those persons that have worked between 9 and 12 months (30.1%). The risk skyrockets among groups that have worked less than 9 months: 37.9% in the case of a 6-9 months occupation, 55.6% in the case of a 3-6 months occupation and 62.8% in those cases where the occupation has been shorter than 3 months.

With regard to the distribution of the total of persons at-risk of poverty taking into account the strictly personal income, 63.1% of them are inactive persons. The proportion rises to 86.1% when taking into account the population working in an unstable situation and the unemployed population (13.1% and 10%, respectively).

- Although 92.3% of the at-risk population being analysed is national, the highest rates of risk correspond to persons that are citizens of non-EU countries (55.6% against 28.7% of the population that are citizens of the State and 30.5% corresponding to citizens of other EU countries).
- A last datum to be mentioned is that, excepting the population that became a widow or widower –with a 10% risk level– the poverty risk rates are very similar according to marital status: 32.3% among married population, 31% among single population and 27.7% between divorced and separated persons. Taking into consideration the total distribution of at-risk population, 65.8% are married persons and 27.7% single persons.

2. Imbalances in internal distribution of resources

As it was said in due course, from the 2004 EPDS onwards a question is available that allows for an approach to an estimation of the incidence of some problems of non-shared access to resources. In order to manage this information use is done of the answers from women living as a couple belonging to the main group of the household and direct information providers in the surveying process.

Although it is evident that the information so obtained does not reflect the whole of these problems, many of them undoubtedly hidden, it is significant that problems of non-shared access to resources affect 1.8% of the women taken into consideration, data that are repeated both in 2004 and 2008.

Without prejudice of this figure being undoubtedly bigger in reality, it is interesting to confirm that the indicator of reference grows substantially in the case of there being poverty problems. So, in the upkeep dimension, the problems affects 4.6% of the women analysed dwelling in households in a at-risk of poverty situation, a proportion that drops to 0.4% in the case of absence of well-being to rise up to 1.8% in households in a situation of well-being.

Taking into consideration the synthetic indicator of real poverty and precariousness, data become noteworthy, clearly reflecting the differential impact that poverty represents. In this way, in situations of real poverty, non-shared access to resources on the part of women reaches 6.5% of the reference population, four times over the observation for women in households at a precarious but non-poor situation and at a well-being situation (1.5% and 1.7%, respectively).

Table 71. Distribution and risk of poverty according to different variables according to individual income – 2008. Population aged 18+ (students between 18 and 24 years excluded)
Distribution and rates (in %)

Variables	Individual poverty risk	
	Distribution	Rate
Gender		
Men	17.1	10.7
Women	82.9	47.1
Age		
15-24 years	7.0	47.6
25-34 years	16.7	30.0
35-44 years	21.0	29.1
45-54 years	15.0	24.7
55-64 years	21.8	39.7
> 65 years	18.5	23.5
Marital status		
Single	27.7	31.0
Married	65.8	32.3
Widow/widower	3.2	10.0
Divorced/Separated	3.3	27.7
Nationality		
National	92.3	28.7
Other EU countries	1.2	30.5
Rest of the world	6.5	55.6
Education level		
Without education	4.5	34.5
Primary education	55.4	35.8
Non-prof. Second./ VT I	19.8	32.6
VT II or Higher	20.3	18.7
Relation with the activity		
Stable occupation	13.9	9.4
Non-stable occupation	13.1	32.9
Unemployed	10.0	83.9
Inactive	63.1	46.1
Months worked last year		
All the year	16.3	10.3
9-12 months	4.1	30.1
6-9 months	3.8	37.9
3-6 months	4.1	55.6
Less than 3 months	3.4	62.8
Nothing	68.3	48.1
Total	100	29.7

Note: In a theoretical circumstance of independent life as a lone person

Table 72. Non-shared access to resources in the case of women, by poverty or precariousness risk level (upkeep) - 2008.

Population in family homes (Incidence levels in percentages)

Upkeep indicator	% w/o shared access
Poverty	4.6
Absence of well-being (no poverty)	0.4
Well-being	1.8
Real poverty or precariousness indicator	% w/o shared access
Poverty	6.5
Precariousness (no poverty)	1.5
Well-being	1.7
TOTAL	1.8

Note: Data correspond to family homes where the information providing person is a woman living as a couple and belonging to the main group in the household.

Table 73. Non-independent population willing to create an independent household - 2008 (Absolute data)

Persons willing to create an independent household	Absolute
With income enough	18,900
With income not enough	107,300
Desire of ind. in the medium term (> 1 year)	35,062
Desire of ind. in the short term (< 1 year)	31,437
Desire of ind. no determined over time	40,801
TOTAL	126,199

Note: Members of the potentially independent family group are not included

3. The problems of becoming independent

3.1. General data

The EPDS shows in 2008 the existence in the ACE of 126,199 persons willing to create a new and independent household. Out of these persons, 107,300 said they were unable to do it because of lack of financial resources. Would they dispose of income enough, 31,437 would for sure become independent within one year, and this figure would rise to 72,238 persons if were included those who would take such a possibility into consideration over the considered time.

The most relevant datum until 2004 was the progressive increase in the number of persons with this type of problems. Focusing on the population susceptible of becoming independent within one year, from an estimated figure of 42,234 persons with difficulties for accessing an independent life in 1996 the figure rose to 79,619 in 2000 and to 94,588 persons in 2004. With regard to the population aged 18-44 that supposed a continuous increase in the impact of the problem: from 8.4% of affected persons in 1996 the rate went to 15.2% in 2000 and to 21.7% in 2004³⁴.

Results for 2008 reveal that persists the increase in the weight represented by the population potentially independent in the group of persons with ages between 18 and 44, reaching in said year a new maximum at 34.4%. This datum, however, hides a break with the progressive increase in volume of the population of reference. The potentially independent population taken into consideration drops in 2008 to levels lower than those of 2000 situating its figure at 72,238 persons. The increase in these figures is due to the substantial drop in the volume of population

³⁴ The impact indicator is calculated on the population aged 18-44 because the difficulties for access to an independent life studied in this section concentrate almost totally in this group of ages.

aged 18-44 that has not become independent: from 524,889 persons in 2000 it drops to 209,891 persons in 2008. The process of recovery from the delay in access to an independent life by young strata of the population becomes a reality.

3.2. Risk groups and distribution of the problems of becoming independent

It is interesting to know the socio-demographic traits characterising the 72,238 persons that could create an independent household within a period shorter than one full year but who are unable to do it because they lack financial resources enough. The main traits of this group are new in some aspects as for what was observed in former years. They are as follows:

- It is a group of young persons 85.5% of which are younger than 35 years. Most of them (57.4%) are between 25 and 34 years in age. The weight of those older than 35 years increases, however, in the long term, going from 5.8% to 14.5% between 1996 and 2008.

Persons older than 35 years (51.2%) become in fact in 2008 the group with a greater tendency to become independent, above 34.9% of persons between 25 and 34 years and 28.7% for those younger than 25 years.

- For the first time since 1996 the problems of becoming independent that have been considered so far affect mostly women: 41% of non-independent women aged 18-44 against 29.5% of men. This circumstance results equally for the first time in these last years in a ampler proportion of women among the persons looking for access to an independent life (50.6% against 49.4% of men).
- Other distinctive trait of the group is that most of the problems of becoming independent that have been so far analysed correspond to persons with qualified education. Persons with VT II or higher account for 56.3% of the total of detected situations, a proportion that rises to 86.2% when tak-

Table 74. Evolution of non-independent population that is willing to create an independent household 1996-2008.

Persons with prospects of becoming independent in the short term (real or possible) (1)
(Absolute data and % on the population of reference)

Potentially independent population	1996	2000	2004	2008
Prospects of becoming independent in the short term	42,234	79,619	94,588	72,238
% on total population aged 18-44	8.4	15.2	21.7	34.4
Non-independent 18-44 population	505,032	524,889	436,507	209,891

(1) Population aged 16-64 stating they do not dispose of income enough to become independent but willing to consider the access to an independent life over a period of one year.

ing into consideration persons with non-professional secondary education or VT I. The relative incidence of problems so far analysed regarding access to an independent life reaches now, however, a maximum level among persons without education or with primary education: 41.2% in this last case against figures from 33% to 34% in the case of VT I, non-professional education or of a more qualified level.

- 91.1% of the surveyed persons is single. 32.7% of the single population aged 18-44 that still does not live independently in the ACE is planning in fact to become independent within a term shorter than one full year, almost seven points above the rate (25.9%) of married population that neither lives an independent life.
- The situations of precariousness in employment prevail among the population being analysed. 42.5% is unemployed or is unstably occupied (7.3% and 35.3% respectively). However, the proportion of persons with problems to become independent although they are stably occupied (44.7%) constitutes nowadays a majority. As a whole, 80% of persons with problems about access to an independent life within one year are currently occupied.

In relative terms regarding total population aged 18-44 that has not become independent from the reference group, problems about

access to an independent life affect nowadays more than 50% of unemployed and inactive persons, reaching levels close to 30% among the diverse groups of occupied persons. With regard to previous years, the continuous increase of the problem is however noteworthy among stably occupied persons, going from 10.8% in 1996 to 31.5% in 2008. This results in a growing weight of this type of occupied persons among the potential independent ones: 23% in 1996, 27.4% in 2000, 33.5% in 2004 and 44.7% in 2008.

Data on evolution so far considered show, therefore, a qualitative change in the analysed group. The central axis of this change is the increase in the role of women and of persons with a stable occupation. The growing tendency in the role of this type of persons reveals that the access to employment does not guarantee in an automatic way the possibility of access to an independent life alien to living in precariousness and even in poverty.

3.3. The origin of problems in becoming independent

It is also relevant to analyse the origin of the financial problems for becoming independent, taking into account the relation with activity of the affected persons. Focusing again the problem on those persons thinking about their access to an independent life in a period shorter than one year, the determinant role that plays again the lack of enough resources stands out in 2008. Insufficiency of resources for dealing with basic needs is stated by 41.4% of the persons taken into consideration as the main cause for delaying their access to an independent life, being the problem present in 84.1% of the cases. This is compounded by a 4.6% that highlights the insufficiency of financial resources as an obstacle for gaining access to the way of life they desire. The insufficiency of financial resources acquires a growing importance as the immigration levels rise, being it stated as the main problem by 54.8% of persons with a stable occupation and 48.7% of those with non-stable jobs.

There are undoubtedly objective basis for the dominant role of difficulties for meeting basic needs. To this effect, the poverty risk within the group reaches 36.6%, with a 69.8% level of absence of well-being risk if carrying out the process of gaining access to an independent life. The patrimony base of the group is also limited, with 52.2% of the analysed persons having no savings at all and 82% lacking totally of any investment in housing.

Although the lack of housing is a motive stated as limitative factor by 84.2% of the analysed persons, it is not mentioned as the

Table 75. Non-independent population that would create an independent household within one year, but unable to do so due to lack of financial resources, by gender, age, marital status and education level. 1996-2008

(% with regard to non-independent population 18-44 and vertical %)

Socio-demographic traits	% non-independent population 18-44				Vertical %			
	1996	2000	2004	2008	1996	2000	2004	2008
Gender								
Man	9.3	16.2	23.7	29.5	61.5	60.7	60.7	49.4
Woman	7.2	13.9	19.2	41.0	38.5	39.3	39.3	50.6
Age								
< 25 years	3.9	10.3	13.0	28.7	24.0	31.0	26.4	28.1
25-34 years	14.2	21.1	31.6	34.9	70.2	60.6	63.5	57.4
35+	7.1	11.6	17.5	51.2	5.8	8.4	10.0	14.5
Marital status								
Single	8.1	15.4	21.3	32.7	92.9	96.2	93.8	91.1
Married	17.0	10.3	37.0	25.9	5.2	2.7	5.4	1.3
Other	13.6	11.1	12.2	100	1.9	1.1	0.7	7.5
Education level								
Without education	0.0	0.0	28.8	100.0	0.0	0.0	1.7	0.1
Primary	5.9	15.1	18.5	41.2	15.2	22.8	14.9	13.7
Non-prof. sec./VT I	7.5	13.2	17.3	33.9	22.3	21.3	21.2	29.9
Qualified	9.9	16.2	24.6	33.3	62.5	55.9	62.1	56.3
Relation with activity								
Stable occupation	10.8	15.4	24.4	31.5	23.0	27.4	33.5	44.7
Non-stable occupation	15.4	21.6	32.9	30.5	41.3	44.6	38.3	35.3
Unemployed	9.3	13.8	14.5	53.2	25.0	19.5	17.2	7.3
Inactive	2.4	1.4	2.2	66.5	10.7	8.5	11.0	12.8
TOTAL	8.4	15.2	21.7	34.4	42,234	79,619	94,588	72,238

Note: Includes 16-64 aged population stating they do not dispose of income enough for becoming independent, but that are willing to consider their access to an independent life within a period of one year.

main motive but by 26.6% of them, with a maximum of 31.9% among persons with a stable job against figures close to 22% among those with a non-stable job or unemployed.

With regard to lack of job stability or even lack of job, finally, these motives are mentioned as the main problem by another 19.6% share of the analysed persons, proportion that reaches 21.3% among those with non-stable jobs and 51.8 among unemployed population.

Taking into consideration the changes observed in the main motives underlying the difficulty in gaining access to an independent life, it is confirmed that in 1996 and 2000 the lack of occupation or the lack of job stability became determinant with more than 50% of potentially independent persons associating the problems of becoming independent to these factors. The proportion dropped, however, 30.1% in 2004, a process that is accentuated in 2008 with hardly 19.6% of affected persons mentioning these questions as their main obstacle against gaining access to an independent life.

The lack of housing mentioned as a fundamental obstacle by 22-23% of affected persons in 1996 and 2000 became in 2004 the main problem. So, 40.4% of the potentially independent persons analysed mentioned then the lack of housing as the main difficulty in their quest of an independent life. Reality in 2000 returns again to levels nearer to those at the end of the century, with a 26.6% share of affected persons mentioning this question as the main origin of their problem for gaining access to an independent life.

The novelty in 2008 is, therefore, the consolidation of the process that was already foreseen in former years and that is the growing importance of persons mentioning as their main problem the insufficiency of their income. Mentioned as the main obstacle to an independent life by hardly 13.1% of the interested persons in 1996, it reached a level about 21% in 2000 and 2004 and becomes the main motive in 2008 with a 46.1%.

These data reveal that getting a job is no longer the only determinant element in the process of gaining access to an independent

Table 76. Origin of the problems to become independent and objective risks for it, by relation with the activity – 2008.

