

Poverty in Belgium

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Introduction

Poverty remains a fact of life in Belgium despite the numerous, effective social assistance and family policies carried out by Belgian authorities at the federal, regional and local levels. Some 15 p.c. of the population, or one person in seven, belongs to a group at significant risk of poverty.

As part of its new 10-year strategic plan, published in February and entitled EU2020, Europe argues for sustainable growth based on education and innovation that benefits all of society. To guide the process, the Commission has proposed measurable targets in five areas: employment, research and innovation, energy and climate change, education, and fighting poverty. With respect to the last area, the goal is to significantly reduce the number of individuals living below the poverty line. A consensus has yet to be reached on the exact figure.

Building on the ongoing European year for combating poverty and social exclusion, an “inclusive” growth is recommended that favours economic, social and territorial cohesion; raises public awareness; and promotes the fundamental rights of persons living in poverty and social exclusion by giving them the means to live with dignity and become active members of society.

All of this makes it a good time to take stock of poverty in Belgium in a European context. The data presented in this report are based principally on households’ disposable income after social transfers (social security contributions, taxes and various allocations). The two principal tools for redistributing income in Belgium – the tax system and social security system – have already been the subject of published research⁽¹⁾. After a short overview of income

inequality in section one, we will present the indicators most commonly used to evaluate the extent and severity of inequality at both the national and regional levels, as well as in the other EU15 countries. We will also review which socioeconomic groups are the most affected. Section four looks at poverty using longitudinal data. This section is followed by our conclusions.

1. Income distribution

There are differences in household income in every economy. A strictly egalitarian distribution of economic resources is not a feasible goal. However, a society can try to ensure equal opportunity, notably by allowing all of its citizens to develop their talents and by creating the incentives needed to ensure that they become productive members.

The question of income distribution is important throughout society, and while opinions can diverge on how much differentiation is desirable depending upon the social model and the era, reducing poverty has always been among the goals of public action. To study the incidence of the structural factors underlying inequality and poverty, it is vital to have data on personal and household income from one end of the spectrum to the other. Relative income levels are key to evaluating the living conditions of individuals because individuals evaluate their own situation by comparing themselves with those around them, regardless of what we may consider fair. Like poverty, inequality is a relative concept.

(1) See notably: Van Cauter K. and L. Van Meensel (2006), “The redistributive character of taxes and social security contributions”, NBB, *Economic review*, 2^e trimestre.

The Household Budget Survey (HBS) and Statistics on Income and Living Conditions (SILC) are the principal sources used to paint a picture of inequality, poverty and social exclusion at both the Belgian and European levels.

Income distribution can be shown graphically using a Lorenz curve, which shows the cumulative percentage of income for each cumulative percentage of population. In Belgium, the poorest decile of the population earns barely 3.5 p.c. of disposable income, whereas the top decile takes home 22.3 p.c. If the distribution of income were strictly uniform, we would get a bisector and each decile would earn exactly 10 p.c. of disposable income. In the opposite case, in which all available income was concentrated in the hands of a single individual, the Lorenz curve would be reduced to the axes. The area between the bisector and the Lorenz curve thus constitutes a measurement of income distribution inequality. The most widely known measure, the Gini coefficient, is obtained by multiplying the area between the Lorenz curve and the bisector by two in order to standardise the figure between a value of zero for uniform distribution and 100 p.c. for a perfectly concentrated distribution.

Among EU15 countries, Belgium's distribution of disposable income is slightly more egalitarian than the average, with a Gini coefficient of 28 p.c., compared with a European average of 30 p.c. Austria and the Nordic

countries (Sweden, Denmark and Finland) are the most structurally egalitarian, whereas the greatest concentrations of income are in Greece, the UK and Portugal.

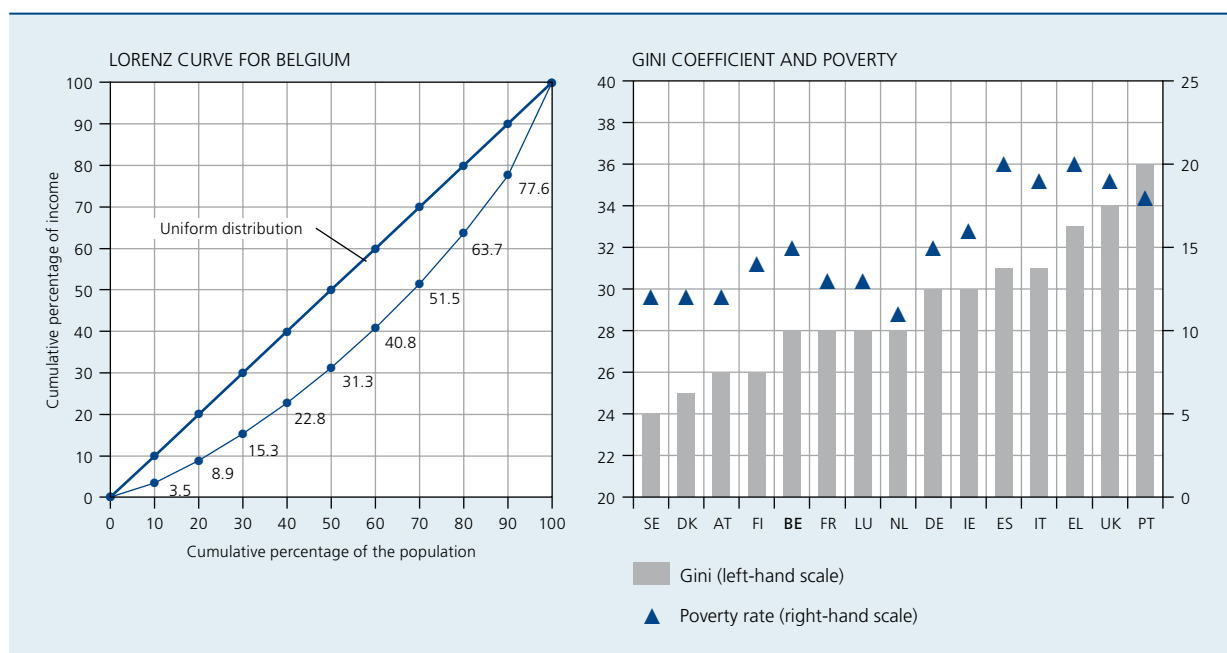
As shown in Chart 1, there is a clear relationship between the degree of income inequality and poverty, defined here as the proportion of individuals whose equivalent disposable income⁽¹⁾ is 60 p.c. below the median income. We will now take a closer look at the lowest deciles of income distribution