Persons with perspectives of becoming independent in the short term (actual or potential)
(Percentage of affected persons)

	With a stable job	With a non-stable job	Unemployed	TOTAL
Motives stated				
At ease in their present situation	41.0	41.8	34.5	40.0
Lack of job, without income	1.1	7.3	98.4	22.8
Lack of job stability, irregular income	19.1	68.3	38.9	40.4
Insufficient income for basic needs	77.9	88.3	90.6	84.1
Insufficient income for way of life desired	57.4	53.2	58.3	56.1
Limitation of leisure activities	47.2	62.7	34.8	50.2
Lack of housing	81.1	84.0	91.7	84.2
Insufficient income for fitting the house	76.9	81.6	95.0	82.2
Unable to have access to the desired housing	49.0	56.7	43.4	50.6
Lack of partner	15.7	5.5	22.6	13.5
Current family responsibilities	9.1	5.0	8.5	7.5
On the brink of becoming independent	12.3	5.7	1.6	7.8
Others	–	4.2	8.7	3.2
Main motives				
At ease in their present situation	2.4	4.2	–	2.5
Lack of job, without income	1.8	49.0	10.4	
Lack of job stability, irregular income	3.9	19.5	2.8	9.2
Insufficient income for basic needs	48.4	44.2	21.4	41.5
Insufficient income for way of life desired	6.3	4.5	1.1	4.6
Limitation of leisure activities	0.8	2.0	–	1.1
Lack of housing	31.9	22.4	22.2	26.6
Insufficient income for fitting the house	1.2	–	–	0.6
Unable to have access to the desired housing	1.2	0.6	–	0.7
Lack of partner	–	–	–	–
Current family responsibilities	1.5	–	3.2	1.3
On the brink of becoming independent	2.4	0.9	–	1.4
Others	–	–	0.4	0.1
Objective risks detected				
Poverty risk	21.2	32.0	78.9	36.6
Absence of well-being risk	62.8	70.1	84.8	69.8
Lack of investment in housing	79.0	77.6	97.4	82.2
Lack of savings	48.8	36.7	86.9	52.2
Total number of affected persons	32,270	25,483	14,485	72,238

life. The lack of housing and the risk of absence of well-being or even of poverty are increasingly important as limiting factors as regards the possibilities for gaining access to an independent life.

Table 77. Potentially independent population with perspectives to become independent in the short term. Objective motives and risks hindering access to an independent life. 1996-2008.

Persons with perspectives of becoming independent in the short term (actual or potential)
(In % with regard to the population of reference)

Motives stated for non-independent life	1996	2000	2004	2008
Lack of an adequate job	36.3	28.8	31.3	22.8
Lack of job stability	45.0	56.5	47.1	40.4
Insufficient income (basic needs)	71.4	78.4	67.9	84.1
Insufficient income (well-being)	71.5	61.8	63.5	56.1
Lack of housing	86.7	90.8	90.3	84.2
Without resources to fit the house	83.3	77.2	71.7	82.2
Main motive stated for non-independent life	1996	2000	2004	2008
Lack of an adequate job	34.1	19.5	16.2	10.4
Lack of job stability	24.7	31.2	13.8	9.2
Insufficient income (basic needs)	9.5	17.7	16.4	41.5
Insufficient income (well-being)	3.6	3.5	5.2	4.6
Lack of housing	22.8	21.7	40.4	26.6
Without resources to fit the house	1.0	0.4	1.3	0.6
Other motives	4.3	5.9	6.6	7.1
Objective risks	1996	2000	2004	2008
Risk of serious poverty	52.3	48.4	68.3	36.6
Risk of absence of well-being	74.3	76.9	88.5	69.8
Lack of investment in housing	79.0	91.0	86.6	82.2
Lack of savings	51.8	51.2	59.6	52.2

Note: Includes 16-64 aged population stating they do not dispose of income enough for becoming independent, but that are willing to consider their access to an independent life within a period of one year.

The fact of financial considerations playing an ampler role is coherent with the already foreseen figures with regard to the level of decapitalisation of the groups with problems for gaining access to an independent life and the high levels of poverty and absence of well-being risk in the case of access to an independent life. Even so, it is necessary to highlight that objective data do not reflect a compared worsening of the situation as regards previous years, even slightly dropping the risk level. The absence of well-being risk

drops, to this effect, from 88.5% to 69.8% between 2004 and 2008. The fall is more eye-catching as regards the poverty risk that goes over the period from 68.3% to 36.6%. The lowest levels of risk over all the 1996-2008 period are recorded in 2008.

It is not only about relative figures. Absolute data of at-risk persons drop equally in a substantial way with regard to previous years, so that they are even lower than those in 2000 and 2004. The fall is particularly eye-catching concerning the persons at poverty risk, would they gain access to an independent life: after rising from 38,496 to 64,629 persons between 2000 and 2004, the figure drops to 26,417 persons in 2008, hardly an increase over the 22,098 persons detected in 1996.

Table 78. Indicators of upkeep poverty and absence of well-being. 1996-2008.

Population with problems for gaining access to an independent life (Incidence levels in percentages)

Risk	1996	2000	2004	2008
Poverty	52.3	48.4	68.3	36.6
Absence of well-being	74.3	76.9	88.5	69.8
Affected persons	1996	2000	2004	2008
Poverty	22,098	38,496	64,629	26,417
Absence of well-being	31,360	61,204	83,751	50,389

Note: Includes 16-64 aged population stating they do not dispose of income enough for becoming independent, but that are willing to consider their access to an independent life within a period of one year.
Data adjusted to 2008 thresholds

Figures so far presented reveal, in any case, that the deficit that still affects the young population in the ACE with regard to their access to an independent life goes on constituting a growing pressure element as far as poverty and precariousness rates are concerned. In fact, there is an evident correlation between the sharp fall in the volume of non-independently living persons aged 18-44 that has been observed between 2000 and 2008 (figures

went from 524,889 persons in 2000 to 436,507 in 2004 and 209,891 in 2008) and the initial containment and later increase, in non-adjusted terms, of the upkeep poverty figures that are observed in 2004 and 2008. The positive effect of the economic improvement, resulting in an ampler access by the young population to their personal independence, implies indeed an objective risk of worsening of general indicators. The new households created by the younger population are precisely characterised by higher levels of poverty and absence of well-being risk.

This question was particularly relevant in 2004, a year when the highest figures of non-independently living population due to insufficiency of resources were recorded and, furthermore, the highest levels of poverty and absence of well-being risk if said persons initiated an independent life. Taking into account, as a whole, the upkeep poverty problems in the households created and the problems of hidden poverty and precariousness delaying the creation of new independent households, an increase is detected in overall poverty figures with regard to previous years, with 9.4% of persons at risk in 2004 against 8.1% in 2000 (adjusted indicators). Figures for absence of well-being also grew going from 26.4% to 29.5%. Instead, these levels drop substantially in 2008, with 5.3% of poverty and 16.8% of absence of well-being, once the problems of hidden poverty were taken into account. These figures mean a reduction by 4.1 points between 2004 and 2008 in the adjusted risks of upkeep poverty and by 12.7 in those of absence of well-being.

Table 79. Indicators of upkeep real poverty and absence of well-being. Overall adjusted indicators and indicators taking into account the realities of hidden poverty and absence of well-being. 1996-2008.

Population in family homes
(Incidence levels in percentages)

Overall adjusted indicator	1996	2000	2004	2008
Real poverty	9.3	6.3	6.1	4.1
Absence of well-being	35.4	24.5	24.3	14.6
Indicator with hidden poverty	1996	2000	2004	2004
Real poverty	10.4	8.1	9.4	5.3
Absence of well-being	36.9	26.4	29.5	16.8

Chapter five: SITUATION WITHIN THE EUROPEAN CONTEXT

The study of the ACE position within the context of the different countries that are members of the current European Union is of a special interest. This undertaking, however, runs into some eye-catching difficulties. The main obstacle derives from the limitations existing with regard to availability of homogeneous data within the European purview. It is impossible, for example, to consider synthetic indicators allowing for the comparison in the accumulation dimension, lacking therefore of references for approaching the real poverty indicators used in the EPDS.

On the other hand, when analysing the situation of Euskadi within the context of the European Union States as regards upkeep poverty and precariousness, it is only possible to count in the Eurostat indicators. It is not possible to compare the different European countries from indicators that take into account the needs perceived by the population themselves, such as the SPL indicators.

A faster availability of information in Euskadi has to be added to the abovementioned limitations, because 2008 data are already available for Euskadi, but only 2006 –or earlier– data are available for the countries of the European Union.

Even so, the study of the available data is fundamental. Although the report focuses on the study of poverty and precariousness indicators, the approach is completed with the analysis of some inequality indicators. This analysis allows for a wider view of the position of Euskadi within the European context as regards poverty, precariousness and inequality.

1. Upkeep poverty indicators

When it comes to study the upkeep poverty indicators it is advisable to consider the information relating to the incidence of poverty and precariousness as well as some data about the gap separating the incomes of at-risk groups from the poverty and precariousness thresholds. When approaching poverty and precariousness indicators, due to the reasons set out in the first part of the study and for comparative purposes, the 60% of the median is taken as indicator of a situation of risk as regards low income or absence of well-being; the 40% of the median is used, on its part, as indicator of serious poverty. It is confirmed, to this effect, that this is the indicator nearest to the poverty indicator derived from the application of the EPDS method.

1.1. Impact of poverty and precariousness

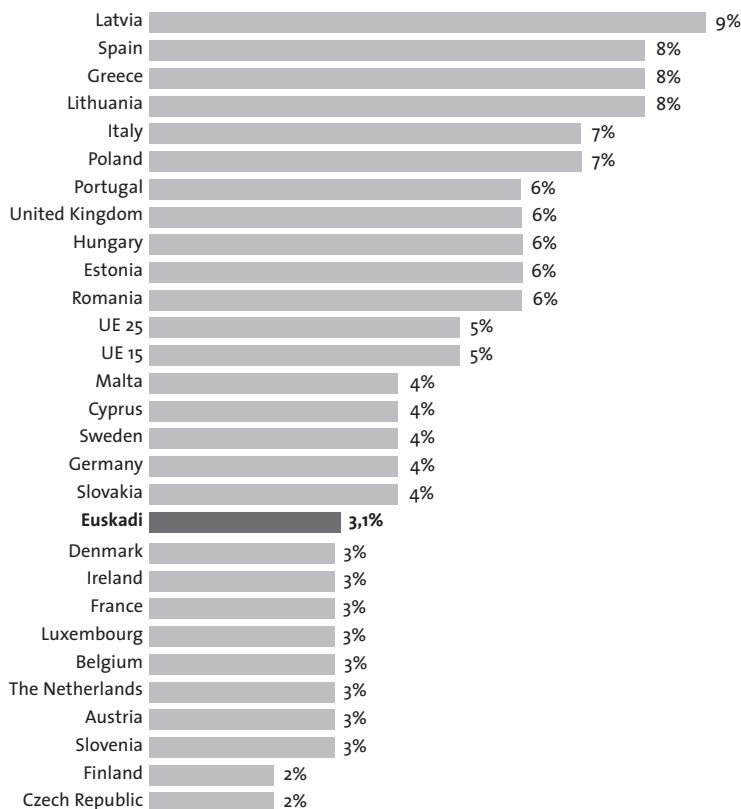
The available results reflect that the position of Euskadi is favourable in terms of the poverty indicator, if either 2004 or more recent data are compared. The drop in poverty rate observed in the ACE from 2004 onwards, in terms of the 40% Eurostat indicator, actually situates Euskadi at 3.1% levels of serious poverty. The Basque indicator is clearly lower than the European Union average, that is situated at levels close to 5% whether the traditional nucleus, the EU-15, or the extended Union, the EU-25, is considered. It is equally lower than the indicator of Spain, where some deterioration was observed between 2004 and 2006 with the rate going from 7% to 8%.

In fact, the incidence of poverty in Euskadi is nowadays one of the lowest in Europe. The most favoured positions, with figures from 2% to 3% of serious poverty are shared to this effect with three large nucleuses of countries: those formed by the triangle Austria, Slovenia and Czech Republic that are progressively neared by Slovakia; the countries of Benelux (Luxembourg, Belgium and the Netherlands) the fate of which would be in this instance shared by France; and, finally, some Scandinavian countries such as Denmark or Finland. Within this last group, Sweden loses positions as a consequence of the rise in risk levels observed between 2004 and 2006.

Instead, Ireland joins the most favoured group showing a sharp drop in poverty rates over these last years.

In the opposite pole to this top group, with poverty figures between 6% and 9%, are the rest of countries from Eastern Europe as well as most of the Mediterranean countries, Italy included. The United Kingdom also incorporates itself to this group of countries with higher levels of poverty. At an intermediate position, with figures from 4% to 5% of serious poverty, are some small Southern countries such as Malta of Cyprus, besides countries so much significant as Sweden or Germany.

Figure 24. Serious poverty incidence in Europe (40% of median). 2006



Source: Eurostat and 2008 EPDS

When considering the indicator for low income or absence of well-being, the position of Euskadi is something less favourable than the one derived from studying the serious poverty indicators. So, the 2004 indicator, situated at 16.5% is clearly far away from the levels of better positioned countries, with levels of 11% in diverse Scandinavian countries and from 12%-13% in states such as Austria, France or Luxembourg.

Recent evolution reflects, however, a drop in the incidence of the risk of low income or absence of well-being in Euskadi, if measured according to the 60% of the median indicator. This reduction allows for a Basque rate of 14.8%, in sharp contrast with the worsening recorded between 2004 and 2006 in the Scandinavian countries or in states such as Luxembourg. The result of these tendencies is that 2008 figures also place finally Euskadi among the territories with a low-income risk rate lower than the EU average.

Even so, Euskadi does not manage to get closer within the most favoured positions to the countries with the least incidence of low income characterised by figures located between 10% and 13% in 2006. The four countries of the central axis around Austria appear again in this group –Czech Republic, Slovakia and Slovenia– the diverse Scandinavian countries, Sweden included, the Netherlands, France and, in this case, Germany too.

With figures from 14% to 16%, at levels similar to those of Euskadi, are the other two

Benelux countries (Belgium and Luxembourg), Cyprus and some countries from Eastern Europe as Bulgaria or Hungary. On their part, the rest of Eastern and Southern Europe countries clearly surpass the European average. In the same situation are countries as the United Kingdom or Ireland. Spain is among the countries with greater incidence of low income with a 20% rate, only surpassed by Greece and Latvia.

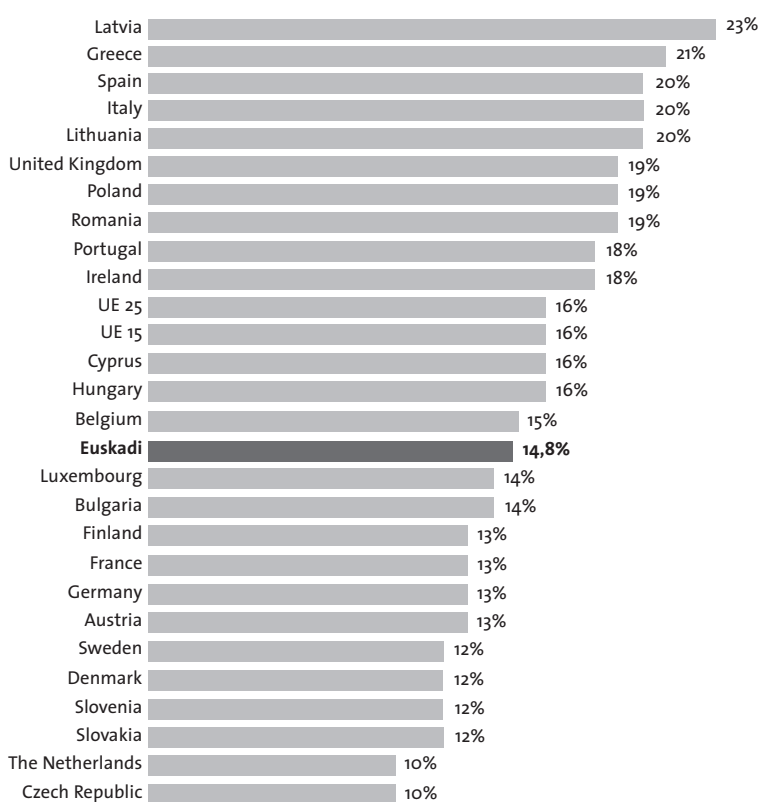
The reasoning exposed along the report advises to qualify the results so far presented, in particular when comparing the situation of Spain with many countries from Eastern Europe. Eurostat indicators are, above all and as it has been mentioned, indicators of inequality. Besides, the indicators of reference are all of their own as regards each country so that the significance of them results completely different, a circumstance that makes difficult –when not impossible– any comparison. To this effect, it is hardly probable that an approach as that advocated in the EPDS would situate Spain among the countries with a higher rate of poverty, at least not with the intensity derived from the application of the Eurostat method. Instead, as far as Euskadi is concerned, the Eurostat indicators are indeed indicative enough as to the favoured position that the ACE has reached in its progress towards a well-being society in Europe.

1.2. Gap to the threshold

It is equally feasible to check the Basque situation against that of Europe using data relating to the gap existing to the low-income threshold. The data reveal, in this case, that Euskadi is located in 2008 somewhat under the average levels of the EU: 21% gap against the 22% gap recorded in the EU, both in the EU-15 and in the EU-25.

Although the position with regard to the European average is relatively favourable, the gap to the poverty threshold of groups with low income, or at risk of absence of well-being, results much wider if we compare it with the most advanced countries. In this way, against the 21% gap of Euskadi, the gap

Figure 25. Incidence of low income in Europe (60% of median) – 2006



Source: Eurostat and 2008 EPDS

is lower than 20% in many of the European states, reaching levels close or lower than 15% in Austria, the Netherlands, Ireland, Denmark and Finland, as well as in some countries from Eastern Europe, as Czech Republic or Bulgaria.

Table 8o. Gap between household income and absence of well-being or low-income thresholds in EU-15 countries. Eurostat method. 2006-2008 (In %) Eurostat method

State	Gap to absence of well-being threshold
Bulgaria	17
Romania	23
Estonia	22
Latvia	25
Lithuania	29
Poland	25
Slovakia	20
Czech Republic	17
Hungary	24
Slovenia	19
Austria	15
Germany	20
The Netherlands	17
Belgium	19
Luxembourg	19
France	19
Ireland	16
United Kingdom	23
Denmark	17
Sweden	22
Finland	14
Cyprus	19
Greece	26
Malta	21
Italy	24
Spain	26
Portugal	23
Euskadi	21
UE-15	22
UE-25	22

Source: Eurostat and 2008 EPDS

1.3. The lesser impact of social action for well-being with regard to Europe

When it comes to evaluate the impact of social transfers in the fight against precariousness, we are lacking in data relating to indicator of poverty in strict sense for the countries of the EU-25 as a whole. It is, therefore, necessary to limit to indicators of absence of well-being or of low income, that is to say to those derived from the application of the 60% of median income method.

As regards this dimension of upkeep precariousness, the available data reflect that the impact of social transfers in preventing the risk of absence of well-being is rather greater in Europe than in Euskadi. So, while the application of social transfers supposes a 60.1% drop in the level of risk rates in Euskadi, the proportion is 62.8% for the EU-25 as a whole. Euskadi is nowadays by far better off than the 55.6% recorded in 2004.

The second eye-catching aspect is that the lesser relative impact is associated to the policy of transfers not linked to retirement and survival. In this case, the gap grows with regard to the EU-15 with an associated drop in rates of 15.9% in Euskadi against 23.3% in the EU-15. On the contrary, the reduction in rates of risk linked to retirement and survival is greater in Euskadi: the application of these transfers reduces the absence of well-being rate by 44.2% against 39.5% in the EU-15.

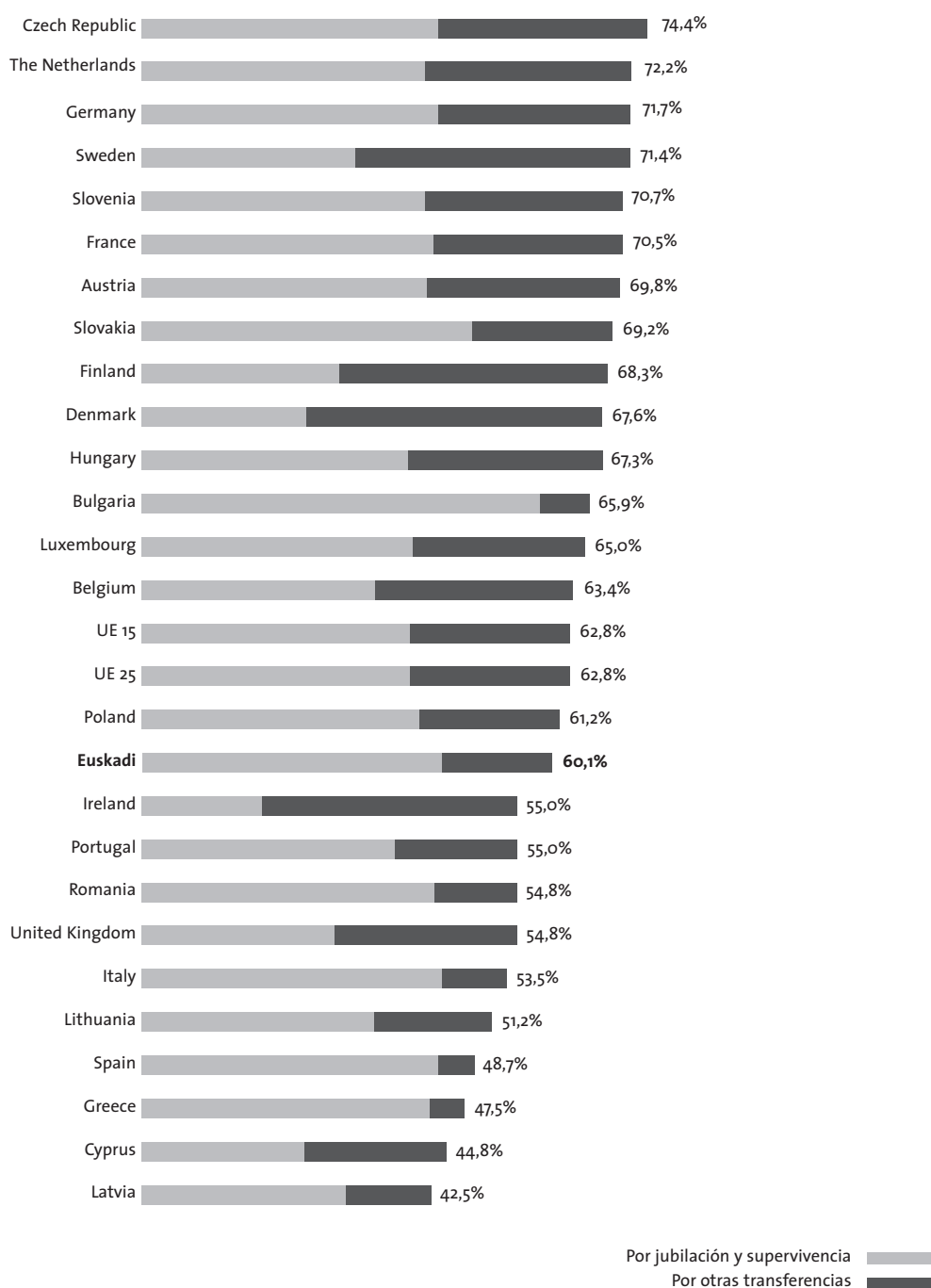
In the light of these data it can be pointed out that the relative backwardness of the ACE with regard to levels of well-being in the more advanced countries in Europe is clearly associated to the complementary social transfer policy mainly focused on the fight against unemployment and family protection.

Table 81. Impact of social transfers on the absence of well-being or low-income risk in the EU-15 countries, 2006/2008 (Levels of incidence and of drop in risk rates, in %)

State	Levels of incidence			Levels of drop in risk rates		TOTAL
	Initial income	Intermediate income	Final income	Retirement and survival	Other transfers	
Bulgaria	41	17	14	58.5	7.3	65.9
Romania	42	24	19	42.9	11.9	54.8
Estonia	38	25		34.2	65.8	100.0
Latvia	40	28	23	30.0	12.5	42.5
Lithuania	41	27	20	34.1	17.1	51.2
Poland	49	29	19	40.8	20.4	61.2
Slovakia	39	20	12	48.7	20.5	69.2
Czech Rep.	39	22	10	43.6	30.8	74.4
Hungary	49	30	16	38.8	28.6	67.3
Slovenia	41	24	12	41.5	29.3	70.7
Austria	43	25	13	41.9	27.9	69.8
Germany	46	26	13	43.5	28.3	71.7
The Netherlands	36	21	10	41.7	30.6	72.2
Belgium	41	27	15	34.1	29.3	63.4
Luxembourg	40	24	14	40.0	25.0	65.0
France	44	25	13	43.2	27.3	70.5
Ireland	40	33	18	17.5	37.5	55.0
United Kingdom	42	30	19	28.6	26.2	54.8
Denmark	37	28	12	24.3	43.2	67.6
Sweden	42	29	12	31.0	40.5	71.4
Finland	41	29	13	29.3	39.0	68.3
Cyprus	29	22	16	24.1	20.7	44.8
Greece	40	23	21	42.5	5.0	47.5
Malta	34	22		35.3	64.7	100.0
Italy	43	24	20	44.2	9.3	53.5
Spain	39	24	20	38.5	10.3	48.7
Portugal	40	25	18	37.5	17.5	55.0
Euskadi	37	21	15	44.2	15.9	60.1
EU-15	43	26	16	39.5	23.3	62.8
EU-25	43	26	16	39.5	23.3	62.8

Source: Eurostat and 2008 EPDS

Figure 26. Impact of social transfers on absence of well-being risk and low income risk indicators in EU countries. 2006-2008



2. Inequality structure

The approach to the study of earning and income results above all functional in the EPDS when obtaining the poverty and absence of well-being indicators. EPDS data are also useful, however, when measuring the inequality in the distribution of income among the population and the households. Some of the indicators for this issue are shown in this section to complete the comparative study of the ACE position in the European context. In this regard it is advisable to remember that Eurostat poverty indicators are fundamentally general indicators of income distribution³⁵.

The first type of inequality indicators to which reference is made measures the relationship existing between accumulated income of persons located in the highest and lowest income percentiles of the ACE.

Connecting to this effect the income of 20% of the Basque population with highest earnings with that of the 20% with lowest earnings, it is verified that the first quintile of reference accumulates between 3.9 and 4.1 times more income than the quintile with less resources. Comparing the income of 10% of the population with highest earnings with that of 10% of the population with lowest earnings, the gap becomes ampler, with a fluctuation that situates the income level of the wealthiest between 5.2 and 5.8 times above the income of the least favoured population, according to the equivalence scale being used.

The Eurostat equivalence basis for both indicators reflects the lesser level of difference between extreme percentiles, being the EPDS approach the one that reflects the amplest gap. The per capita scale is situated in an intermediate position.

Table 82. Indicators of general distribution of income - 2008. Population in family homes

Indicators	Equivalence basis		
	Per capita	Eurostat	EPDS
S80/20	3.94	3.64	4.05
S90/S10	5.75	5.24	5.76

The observed tendencies in the level of inequality indicators, according to the type of equivalence being used, appear again with regard to Gini coefficient. To this effect, the lowest level corresponds to the Eurostat equivalence (25.22), the EPDS equivalence basis situating itself at a maximum level of 26.86, above the 26.66 of the per capita equivalence. Differences are, however, limited with a small fluctuation of hardly 1.6 percentage points.

Table 83. Gini coefficient. 2008. Population in family homes (In percentages)

Indicator	Equivalence basis		
	Per capita	Eurostat	EPDS
Gini coefficient	26.66	25.22	26.86

Comparing the position of Euskadi within the context of the European Union it is verified that the ACE is located among the territories characterised by a lower level of inequality as regards income distribution. Taking into account the S80/S20 indicator, calculated from the Eurostat equivalence, the ACE 3.6 ratio situates indeed under the average level of the European Union (4.8 for the EU in 2006). The Basque level results lower than the 3.7-3.8 figures recorded in the Netherlands or Austria. It is in fact close to the minimum levels observed in Europe, ranging from 3.4 to 3.6% corresponding to distinct Scandinavian countries and some States from

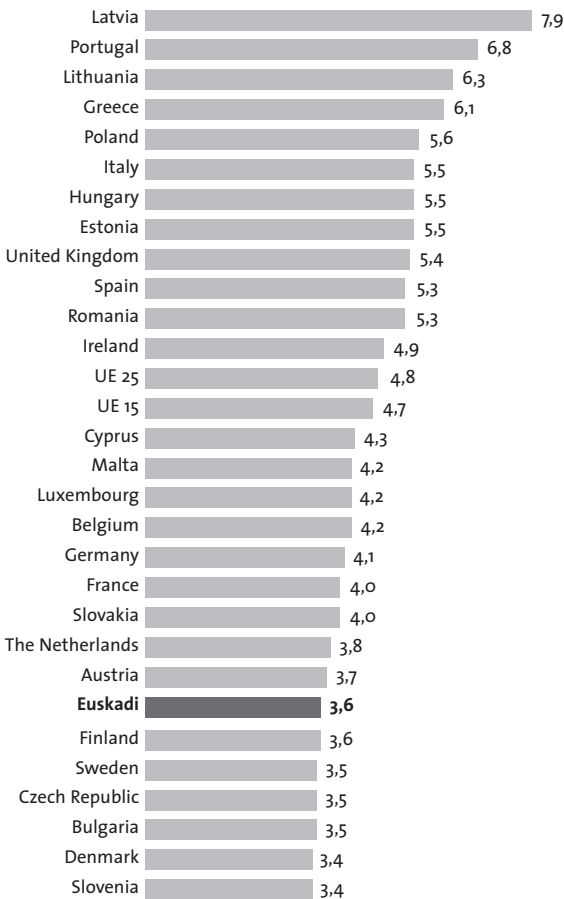
³⁵ As it has been said, being it true that it can be also contemplated when it comes to analysing poverty and precariousness, what the Eurostat approach eases is, above all, a series of indicators of inequality in the distribution of income.

Eastern Europe such as Czech Republic, Slovenia and Bulgaria. The Spanish level, at 5.3, is instead among the higher ones surpassed however by the rest of important countries of Southern Europe, the United Kingdom and most of the Eastern Europe countries.

The Gini coefficient –measured from the Eurostat equivalence– is also situated in

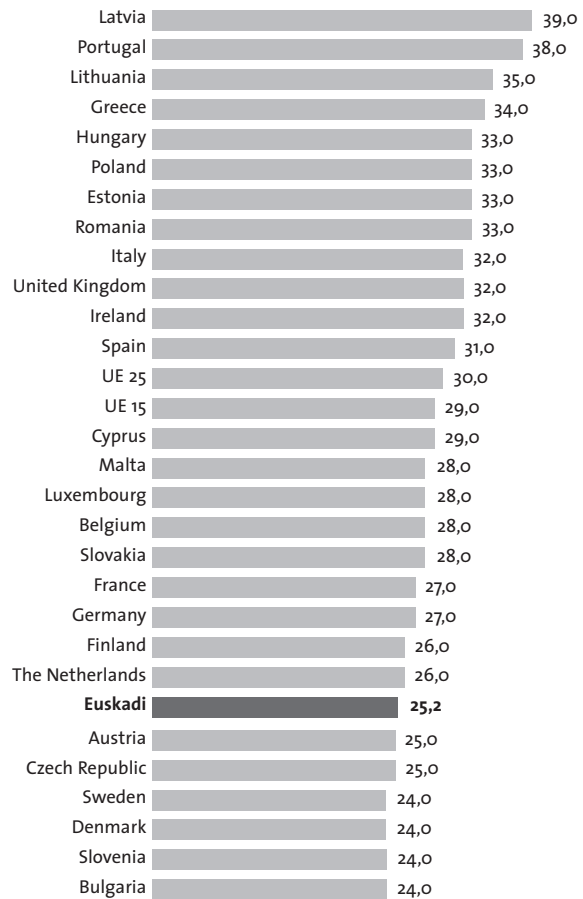
Euskadi clearly under the European average (25.2 against 30% for the EU-25 as a whole) with each State at a very similar position to that defined for the S80/S20 indicator. Once again, the gap of the ACE in comparison with the States having the least level of inequality results small indeed, with minimum levels of 24% in Sweden, Denmark, Slovenia and Bulgaria.

Figure 27. Indicator S80/S20 for general distribution of income in Europe - 2006



Source: Eurostat and 2008 EPDS

Figure 28. Gini coefficients in Europe - 2006



Source: Eurostat and 2008 EPDS

Chapter Six: DISCUSSION AND CONCLUSIONS

1. General aspects

The main objective of this study has been to present the available results for Euskadi with regard to the evolution experienced in the last years by the phenomenon of poverty and precariousness in the period comprised between 1986 and 2008.

When considering these results, would we stick exclusively to the Eurostat indicators for measurement of poverty and precariousness, it would be necessary to conclude that the social changes observed in Euskadi from 1986 to 2008 were few and hardly positive. Taking the Eurostat indicator of the 60% of the median net equivalised income, which is currently used in Europe for comparative purposes, the rate of poverty or low income would have increased by one and a half point between 1986 and 2000, going from 15.6% in 1986 to 16.7% in 2000. This upward trend would have broken from 2000 onwards, lowering the rate to 16.5% in 2004 and to 14.8% in 2008, leaving it in the region of one point below the rate recorded in 1986. Anyhow, the poverty or low income rate would have remained basically stable somewhere between 15 and 17% of the resident population.

This image of basic continuity in the structures of poverty contrasts certainly with the reality of social and economic progress experienced in Euskadi over the considered period. The period going from 1986 onwards includes undoubtedly years of economic slump but also years of extraordinary economic recovery in the context of European integration. They were also years of introduction of very important social measures such

Figure 29. Poverty/low income Eurostat rate (60% of the median equivalised net income) (EPDS 1986-2008)

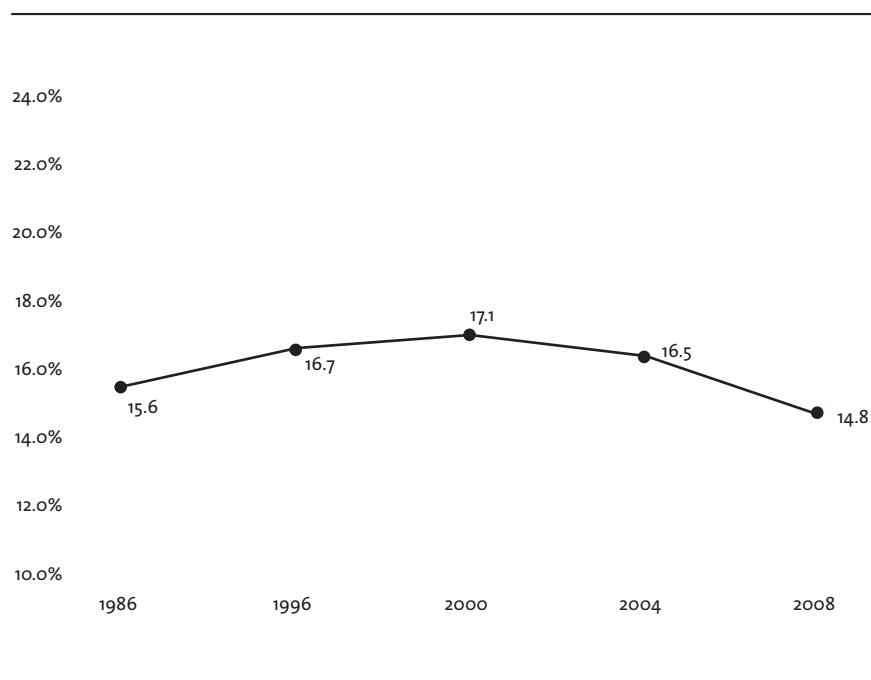
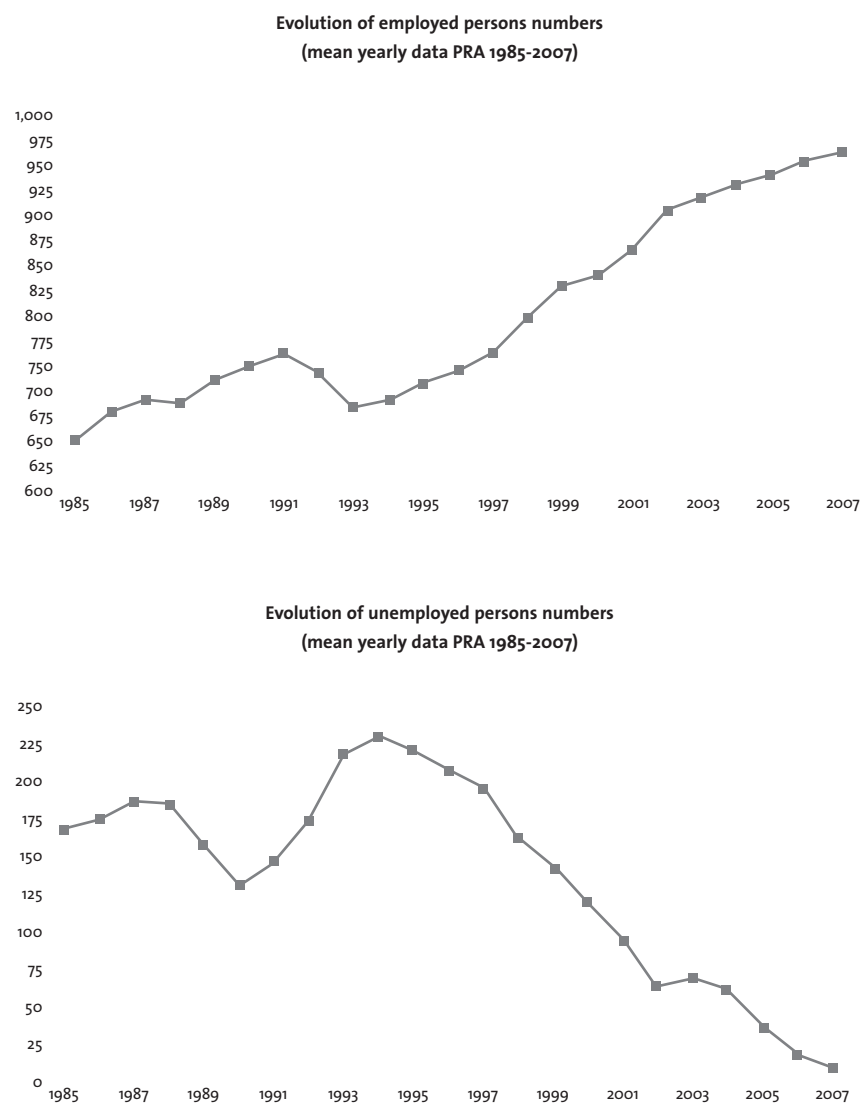


Figure 30. Evolution of employment & unemployment in the CAE between 1985 and 2007



as those contained in the Integral Plan for Fighting Poverty (*Plan de Lucha Contra la Pobreza*), lately redefined with the parliamentary passing of the Basic Income.

Some indicators reflect the radical dimension of the observed changes, for example those referring to unemployment. When back in 1984 the Basque Government for the first time thought about taking an approach to the study of poverty, the economic slump of the '70s and '80s was a reality. From an unemployment rate practically null in 1973, Euskadi went to suffer an unemployment rate of 22.5% in 1984.

After the incorporation into the European institutions, Euskadi knew a truly notable increase of employment that lasted up to 1991, with the unemployment rate decreasing to 16.2% in 1990. The economic slump of the early '90s translated nonetheless into record unemployment figures. Unemployed persons rose to 229,900, with unemployment rate up to 24.9%. From 1994 onwards everything changed for the better: employment did not cease to grow in Euskadi until 2007, with the net creation of 277,000 new jobs. The impact on unemployment was noteworthy, with unemployment rate falling from 24.9% in 1994 to 3.3% in 2007.

The improvement of the Basque position in the European economic context must also be highlighted for this period. When analysing the evolution of the per capita GDP in purchasing power parities, PPPs, and taking furthermore as the 100 basis the situation of the European Union of 27 members, it can be seen that the Basque society has made a great leap forward. In this way, if the per capita GDP was already 15.7% above the European mean in 1998, it surpassed that mean by 37.4% in 2007.

Not only is the image of continuity in basically inalterable figures of poverty affecting about 15 to 17% of the population in Euskadi counter to the reality of changes in employment and joblessness; it is also not coherent with the subjective perception of the population themselves. In this sense, the part of the population living in households that considered themselves poor or very poor changed only 2 to 3% between 1996 and 2008. Even when the population is forced to place themselves in the rather poor end of the welfare scale, the percentages do not surpass in the period an interval located between 6.5 and 8.0%.

Figure 31. Evolution of unemployment rate (Data PRA 1985-2007)



Figure 32. Evolution of per capita GDP by country and year (EU 27=100). Data prepared by Eustat (Period 1998-2007)

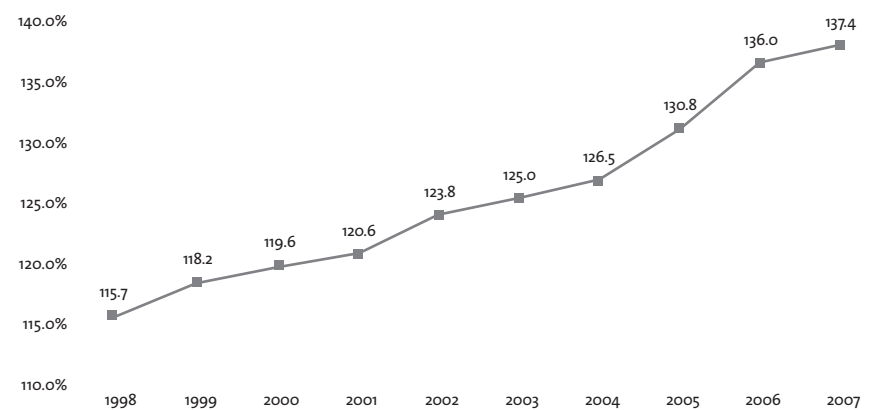
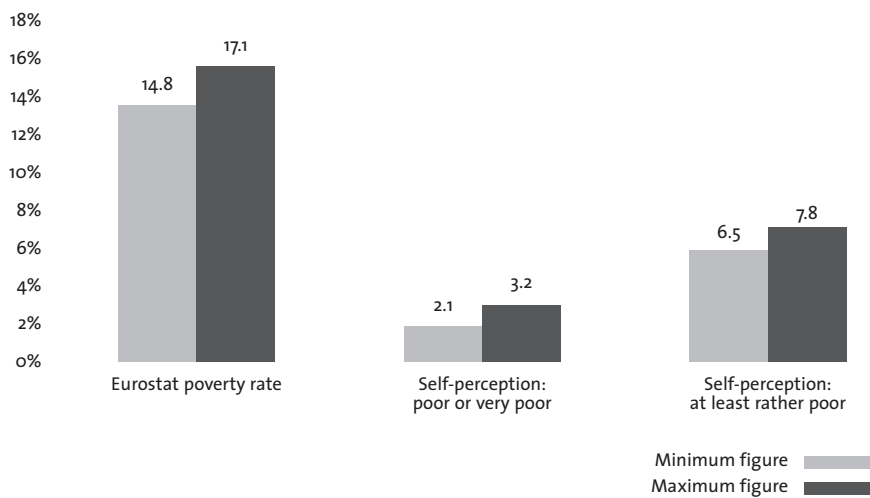


Figure 33. Eurostat poverty rate and subjective perception of poverty
(EPDS 1996-2008: data in percentages)



The fact is that part of the contradiction is associated to the inability of the Eurostat method to follow the changes that happen in the realities of economic precariousness. The most striking detail is that in 79% of the instances of households potentially at risk of poverty –those that considered themselves at least rather poor or that have been defined as poor in terms of the Eurostat poverty thresholds– an imbalance is observed between the objective qualification offered by the method and the perception of Basque households as regards their economic situation.

In order to get round the inadequacies of the Eurostat method in the approach to the study of poverty and precariousness in Euskadi a complementary method has been introduced in the Survey on Poverty and Social Inequalities. The EPDS method is characterised by the three following innovations:

1. The method distinguishes two key dimensions of precariousness: those associated to the disposal of income enough to meet the usual needs of everyday life (maintenance

or upkeep dimension) and those related with the ability to guarantee some minimum living conditions and safety level in the medium and long term (capital or accumulation dimension).

The method provides furthermore a synthetic indicator that takes into account the interrelation between different dimensions of precariousness. This indicator provides a better approach to the study of the problems, giving a measure of how far the situations of risk determine the experience of real problems of poverty and precariousness.

2. The method is also characterised by a clear distinction between poverty problems and absence of well-being. In this way it states the existence of three types of different situations:

- Those of poverty in a strict sense characterised by the inability to meet the basic needs perceived by the population.
- Those defined, at the opposite pole, by access to the socially expected welfare level.
- An intermediate range where there are no poverty situations but nonetheless there is no access to a reality of full welfare.

The differentiation between poverty concepts and absence of well-being allows for a better understanding of the social reality than differentiating among serious, severe or moderate poverty as in the studies based on the Eurostat method and other approaches inspired in the principles of the European statistical method.

3. Finally, the EPDS method tries to determine the poverty thresholds from the perceptions of the population themselves, regardless of technical or political apriorisms.

Starting from a more precise approach to poverty and precariousness, the EPDS offers a more complex image regarding what happened in Euskadi from 1986 to 2004 in terms of the evolution of poverty and precariousness situations.

The first thing that needs to be highlighted is the important fall observed in real poverty rates in Euskadi in the studied period. The

adjusted rate fell from 8.3% in 1986 to 5.8 in 1996, to 4.4% in 2000 and to 4.2% in 2004.

The outstanding improvement between 1986 and 1996 is associated with the fall of the at risk of accumulation poverty indicator, which fell from 5.6 to 1.8% in the period, a process that was undoubtedly promoted by the access to new consumer durables in the context of integration into the European common market. The intensity of the fall of accumulation poverty compensates a striking increase of the at risk of upkeep poverty rate in the decade, associated to a great extent to the large number of young persons that became independent from their parents without having enough economic resources. This rate increased from 5.7% to 9.3% between 1986 and 1996.

Between 1996 and 2004, on the contrary, it is to the lessening of the upkeep poverty risk levels that the continuation of the poverty figures' fall is associated to. The adjusted risk rate went from 9.3% in 1996 to 6.3% in 2000, and 6.1% in 2004, still above the 5.7% for 1986. In this period, the fall of risk levels in the upkeep dimension contrasts with the stability in the level of some accumulation poverty indicators that fluctuate between 2.0 and 2.5% in the considered years. Thus, a model is consolidated for reduction of real poverty figures that is contrary that observed between 1986 and 2000, even if between 2000 and 2004 there was a light improvement of the accumulation poverty indicators.

But if evolution of real poverty indicators has been favourable in the last 20 years, the fall is quantitatively more striking in what relates to absence of well-being indicators. In this sense, the incidence of problems of precariousness or absence of well-being –defined in terms of no access to the situations of full welfare that are expected in our society– reflect an important fall from the 48.9% estimate for 1986 to 32.7% in 2004. Although the fall began in 1986, the central point of the fall corresponds to the 1996-2000 quadrennium, falling then from rates of 41.2% to 33.1%. Decisive was in this instance the reduction in the risk of absence of well-being in the upkeep dimension, with a fall of its rate from 35.4% to 24.5% between 1996 and 2000.

Figure 34. Adjusted EPDS poverty rates (EPDS 1986-2008)

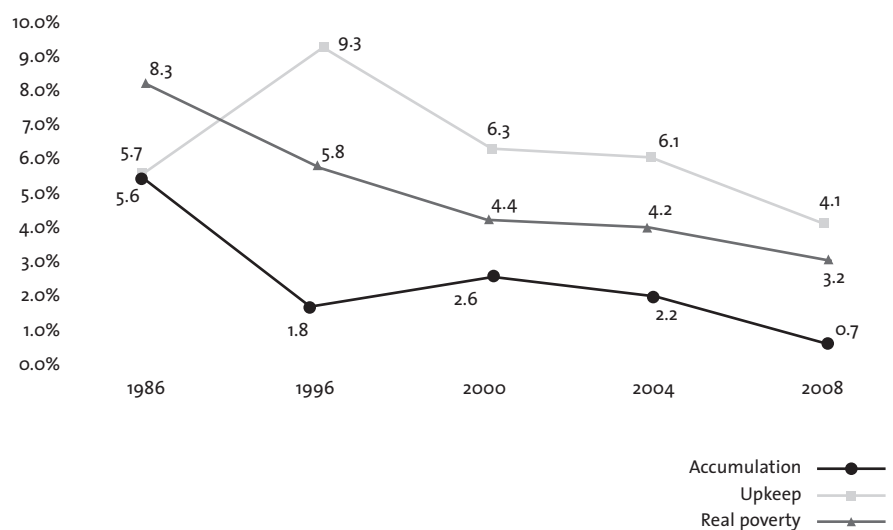
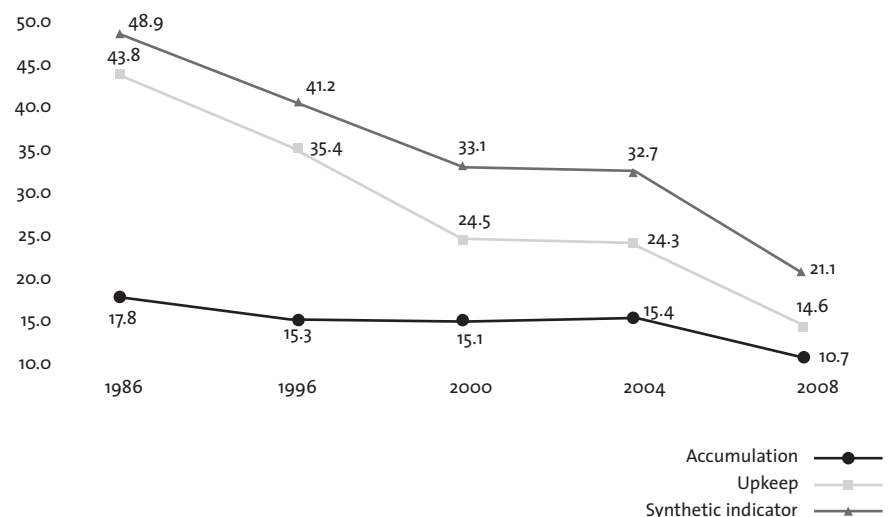


Figure 35. Adjusted precariousness or want of welfare rates (EPDS 1986-2008)



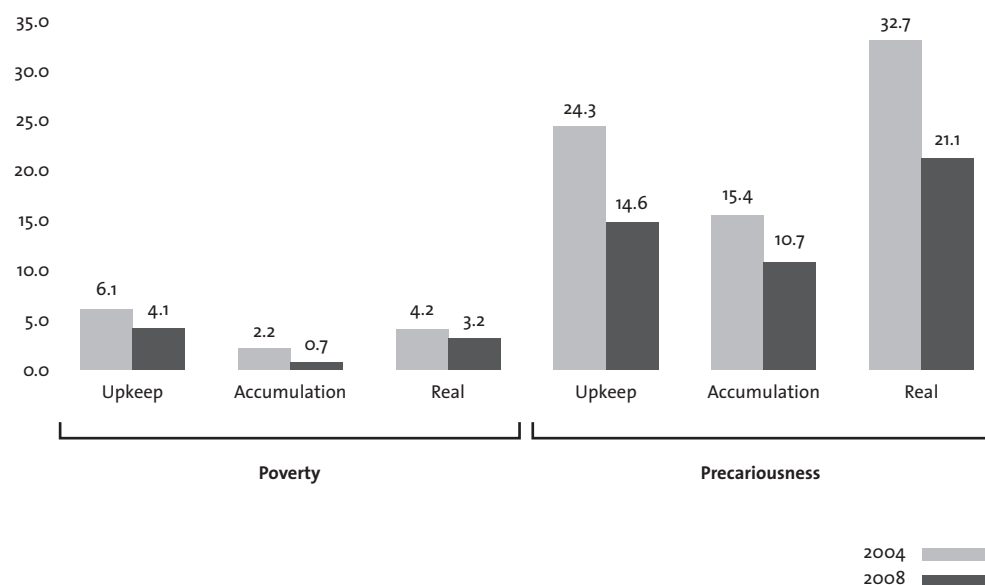
After certain stagnation in absence of well-being reduction from 2000 to 2004, partially associated to the access by a great deal of young people to a reality of independent life, the advance towards a welfare society accelerated between 2004 and 2008. According to the latest data of EPDS, the proportion of persons living in households where the presence of some precariousness situation in the upkeep dimension is observed falls between 2004 and 2008 from 24.3% to 14.6% in adjusted terms. The reduction of problems is also observed when considering the more serious forms of precariousness. The upkeep poverty rate affecting 6.1% of the population in 2004 has fallen to 4.1% in 2008.

In the accumulation dimension important advances were also observed. The proportion

of persons in households with precariousness problems changes in this sense from 15.4% to 10.7% between 2004 and 2008. On the other hand, the poverty rate falls from 2.2% to 0.7%.

As a whole, the figures of real poverty fall from 4.2% to 3.2% between 2004 and 2008, sustained in the fall both in upkeep and in accumulation poverty. The reduction is even more substantial regarding the figures of real precariousness, changing from 32.7 to 21.1% in the considered quadrennium, taking advantage at the same time of a noteworthy reduction of the upkeep problems and of clear improvements in the accumulation dimension.

Figure 36. Adjusted poverty and precariousness rates (EPDS 2004-2008)



All data presented up to now highlight the progressive contention of problems of serious poverty and absence of well-being in Euskadi over the last 25 years. This evolution is reflected in the increase of the proportion of persons in a situation of full welfare. This proportion grows from 51.1% in 1986 to 78.9% in 2008.

The improvement of data on poverty over these latest years has initiated the rupture of historical unbalances. To this effect, of fundamental importance are the observed advances in the reduction of poverty in households headed by women and –in a very special way– in the rates of children’s poverty. Even so, concrete problems persist that manifest themselves in the resistance to the disappearance of all poverty situations. Although in an even lesser measure, not even in its more serious forms, in terms for example of persistence of serious problems of insecurity of foods and even of hunger, they have not wholly disappeared. They constitute evidence –unknown for the most part of the population– that must serve as an antidote against an excessive satisfaction with the advances obtained.

An important part of the problem of the persistence of the most severe situations of precariousness is undoubtedly associated to the new poverty generated by immigration coming from outside the borders of the European Union. 37.1% of the present poor population actually lives in households headed by a citizen from a State that does not belong to the European Union. Although of a lesser quantitative importance, there is also a small section of the poor population, particularly those older than 45 years, whose situation of deprivation is to a great extent attributable to their ignorance of the complementary social benefits system of the Autonomous Community of Euskadi.

The action against poverty must neither forget that hidden poverty has not been wholly eradicated. Therefore, it must be remembered that there are people who do not have enough income to live independently in conditions of access to welfare. They are, generally, young adults affected by either lack of job security or insufficient pay and, furthermore, by difficul-

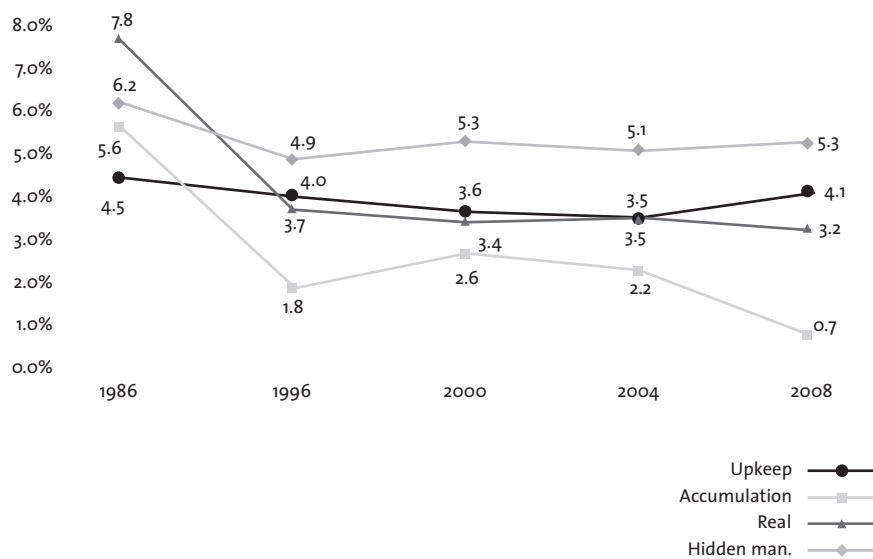
ties to access ownership of a flat at a reasonable price and by the growing costs of goods and services necessary for overcoming poverty and gain access to decent levels of welfare.

The gradual fall of poverty rates places in any case the Basque society in front of a new challenge: being able to progress in the process of welfare universalization. Reducing the number of persons that do not have full access to the welfare levels expected in this society constitutes a potential new objective for action.

To tread this new road, notwithstanding, a previous change of perspective is probably necessary. It is essential, in the first place, to acknowledge the evidence indicating the existence of a social profile very different from that traditionally characterising the population in a situation of poverty. Among persons with absence of well-being problems predominating are indeed families with children, State citizens and, above all, those at work, even in their facet of stable workers. Unlike an action against poverty that would focus preferably in supporting the unemployed and the inactive, the promotion of welfare for all calls above all for an employment support specific policy, that is to say, to the kind of work that the less favoured workers of the Autonomous Community of Euskadi usually gains access to.

To progress in such a direction will be one of the main challenges that the Basque society must face in its commitment to improve the living conditions of all those that make it up. But in order to achieve that goal it is necessary to foresee at the same time any withdrawal in the fight against a kind of poverty the definitive eradication of which sometimes seems to be within reach of the Basque government but that later moves ways in time. This would undoubtedly require coping with present problems of immigration, paying attention to negative consequences of economic cycles in both Europe and the world and dealing efficiently with changes associated to the process of demographic ageing. The recent deterioration of the unemployed population status forces us to reflect on the implications of a substantial reduction of the present levels of employment.

Figure 37. EPDS non-adjusted poverty rates (EPDS 1986-2008)

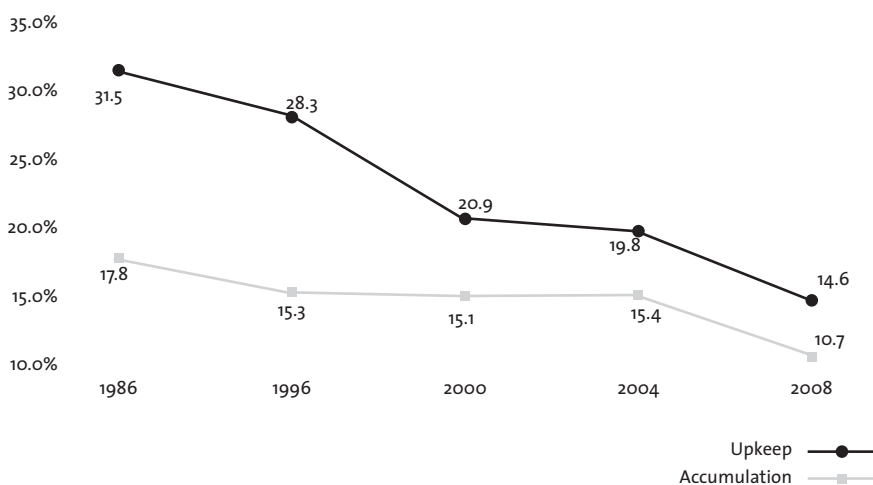


The persistency of poverty poses in any case another challenge that should not be underestimated. It is necessary to remember that while the great advances observed are given in terms of both adjusted and unadjusted absence of well-being indicators, this is not the case with adjusted poverty indicators. The figures of real poverty and accumulation poverty fell in 2008, but there was at the same time a small growth of upkeep poverty risk rates, particularly in households of unemployed persons. Although this increase is somewhat qualified by the reduction of the gap to the poverty threshold and it can be explained in the process of young adults gaining access to an independent life, it is advisable to maintain a prudent distance to the temptation of considering the assigned goals as attained. Poverty and precariousness are phenomena too much complex and multidimensional to think they are controlled for good.

2. The impact of social policy

The Autonomous Community of Euskadi and its institutions have demonstrated, however, their determination to fight against all distinct manifestations of poverty. Although the statistical dimension of the study does not allow for a deeper analysis of the contents and results of social policies carried out in the ACE, it would be inappropriate not to mention in this final chapter of the report the historical importance of the measures that Basque institutions, and particularly by the Basque Government, have implemented in their fight against poverty. Euskadi was not only the first Autonomous Community in implementing, at the end of the '80s, an Integral Plan for Fighting Poverty but also it was the first one in establishing a specialised system of minimum income benefits. This system includes at present the Basic Income and also the Social Emergency Aid (AES), as well as some in-work benefits, benefits that will be complemented by Pension Supplements from 2008 onwards. The system will probably be completed within the next few months with new measures for action, the Housing Supplement among them.

Figure 38. EPDS non-adjusted precariousness/want of welfare rates (EPDS 1986-2008)



The impact of the Basque benefits system in terms of the number of recipients is evident. From the 4,885 households that received the Basic Income in 1989 the figure went up to 16,052 in 1996, figure that almost did not vary in 2000, with 16,550 households in receipt of the benefit. The increase recorded from then onwards is, however, extraordinary, the figure of beneficiary households progressively growing from 2000 onwards. Thus, a figure of 28,889 recipient households was reached in 2004, with a forecast of 38,900 for 2008. In relative terms –with regard to the total number of households in Euskadi– this has been the evolution: from approximately 0.76% of households that received this benefit in 1989, percentages close to 2.35% were reached in 1996 and 2000, the figure growing to 3.85% in 2004 and 4.83% in 2008. It must be pointed out that this growth is compatible with the access to jobs by the recipients of the benefit, an employment incentive measure that is guaranteeing labour insertion levels that are progressively reaching 40% of Basic Income beneficiaries. These levels are by far higher than those achieved, for example, by the French RMI.

The evolution of the AES is quite similar, the number of persons benefiting from it growing from 7,207 in 1989, to 11,718 in 1996, 13,496 in 2000, 23,357 in 2004 and, finally, an estimated figure of 27,000 in 2008. AES evolution shows, however, some features of its own. On the one hand, access to this benefit is initially higher than to the Basic Income, a tendency that holds on until 1992. After some stagnation in the number of beneficiaries between 1992 and 1995, the number of persons receiving this benefit reflects from 1995 onwards a growth line parallel to that of Basic Income although on the basis of a somewhat smaller absolute figure. The difference between AES and Basic Income accentuates between 1992 and 1994, with a significantly higher growth rate in the number of beneficiaries of the Basic Income. In relative terms, with regard to the total number of households in the ACE, the AES evolved from benefiting 1.12% in 1989 to 1.72% in 1996, 1.94% in 2000, 3.12% in 2004, and 3.35% in 2008.

Figure 39. Number of units benefiting from Basic Income and Social Emergency Aid (AES) each year in the ACE (1989-2008)

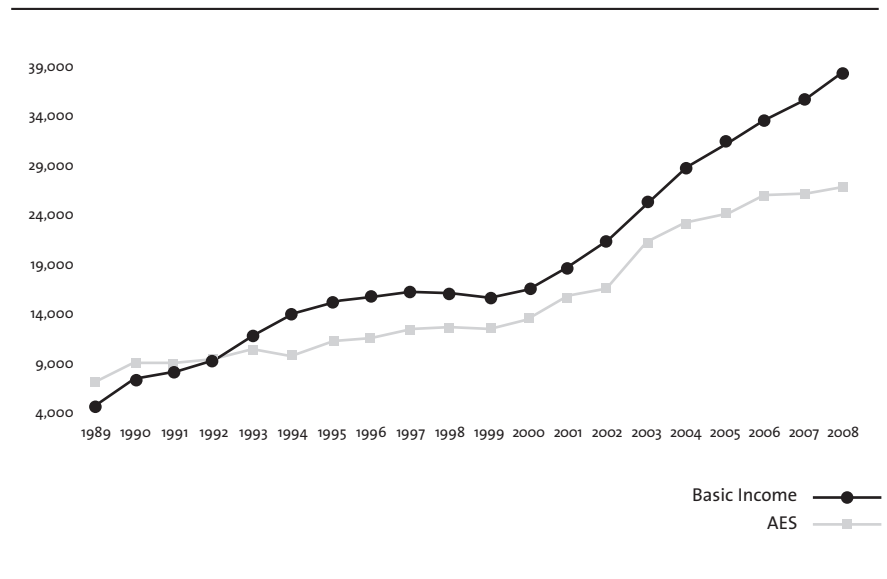
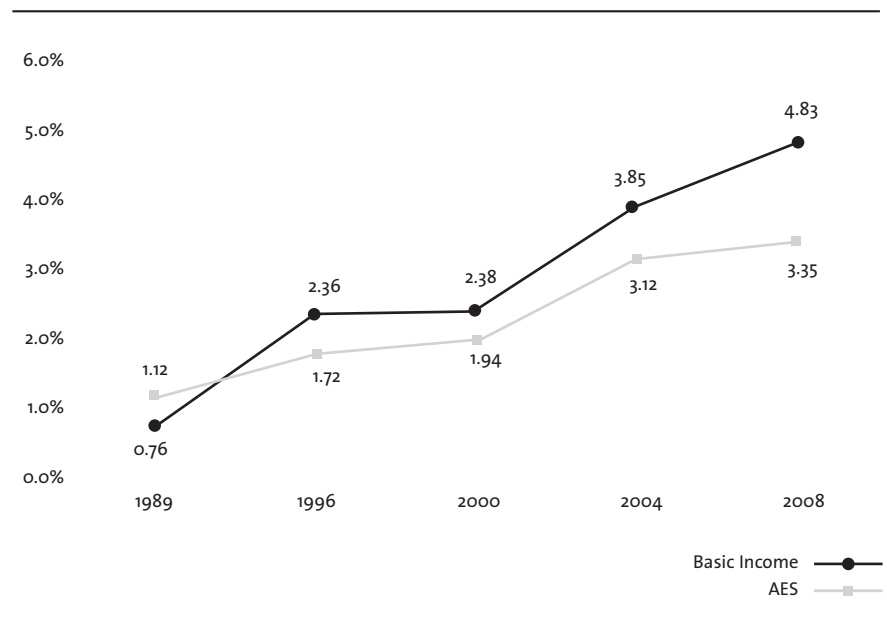


Figure 40. % of units benefiting from Basic Income and AES each year in the ACE (estimated % on the total of units in the ACE) (1989-2008)



As shown by the general evolution of unemployment and poverty figures, the increase in the coverage levels of Basic Income and AES benefits, specially from the end of the '90s, does not obey to a growth in the situations of need, even in a context of higher-risk immigrant population arrival. The increase is associated rather to the decision of relaxing the access criteria and, above all, to the increase in the amounts guaranteed, in particular within the scope of the Basic Income. So, after maintaining it at levels close to 360 € until 1998, in terms equivalised to 2008 prices, the base amount of Basic Income for a single person is 405.09 € in 2000, 505.97 in 2004 and 616.00 in 2008. This makes an increase of 71.4% in real terms in the guaranteed base amount over the 1998-2008 decade.

The Basque Government's financial effort to implement its policy of benefits against

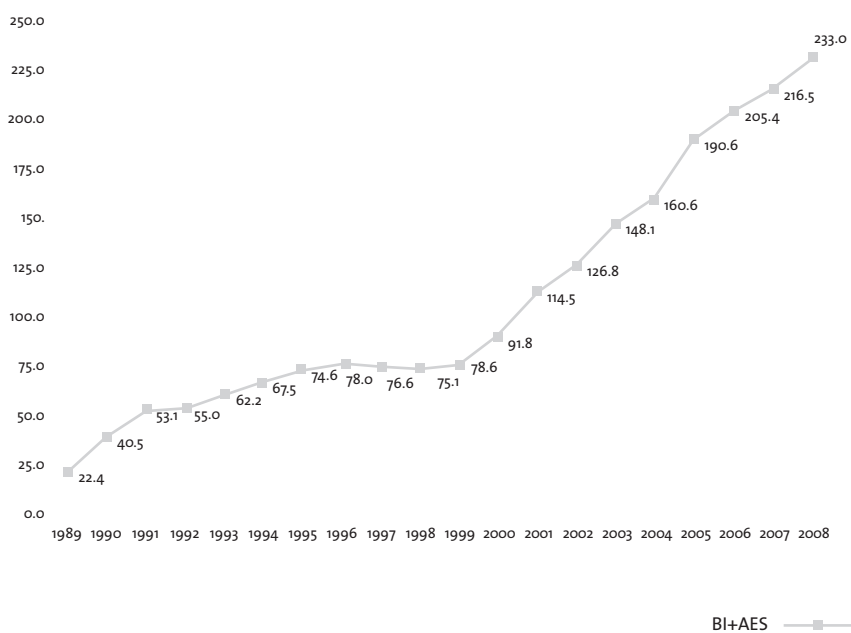
poverty and precariousness over the last decade is by any reckoning evident. Only with regard to Basic Income and AES, the real expense, in figures equivalised to those of 2008, grows from 22.4 million € in 1989 to 78.0 in 1996, 91.8 in 2000, 160.6 in 2004 and a forecast of 233 in 2008. The effort in expending is particularly eye-catching in the new century, growing in a substantial form from 1999 onwards after a period –from 1995 to 1998– of a relative stagnation in the level of real expense.

In comparative terms, it is noteworthy that the purview of the fight against poverty and social exclusion be the only one where social expenditure in the ACE is higher than that of countries in the EU-15. To this effect, the per capita expenditure against social exclusion in the ACE –in units of purchasing power– surpassed by 1.2% that of the EU-15 and by 172.2% that of Spain. Underlying these data is the reality of an income guaranteeing system that is, in terms of amount and coverage, comparable to those European countries that have most developed this type of systems. The Basque model of benefits is furthermore very inclusive, without restricting elements in the protection of foreign population.

This policy of social expenditure has been decisive in the fight against poverty in Euskadi. In its initial phases, in the beginning of the '90s, it had paradoxically a greater impact in the containment of accumulation poverty figures, a reality that is better understood when considering the greater initial incidence of the AES both in terms of expenditure and in benefiting units. From the '90s onwards, having gained knowledge of the limiting effects of the amounts of the benefits in the middle of the decade, the initial passing of the Law against Social Exclusion and later on that of Basic Income, supposed the definitive financial launch of the basic income system, a reality that would contribute to the steep reduction observed from 1996 onwards in the adjusted rates of poverty in the upkeep dimension.

At the end of 2008, Euskadi stands out by reduced figures both in accumulation poverty and in upkeep poverty. In this last dimension, this statement is particularly true when the

Figure 41. Expense incurred by the Basque Government in BI and AES.
Millions of € of 2008 (1989-2008)



BI+AES

level of poverty is measured in terms of the gap between the disposable income of the at-risk population and the poverty thresholds. These data reveal that among those receiving Basic Income the gap tends in fact to be neutralised with the access to the benefit, being the main gap associated to deficiencies observed in the access to the benefit by some groups, to a great extent due to insufficient information. To guarantee the access to the system, now extended with the introduction of the pensions supplement system, would therefore allow for a substantial reduction of risk levels.

Available studies, and the EPDS itself, confirm that Basque institutions' action against poverty has been effective in controlling the impoverishment risk processes affecting the population. The proven determination to go deeper in the process carried out over these last twenty years as well as the basic consensus existing between social and political forces with regard to the measures designed to tackle new challenges allow for some optimism when looking at the future. Starting from low rates of poverty and precariousness constitutes undoubtedly one of the competitive advantages of the Basque society to deal with these new crisis-ridden times.

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Annexes

Annex I :

GLOSSARY OF INDICATORS AND DEFINITIONS

This annex includes in a resumed form the main aspects related to the indicators developed or contemplated in the study, considering where appropriate some associated definitions³⁶.

1. Upkeep poverty and precariousness

1.1. Definitions

When analysing the position of households with regards to upkeep poverty, the EPDS defines three different situations: a situation of well-being, a situation of absence of well-being but not of poverty and, finally, a situation of poverty.

a) Upkeep poverty

The upkeep poverty alludes to a situation of insufficiency of financial resources for being able, in the short term, to meet basic needs, in particular those related with food, accommodation, clothes and footwear expenses. Persons, families or households that in the reference period dispose of income lower than the thresholds stated for meeting these basis needs are at risk of serious poverty.

b) Absence of well-being in the upkeep dimension

In the upkeep dimension, problems of absence of well-being allude to a situation of insufficiency of financial resources for being able, in the short term, to meet usual expenses considered necessary in order to maintain the minimum levels of well-being and comfort that are expected in a given society. They are those that in practice enable to participate –even in minimum conditions– in the way of life, the customs and activities usual of said society. Persons, families or households that in a given reference period dispose of income lower than the thresholds stated for accessing the minimum levels of well-being expected in the society they live in.

c) Well-being in the upkeep dimension

This situation corresponds to persons, families or households that have no problems of poverty or want of well-being in the upkeep dimension. They are characterised by not experiencing in the short term situations of insufficiency of resources for being able to meet their basic needs or for meeting the minimum expenses required for gaining access to situations of well-being.

³⁶ Those who want to go more deeply in these aspects as well as in other methodological questions such as those related to the sample, can consult the Technical Project of the EPDS (Basque Government, DJESS, 2008).

1.2. EPDS indicators of upkeep poverty and precariousness

The EPDS applies the Leyden regression model to obtain two complementary thresholds: that of poverty in a strict sense and that of absence of well-being. The equation allowing to delimit the corresponding thresholds is as follows:

$$Y^{*min} = \hat{\alpha}_0 + \hat{\alpha}_1 fs + \hat{\alpha}_2 g$$

where:

Y^{*min} : Poverty or absence of well-being threshold, as the case may be

fs : Family size

g : Usual expenses of families

In this approach, the $ymin$ variable, from which the y^{*min} threshold is derived, is obtained from the results obtained in the field work with regard to the answers given by the interviewed households to the following questions:

- *In the current circumstances at your home, what is the minimum income really needed to make ends meet every month?* (In order to calculate the absence of well-being threshold); and
- *In the current circumstances at your home, what is the minimum income really needed for meeting basic needs?* (In order to calculate the poverty threshold).

The g variable is obtained from answers given by households to the following question: *What are the average monthly expenses of this family?*

The EPDS method introduces diverse thresholds of need to overcome poverty or gaining access to sufficient levels of well-being according of the moment in the life cycle, measured to practical effects from the age of the head person in the household. Three types of households are taken into account, according to the age of its head person: less than 45 years; 45 to 64 years persons; and 65+ years persons.

The thresholds that are derived from the application of the method are as follows for the 2008 year:

Table A1-1. Upkeep poverty and absence of well-being thresholds according to the EPDS method. 2008 (Data in euros)

Household size	< 45 years		45-64 years		> 65 years	
	Poverty	Absence of well-being	Poverty	Absence of well-being	Poverty	Absence of well-being
1 person	947.24	1,231.41	792.75	1,187.90	560.07	786.19
2 persons	1,136.56	1,527.22	968.42	1,470.73	770.13	1,061.53
3 persons	1,264.39	1,732.19	1,088.71	1,666.44	927.85	1,265.36
4 persons	1,363.71	1,894.10	1,183.02	1,820.89	1,058.98	1,433.29
5 persons	1,446.09	2,030.03	1,261.76	1,950.49	1,173.33	1,578.76

Source: EPDS 2008

As regards the equivalence scales associated to the obtained thresholds, they are as follows:

Table A1-2. Equivalence scales corresponding to upkeep poverty and want-of welfare thresholds according to the EPDS method

Household size	< 45 years		45-64 years		> 65 years	
	Poverty	Absence of well-being	Poverty	Absence of well-being	Poverty	Absence of well-being
1 person	1.00	1.00	1.00	1.00	1.00	1.00
2 persons	1.20	1.24	1.22	1.24	1.38	1.35
3 persons	1.33	1.41	1.37	1.40	1.66	1.61
4 persons	1.44	1.54	1.49	1.53	1.89	1.82
5 persons	1.53	1.65	1.59	1.64	2.09	2.01

Source: EPDS 2008

The EPDS equally applies the aforementioned method to obtain certain complementary indicators where housing costs (rent, mortgage redemption and interests) are deducted from the different variables applied in the model (EPDS without housing costs).

1.3. Upkeep poverty and precariousness Eurostat indicators

The following Eurostat indicators are used in the EPDS for measuring upkeep poverty and precariousness:

a) Poverty indicator:

Persons or households with income lower than 40% of the median of net disposable income equalised per capita.

b) Low income or absence of well-being indicator:

Persons or households with income lower than 60% of the median of net disposable income equalised per capita.

Specific thresholds corresponding to this approach are as follows:

Table A1-3. Low income thresholds according to Eurostat method (Data in euros)

Household size	Serious poverty	Relative poverty/ Low income
1 person	545.60	818.40
2 persons	818.40	1,227.60
3 persons	982.08	1,473.12
4 persons	1,145.76	1,718.64
5 persons	1,309.44	1,964.16

Source: EPDS 2008

Scale: 0.5 for second person and 0.3 for the rest of them.

1.4. Indexes used in the treatment of poverty and precariousness indicators

The realisation of poverty and precariousness indicator can be carried out in both the EPDS and the Eurostat methods taking into account different statistical indexes. The main ones are as follows:

a) H index or general rate of poverty or absence of well-being

The indicator commonly used in EPDS reports and tables refers to the rate of risk of poverty or absence of well-being, defined as follows:

$$H = q / n$$

Where:

- q : population affected by the situation being considered.
 n : total population.

b) Foster, Greer and Thorbecke indexes (FGT)

These indexes are based on the following formula:

$$FGT_{\infty} = (1/n) \sum_{i=1}^q (g_i / z)^{\infty-1}$$

So they are defined, from the valued allocated to ∞ , FGT(1), FGT(2), FGT(3) and FGT(4). FGT(1) is equal to the poverty rate H.

c) Hagenaars' index:

$$HAG = q/n [(lnz_n - lnMG_q) / lnz_n]$$

Where:

- $lnMG_q$: geometric average of income of the population affected by the at-risk situation being considered (in Napierian logarithms)
 lnz_n : poverty middle line for the whole of the population (in Napierian logarithms).

d) Sen I index (income gap ratio):

$$I = (g / qz)$$

Where :

$$g: \sum_{i=1}^q g_i = z \cdot \gamma$$

g_i is equal to the gap existing between the established poverty or absence of well-being line z and the household income γ .

g gathers the summation of these differences for the population affected by the situation considered in the analysis.

q : population affected by the considered situation.

z : average poverty (or absence of well-being) line.

This indicator reflects the accumulated gap by the whole of households or persons in a precariousness situation with regards to the poverty or precariousness thresholds taken into consideration. It is measured in percentage terms.

e) HI index (EPDS):

$$HI \text{ index} = H * I$$

Where:

- H : poverty (or absence of well-being) rate.
 I : SEN index.

The HI index results in practice equivalent to FGT(2), considered in the EPDS as a fundamental reference indicator for following up upkeep poverty and precariousness situations. It is in fact an index that allows for the different elements to be considered in the measurement of poverty (intensity, gap and internal inequality). Its social interpretation is, furthermore, easy to pass on to the population since the index is equivalent to a theoretical rate of poverty or absence of well-being where all the affected individuals would be in a situation of total lack of resources, that it is to say at a 0 level of income.

Starting from the FGT (2) indicator, the EPDS provides the so-called FGT (2) curves. The FGT (2) curves present in a graphic form and for diverse socio-economic variables the accumulated level of the FGT (2) indicator that corresponds to each one of the groups or types considered in each variable, relating it to accumulated level of poverty or precarious-

ness corresponding to the reference population.

Percentages are used for the presentation in reports and tables of the rates and indexes considered in this section.

1.5. Employed concept of income

In order to calculate and measure upkeep poverty and precariousness, the concept of disposable income or earnings of the households being used in the EPDS refers to the sum, on monthly terms, of net income from four different sources:

- a) Direct personal income from employment or capital yields.

Here are included all types of net income from employment and exploitation of owned capital, including adjustments associated to payments or refunds to or from Tax Authorities.

- b) Income from Social Security and assimilated transfers.

Here are included Social Security benefits (retirement, widow's/widower's, orphan's, in favour of relatives or disability, both contributory and non-contributory; early retirement benefits; unemployment benefits or allowances, including those associated to vocational training, employment encouragement, mobility and reinstatement allowances; and periodic benefits for family protection (birth, maternity, children or aged persons care) and for dependant children.

- c) Income from Social Assistance and other social benefits

Here are included incomes by way of Basic Income and Social Emergency Aids; the Emancipation Basic Income; one-off benefits for birth or adoption; income from study scholarships, aid to minors, other public aids of a social security character (municipal, regional, etc.) and other assimilated incomes.

- d) Income from civil society complementary aids

Here are included incomes from direct aid from relatives, friends or neighbours, as well as those from helping institutions of a particular or private character such as Cáritas, Red Cross and the like.

The calculation is done, in general, in terms of household. To this effect, except when indicators are specifically provided based on strictly personal income, the procedure usually applied in the EPDS in the case of individual indicators is to assign to each person the proportional part of total income received by the household of which such person is a member. Except when otherwise specified, the position of each person as regard the risk of poverty or precariousness corresponds to that of the household as a whole.

The EPDS provides indicator based on the neutralisation of accommodation expenses, among others the Eurostat indicators that take into account the so-called *imputed rent*. Since their implementation has not been generalised yet, these indicators are not taken into consideration in a detailed form in the present study.

1.6. Indicators before and after social transfers

The EPDS provides information about the impact of different indicators before and after social transfers. To this effect, indicators are provided for the three following situations, according to the access to income:

- a) Initial income: indicators with one's own income (before all types of transfers)

In this case income associated to some type of direct economic activity. So, poverty and absence of well-being indicators are applied to one's own income in a strict sense, discounting any type of social transfer, public or private.

- b) Intermediate income: indicators with one's own income and pensions

In this case poverty and absence of well-being indicators are applied to the summa-

tion of one's own income in a strict sense together with the following social transfers:

- Old age, retirement or superannuation benefits.
- Early retirement benefits, except those derived from restructuring of a company.
- Survivor's benefits (widow's/widower's, orphan's or in favour of relatives).
- Disability benefits in the case of persons older than 65 years.

In this way, transfers corresponding to retirement or survivor's pensions are added to the initial income.

c) Final income: indicators with total income

In this case, poverty and absence of well-being indicators are applied to all types of disposable income, including therefore transfers from private sources as well as the remainder of transfers from the public system, both regarding social assistance (RMI, AES, etc.) and social security and unemployment system (unemployment benefits, family protection, benefits for dependant children, sickness benefits, disability benefits in persons younger than 65 years and early retirements derived from a company's turnaround or restructuring).

This indicator of *final income* logically coincides with the general indicators for poverty and absence of well-being used in the EPDS.

d) Relative impact of social transfers

This indicator reflects the reduction percentage in the general rate of poverty or absence of well-being that is associated to the application of different types of social transfers.

The impact of the whole of transfers is calculated from the following formula:

Where:

$$\frac{[(y1 - y2) / y2] * 100}{t2 - t1}$$

- y1: net income of the whole of households in the ACE after transfers.
 y2: net income of the whole of households in the ACE before considered transfers.
 t1: final rate (of poverty or absence of well-being) after transfers.
 t2: initial rate (of poverty or absence of well-being) before transfers.

1.7. Deprivation indicators

1.7.1. Problems for gaining access to adequate foods

a) USDA indicators

These indicators are the result of applying in the EPDS, from 2000 onwards, the "Short Form of the 12-month Food Security Scale" (FSS). It is a statistical method designed in USA for measuring the food problems existing in a given community, used in due course in that country by the Department of Agriculture (USDA)³⁷. The objective of the method, consisting in six questions easy to answer, is to delimit three ample categories of population related with their position in terms of safety

³⁷ The USDA (United States Department of Agriculture) resorts in this case the calculation method defined by Mark Nord and Margaret Andrews (Economic Research Service), in consultation with Gary Bickel (Food and Nutrition Service) and according with the research developed by Stephen J. Blumberg (National Center for Health Statistics), Karil Bialostosky (National Center for Health Statistics), William L. Hamilton (Abt Associates) and tonette R. Briefel (National Center for Health Statistics). A summary of this information can be consulted at: http://www.ers.usda.gov/briefing/foodsecurity/surveytools/FS_SHORT.pdf

when the time comes to cover the food needs. The defined categories are as follows:

- Households with safety about covering their needs of food.
- Households with no safety of covering their needs of food, but without associated indicators reflecting an extreme dissatisfaction situation (serious problems about food).
- Households with no safety but with presence of associate indicator that reflect a situation of extreme dissatisfaction in gaining access to enough food for covering their nutritional needs. This reality translates into the perception, more or less occasional, of situations of hunger or very close to hunger (very serious problems about food).

These two last categories define the group of households (or of persons in households) with insecurity problems about food.

Categories are defined with regard to the situation existing in the previous year at the moment of carrying out the survey.

b) EU-SILC indicator

From 2004 operation onwards the approach to problems of insecurity about food has been completed taking into consideration the main food indicator introduced in the European EU-SILC. The indicator gathers the proportion of population unable to afford a substantial meal at least every second day.

The obtainment of this indicator has been based in the EPDS on posing the following question:

Do you have means for affording yourselves a meal with meat, chicken or fish (or a protein equivalent for vegetarians) on at least every second day?

The information relating to this indicator is also applied to the period of one year

before the moment of developing the survey.

1.7.2. Effort for gaining access to an accommodation

The EPDS provides an indicator of the effort for gaining access to an accommodation, recording the proportion represented, in percentage terms, the accommodation expenses over the disposable income.

The considered accommodation expenses include the total cost related to the following items:

- Rent of the house.
- Amortisation and interest of the mortgage.
- Charge for communal services.
- Local fees for water, sewage, rubbish and local property tax.
- Energy costs.

Net income of the reference unit, the household in this instance, is taken into account when obtaining the indicator.

It is deemed that the household realises an effort greater than what is considered normal when accommodation expenses are higher than 30% of disposable income.

1.7.3. Risk of indebtedness

The risk of indebtedness refers to situations where both of the following conditions are met:

- Monthly household expenses resulting higher than disposable income.
- Lack of savings or insufficient saving to meet usual expenses over the forthcoming month.

1.7.4. Synthetic deprivation indicator

This indicator classifies population in the following groups according to the situation of deprivation in the upkeep dimension:

• Very precarious

It includes persons in households where some of the following problems is present:

- Generalised problems trying to cover basic needs.
- Three or more problematic indicators in covering commitments (or in the sum corresponding to the cover of basic needs and to the cover of commitments).
- The household points out their inability to meet nowadays their subsistence expenses.

• Precarious (basic aspects)

It includes persons in households not included in the foregoing group, but where two or more problematic indicators are present with regards to covering commitments (or to the sum corresponding to meeting basic needs and to covering their commitments).

• Precarious (less basic aspects)

It includes persons in households not included in the foregoing groups, but where no problematic indicators are present with regards to meeting basic needs and to covering their commitments, but having two or more problematic indicators about their access to leisure.

• Less precarious (maximum squeeze)

It includes persons in households not included in the foregoing groups, but where some of the following problems are experienced:

- Problems about foods, without risk of hunger and without difficulties about the ability to obtain a balanced and varied diet.
- Need to squeeze other expenses at the maximum in order to meet the leisure needs.

• Not precarious

It includes persons in households where no problems are experienced with regards to

meeting basic needs or covering their commitments and that, on the other hand, are able to cover their leisure needs.

The very precarious group has to do with the presence of upkeep poverty situations. The remainder of precariousness situations reflect instead absence of well-being problems. The less precarious and non-precarious groups reflect in practice well-being or near-well-being situations.

The variables contemplated when creating the indicator can be analysed in the section relating to the deprivation synthetic indicator in the upkeep dimension.

2. Accumulation poverty and precariousness

2.1. Definitions

a) Accumulation poverty

Accumulation poverty implies a situation, rather global than specific, of differential precariousness in gaining access to consumer durables that are necessary to maintain over the medium and long term a sufficiently adequate standard of living understood above all in terms of ability to have access to a decent accommodation properly fitted so as to meet minimum standards of habitability. As a potential scene of precariousness in the medium and long term, accumulation poverty is also related to the difficulty of households to accumulate the minimum patrimony resources required to guarantee, in special situations of crisis or emergency, the continuation of a normal life, thus offering a minimum of economic security.

Accumulation poverty is manifested in exceptionally low levels of patrimony resources and in qualitatively and quantitatively significant deprivations in living conditions, particularly with regard to characteristics of the usual accommodation (habitability, available fittings and level of furnishings).

b) Precariousness in the accumulation dimension

The EPDS delimits a series of precariousness situations in the accumulation dimension. Due to the absence of references in the European context, it limits itself to present them as such precariousness situations that can't be assimilated to poverty situations but place the affected persons outside of realities defined in this dimension by access to a situation of well-being or near-well-being.

2.2. EPDS accumulation poverty and precariousness indicator

This indicator classifies the population in the following groups according to their position in the accumulation poverty/well-being scale:

1. Poor (great precariousness)

Here are included situations where very serious accommodation problems are present and, **at the same time**, the household has a very low patrimony. Poverty situations are associated with some of the following circumstances:

- A patrimony lower than a 25% of the median patrimony of households in the ACE, having or not a vehicle less than 10 years old.
- A patrimony lower than 50% of the median patrimony in those cases where, due to financial reasons, the household does not own a vehicle less than 10 years old.
- Extreme situations in the home, such as lack of hot water or electrical systems, and in a general sense a deficient level of habitability and amenities enough in such a home.
- Other situations clearly denoting an inadequacy of the fittings and systems in the home, such as:
 - Neither lavatory nor bathtub or shower.
 - A significant number of deficiencies in the fittings of the house, what results in an insufficient level and lack of amenities in the house.
 - A significant number of deficiencies, due to financial reasons, with regard to basic

appliances such as fridge, electric or gas range, washing machine or oven, or of such a customary use that the lack of them due to financial reasons denotes a situation of great precariousness (for example, a colour TV set).

The accumulation poverty situation is characterised, furthermore, by the simultaneous presence of some of the patrimony problems already exposed together with very serious problems of accommodation.

2. Precarious (significantly lower than the mean).

The following situations are included here:

- Very serious accommodation problems and low or normal patrimony.
- Serious accommodation problems and low or very low patrimony.
- Less serious accommodation problems and very low patrimony.

3. A certain precariousness but without clear evidences of absence of well-being (almost well-being)

The following situations are included here:

- Serious accommodation problems and normal patrimony.
- Less serious accommodation problems and low patrimony.
- Without accommodation problems and low or very low patrimony.

4. In a situation of well-being

Here are included households without accommodation problems (or less serious problems) and with normal patrimony.

For the purpose of presenting the precariousness indicators, groups 3 and 4 aren't considered as precarious.

The EPDS accumulation poverty and precariousness is based on the results corresponding to deprivation synthetic indicators related to accommodation problems and access to patrimony resources.

2.3. Deprivation indicators

a) Synthetic indicator of accommodation problems

From the treatment of specific development variables being related to the systems and fitting of the house, as well as from the consideration of the conditions and general maintenance of the house, the four following positions are stated in the EPDS with regard to the habitability conditions of the house:

1. Very serious accommodation problems

Incluye cualquiera de las siguientes situaciones:

- These include any of the following situations:
- Lack of hot water system.
- Lack of electric system
- Lack of lavatory and bathtub or shower
- Two or more lacks in basic fittings
- Answer “No, at all” to the question: Would you say that you are enjoying a home with level and amenities enough, in a decent state of maintenance and with sufficient interior decorating and care? (Question about comfort at home)
- Answer “No, it’s insufficient” to the question about comfort at home, as long as two or more lacks are present in the systems in the house.

2. Serious accommodation problems

If the foregoing situations are not present, this category includes any of the following cases:

- Answer “No, it’s insufficient” to the question about comfort at home, when there is present only one lack in the house systems.
- One lack in basic fittings.
- Two or more lacks related to problems of dampness, crowding or noise/pollution.
- Three or more lacks in less basic equipment of the house.

3. Less serious accommodation problems

If the foregoing cases are not present, this group includes any of the following situations:

- Answer “No, it’s insufficient” to the question about comfort in the house, when no lack at all is present regarding the systems and fitting in the house.
- One lack related to problems of dampness, crowding or noise/pollution.
- One or more lacks in less basic equipment of the house.

4. Without accommodation problems

Groups without any of the lacks pointed out in categories 1 to 3.

b) Patrimony resources synthetic indicator

Approaching the patrimony situation of the households starts from one estimate of the patrimony value per capita. Taking into account the diverse patrimony chattels and their estimated value, the following categorisation is defined for situations related to the level of access to patrimony resources:

1. Very low patrimony

Any of the two following situations is included in this category:

- Patrimony per capita lower than 25% of the patrimony median.
- Patrimony per capita lower than 50% of the patrimony median and no availability, because of exclusively financial reasons, of a vehicle less than 10 years old.

2. Low patrimony

There being no presence of the abovementioned situations, this group includes any of the following situations:

- Patrimony per capita lower than 50% of the patrimony median.

- Patrimony per capita lower than 100% of the patrimony median and no availability, because of exclusively financial reasons, of a vehicle less than 10 years old.

3. Normal patrimony

Here are included the remainder of patrimony situations not taken into account heretofore.

With an eye on the estimation of the patrimony, the following components are taken into account:

- Estimated and declared value of the owned house.
- Estimated and declared value of the other patrimony possessions.
- Estimated value of accumulated savings.

The calculation relative to savings takes into account the number of months over which it could be possible to maintain the usual level of expenditure and the amount stated for this type of expenditure, proceeding then to the multiplication of both factors.

The obtainment of the median patrimony is carried out from the median of patrimony values per capita in every household, without taking into account equivalence scales according to its size.

3. Real poverty and precariousness

3.1. Definitions

Real poverty includes those circumstances where the at-risk situations of insufficient cover of basic needs appearing in one or the other poverty dimensions –upkeep or accumulation– are not sufficiently compensated in the daily life of people, so that it be possible to gain access to a minimum well-being level, alien to the experience of poverty.

3.2. EPDS indicator of real poverty

Just as it has been stated in the methodological section, there are two EPDS indicator for real poverty. The one being used in the presentation of results in the present report, specially in the part related to evolution, is the so-called **real poverty objective indicator, adjusted in special circumstances**.

This indicator starts out from the basis of considering in a situation of poverty the following households:

- Households affected by an accumulation poverty situation.
- Households with upkeep poverty problems not compensated by a situation of well-being or near-well-being in the accumulation dimension.

The indicator takes however into account some situations where the distortion between objective rating and subjective perception results excessive. The adjustment elements adopted are as follows:

- Persons affected by a situation of accumulation poverty but living nowadays in well-being conditions in upkeep terms are considered no-poor, as long as the reference household considers itself in a comfortable financial situation.
- By contrast, persons affected by a situation of upkeep poverty are considered poor, in spite of living in a situation of well-being or near-well-being in the accumulation dimension, when they consider themselves poor or very poor, or when considering themselves rather poor they have an income

lower than the minimum they point out for covering basic needs.

- Persons in a situation of absence of well-being are also considered as poor, but not poor in the upkeep dimension and in a situation of evident precariousness, but not poor in that of accumulation. In this case, it is necessary the presence of a subjective perception of poverty and that the disposable income be lower than the minimum indicated for covering basic needs.

3.3. EPDS indicator of precariousness (approaching real situations of precariousness)

Taking into account the foregoing indicator, precariousness situations are situated in an intermediate pole where there are no real poverty situations but neither is there a situation of full well-being. This last situations is defined by a situation of well-being or near-well-being both in the upkeep and accumulation dimensions.

Although the indicator of absence of well-being in the upkeep dimension have been the object of a particular concern from its origins, the EPDS does not go any deeper in precariousness situations related to the accumulation dimension, fundamentally due to the inexistence of European references for studying this dimension of poverty. That is why precariousness data, in the multidimensional approach that takes into account the upkeep and accumulation dimensions, must be analysed with utmost prudence. This prudence is all the more advisable because the group of persons and households in a precariousness situation in very heterogeneous internally. Indeed, while some persons forming this group are on the verge of experiencing poverty, others are very close to situations of full well-being.

4. Hidden poverty and precariousness

4.1. Definitions and indicators

a) Individual upkeep poverty and absence of well-being

This indicator tries and approaches the study of economic poverty and precariousness from an strictly individual perspective, assessing the position in the poverty-well-being continuum that would correspond to each person according to their strictly personal income, regardless of those from the remainder of persons in the household.

For the mentioned purposes, individual income for wages and salaries are added together with Social Security benefits, alimonies, basic income and the operating income from a proprietary business or professional activity. Without prejudice of the foregoing, the equivalised portion of total income of the household is allocated in what relates to a certain type of income (income from exploitation of goods and chattels or assets in land and buildings, one-off aids from social assistance and scholarships or transfers from private individuals)³⁸.

Taking into account this position, the presence of individual situations of upkeep poverty and absence of well-being risk is determined in the EPDS applying to each person residing in the ACE, strictly on the basis of such individual's personal income, the upkeep poverty and absence of well-being thresholds corresponding to single persons in the general methodological approach. Just like in this one, the age group of the reference person is taken into account (less than 45 years, 45-64 years and 65+ years).

In a strict sense, this indicator reflects the individual risk level that for inhabitants of the

³⁸ The reason is that, for practical motives, the questionnaire for capturing data about income keeps on posing a household approach to these income modalities. The importance of this type of income is, however, limited as regard the obtainment of the individual indicators taken into consideration, given their reduced relative weight in the whole of the population income, specially among the groups at greater risks.

ACE would represent to gain solitary access to an independent life. The risk is measured in terms of poverty and/or absence of potential upkeep poverty. It is applied to the whole of population older than 25 years, or less if they are not students.

This indicator has no absolute value, but merely an illustrative and comparative one. In this sense, the indicator tries to reflect what groups are in an initial situation potentially more precarious.

b) Indicator of imbalances in the internal distribution of resources

This indicator reflects the measure wherein women are able to dispose, or not, of the household resources on an equal footing with their partner.

This information is available for women living in couples, attached to the household main group and direct informants in the surveying process.

c) Indicators of emancipation problems

Emancipation problems are focused on the study of those potential poverty and absence of well-being situations that remain hidden as a consequence of blocking the emancipation processes.

The approach to this type of hidden poverty and precariousness is dealt with in the EPDS introducing a final question referring to whether any member of the household would like to live in an independent home but he/she can't take that step due to lack of financial resources. A complementary survey if then applied to the group of reference, with the aim of measuring the circumstances associated to the problem so detected³⁹.

The indicators of hidden poverty and precariousness are centred in practice on those persons that indicate they have income enough

to establish an independent home, specially when they indicate that they would create –probably or surely– their own home in one year would they have the personal financial resources for it. In such a case, the presence of a poverty or absence of well-being situation is measured according to the disposable income of the persons capable of creating the new home. Upkeep indicators are so provided, calculating them from the thresholds system established with a general character according to the EPDS method.

Furthermore, indicators are provided related to the accumulation dimension, particularly as regards the access to the ownership of a house, considering where appropriate the level of fittings and the availability of savings.

The EPDS equally provides, for the total households and population of the ACE, a general indicator of upkeep poverty and absence of well-being that takes into account hidden poverty (upkeep poverty with hidden poverty). This indicator adapts itself to the specific situation of the units, individuals as well as groups, who are planning to form an independent household in less than a year. At the same time, it recalculates the position of the remaining households in the upkeep poverty/well-being scale, by deducting the income of the leaving individuals and readjusting the size of the household.

5. Approaching the study of inequality

The EPDS provides some indicators of social inequality, fundamentally focused on the study of income.

5.1. Inequality indicators

The main indicators of inequality that are considered in the EPDS are as follows:

³⁹ The questionnaire designed to measure emancipation problems is also applied to a control group composed by the young population nowadays employed that has not been defined by the household as potentially independent.

a) S80/S20 ratio

This is the ratio of total of equivalised income received by the 20% of persons with the highest income to that received by the 20% of persons with the lowest income.

b) S90/S10 ratio

This is the ratio of total of equivalised income received by the 10% of persons with the highest income to that received by the 10% of persons with the lowest income.

c) Gini coefficient

This is the relationship between cumulative weight of population arranged according to their income and the cumulative weight of

their disposable income, according to the following formula:

$$G = \frac{1}{2} \sum_{k=0}^{k=n-1} (X_{k+1} - X_k) (Y_{k+1} + Y_k)$$

Where:

X: cumulative share of affected population.

Y: cumulative share of income or earnings.

The value of the coefficient varies from 0 to 1, with 0 representing a situation of total equality, and 1 a situation of maximum inequality. These data are presented as percentages in the EPDS.

d) Median income

Level of median income of persons pertaining to a given group of population defined according to different variables (gender, age, type of family group, minors, marital status, nationality, level of instruction, relationship with the activity, etc.).

Annex 2:

ADJUSTMENT OF POVERTY AND PRECARIOUSNESS FIGURES FOR THE EVOLUTIONARY STUDY

In a long term compared approach it is necessary to count on comparable and, therefore, equivalent data.

The adjustment process that has been carried out was based on the application of 2008 upkeep poverty and precariousness thresholds to the preceding operations of the SPDS and ESSDE. Two variables have been taken into account as adjustment factors: changes in the average cost of access to levels of well-being contemplated by a part of the population and the differences in said levels associated to the presence or not of differential costs of rent or mortgage amortisation of the housing.

The adjustment has also taken into account the need to introduce an adaptation mechanism for the estimation of accumulation poverty indicators corresponding to the 1986 ESSDE to make them comparable to the EPDS approach.

1. Adjustment procedure in the upkeep dimension

An adjustment procedure is introduced in the report for the poverty figures enabling the study of its evolution in comparable terms. In this way, it is possible to deal with changes observed in the upkeep poverty and precariousness figures adjusted in terms of poverty and absence of well-being thresholds corresponding to 2008. The fundamental goal of this procedure is the adjustment of these thresholds values to the different periods of available information from EPDS or ESSDE.

The procedure that has been applied consists in establishing for each operation of the EPDS or ESSDE dating from before 2008 an index that adjusts the value to the upkeep poverty and absence of well-being thresholds obtained from the 2008 EPDS. The main features of the procedure are as follows:

1. Six specific adjustment indexes are obtained for each phase of the ESSDE or EPDS dating from before 2008. The indexes correspond to the different groups defined according to the age of the head person contemplated in the process for obtaining the EPDS upkeep thresholds: head persons younger than 45 years, between 45 and 64 years and older than 65 years. A specific index is calculated for each age group according to the type of threshold having been considered: poverty or absence or well-being.
2. In every case of crossing by age group and type of threshold, the value of minimum standardised income in 2008 ($Y_{min_stand_2008}$) is divided by the value of minimum income in the year of the operation for which the adjustment index is calculated ($Y_{min_stand_Year_n}$). The result is divided by a correction factor that takes into account for the referenced year the changes associated to the more or less intense pressure exercised on the population by the costs of access and upkeep of the housing ($F_{corr_Year_n}$)

$$Adjustment\ index\ Year_n = \frac{(Y_{min_stand_2008} / Y_{min_stand_Year_n})}{F_{corr_Year_n}}$$

3. The value of minimum standardised income for 2008 ($Ymin_stand_2008$) corresponds to the mean of the minimum income figures indicated by the head persons of each one of the households during the surveying process carried out in 2008, having as reference group those persons that do not situate themselves at a comfortable position in the society. The calculation of the mean is done in standardised terms, resorting to a unique distribution by age group of the head person and size of the household. The basis for standardisation is the distribution of households by age group and size of the household existing in 2008, typical of a demographic structure that tends again to equilibrium.

The minimum income considered is calculated for age groups and types of thresholds types as defined.

4. The value of minimum income in the year of the operations for which the adjustment index is calculated ($Ymin_stand_Year_n$) corresponds to the mean of minimum income figures stated by head persons in each one of the households during the surveying process carried out in the year of reference, taking again as reference group those persons that do not situate themselves at a comfortable position in the society. The calculation of the mean is also carried out in standardised term, starting from the distribution of households by age group and size of the household existing in 2008.
5. The annual correction factor ($Fcorr_Year_n$) introduces an index measuring the differential pressure that, with regard to situation existing in 2008, exercise the housing expenses in each year of realisation of the ESSDE or the EPDS. Its calculation, also applied by age group and type of threshold, is obtained from the following formula:

$$Fcorr_Year_n = Ymin_adjusted_Year_n_Housing / Ymin_Year_n_Housing$$

- a) The $Ymin_adjusted_Year_n_Housing$ index defines the standard value of minimum income taking into account the differential impact of housing expenses in each year of realisation of the ESSDE or the EPDS. It is

calculated taking into account the following formula:

$$Ymin_adjusted_Year_n_Housing = \frac{Ymin_stand_Year_n_Housing}{HousingEImp_Year_n / HousingEImp_2008}$$

The $Ymin_stand_Year_n_Housing$ calculates again for referenced households the value of the minimum income in the year of the operation, taking into account in a differentiated way the mean corresponding to household without housing expenses and that attributable to those who actually have housing expenses (either by way of interest and amortisation of a mortgage or as payment of rent or sublease). It does it in standardised terms taking as basis of distribution the distribution of households with and without housing expenses existing in 2008.

The $HousingEImp_Year_n$ index measures, for each year of operation, the differential impact exerted, on the value of minimum income, the existence of housing expenses. It is calculated dividing the value of minimum income indicated each year of the operation the households with housing expenses by that corresponding to households without this type of expense.

The $HousingEImp_2008$ corresponds to this abovementioned index for 2008.

- b) The $Ymin_Year_n_Housing$ index is calculated in the same way that $Ymin_stand_Year_n_Housing$ being used, however, the distribution of households with and without housing expenses existing in the operation reference year.

As it can be verified, in order to avoid the effect associated to the process of growing access by population to situations of well-being, the procedure exclusively takes into account in its application those groups that do not consider themselves in a situation either comfortable or above the mean.

It must be said that the abovementioned adjustment goes off the usual procedures based on the application of correctors derived

from the general evolution of the RPI. Against the lone adjustment index that this option had provided, a multiple system of adjustment indexes is used in this option. The system is based on the evolution of minimum income values stated by households that are not in a comfortable enough situation in the society for meeting their basic needs and gaining access to situations of well-being, taking into account the different moments in the life cycle. Furthermore, correction factors are added associated to the differential impact in each period of the housing expenses pressure.

The advocated for approach characterises by adjustment indexes higher than those that would be derived from RPI. They hardly differ, however, from the evolution of the official RPI as regards absence of well-being thresholds corresponding to households whose head person is older than 45 years. The RPI, instead, tend to substantially undervalue the actual impact of the increment observed in the cost of access to basic needs and, as regards the households with a head person younger than 45 years, to well-being levels high enough.

It is advisable to note that the procedure used starts from the assumption that the main thing is not so much to measure the cost of access to a fixed shopping basket of necessary goods or services as to the cost of access to goods and services that at each moment serve to guarantee the same goals of overcoming poverty and gaining access to well-being, once the differential pressure of housing expenses is discounted.

2. Adjustment procedure in the accumulation dimension

As regards the accumulation dimension, the same procedure has been applied in a strict sense as that applied in each operation for obtaining the indicators in the common practice of operations carried out between 1996 and 2008. As for the 1986 operation, figures have been obtained that correspond to the application of the method used for measuring accumulation poverty from 1996 onwards, profiting from the availability of common indicators in the ESSDE and in the different operations of the EPDS.

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FINAL NOTE

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25 YEARS OF
RESEARCH ON
POVERTY IN THE
BASQUE COUNTRY

Summary of the studies and
works carried out from 1984
to 2008 by the Department
of Justice, Employment and
Social Security of the Basque
Government



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