2. Concepts and measures of poverty

There are many definitions of poverty, which can be expressed in either absolute or relative terms. In absolute terms, poverty is associated with material deprivation and, as a result, the poverty line is defined as the minimum basket of goods and services that would enable an individual to escape from poverty. This definition is especially well suited to measuring poverty in developing countries, given that in those countries, much of the population survives on a bare minimum (Ravallion, 1998). One disadvantage of an absolute measure is that baskets of minimal goods and services are difficult to compare

(1) Equivalent disposable income, or income equivalent adult, allows us to compare the incomes of different sized households. Definitions of poverty rate and equivalent income are presented in section two.

CHART 1 INCOME DISTRIBUTION IN BELGIUM AND THE EU15 IN 2008



Sources: DGSEI, EC.

from one country to the next. The absolute poverty rate may also be defined as the percentage of the population with incomes below a certain level. The thresholds used by the World Bank are \$ 1.25 and \$ 2 per day.

A definition in terms of economic well being underlines the relative nature of poverty. In this case, a household is considered below the poverty line if it lacks enough income to participate adequately in the society in which it lives⁽¹⁾.

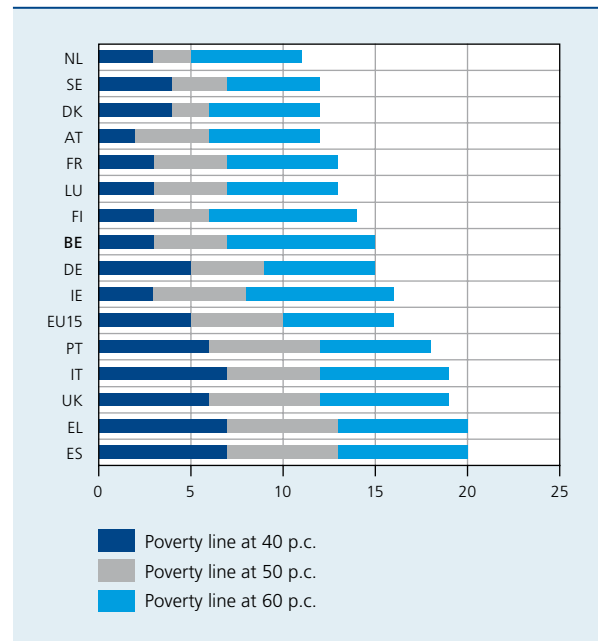
The simplest and most operational way to define the poverty line is to use a **percentage of the median income** or average income. This percentage is arbitrary. The chart below shows the poverty line defined as 40 p.c., 50 p.c. and 60 p.c. of the median income of the EU15 countries. As we can see, the choice of criteria has little impact on the ranking. For a larger sample, such as all OECD countries for example, this empirical observation remains true. By convention, the European Union has set the threshold at 60 p.c. of median income.

The income figure used is the median income per equivalent adult. In other words, the nominal income of each household is weighted based on coefficients specific to each household member⁽²⁾ in order to measure the economic well being of each individual.

Monetary poverty indicators based on SILC data are not without their problems. In particular, disposable income does not take into account the implicit income of households that own their own home, i.e. imputed rent. Similarly, certain State-subdivided benefits (free public transportation for certain population categories, in-home care, etc.) are not considered part of disposable income. Given the considerable differences between countries and among sub-segments of the population in this respect, the failure to take these elements into account has an influence on country rankings, especially for the over-64 age group (see Committee for the study of ageing (2009) and below). The results of this calculation are also sensitive to the choice of equivalence scale, to the standard-of-living indicator (average or median income) and to the percentage of income designated as the poverty line. The thresholds of 40 p.c. and 50 p.c. of median income, which had been used frequently until the mid-1990s, result in a more favourable ranking for Belgium than the 60 p.c. threshold, which was not adopted officially until after the Laeken process in the early 2000s.

Another way of understanding poverty is to compare **living conditions** rather than disposable income. For example, lacking the goods and conveniences of modern life (adequate housing, meat for dinner, a car,

CHART 2 RELATIVE POVERTY RATES IN THE EU15, 2008



Source: EC.

television, etc.) due to insufficient financial resources is an indicator of poverty. There is still debate as to which items should be taken into account and the weight that each should be assigned. Poverty measures based on a material deprivation and monetary poverty indicators are positively correlated, but the two measures are far from a perfect match (Guio, 2009).

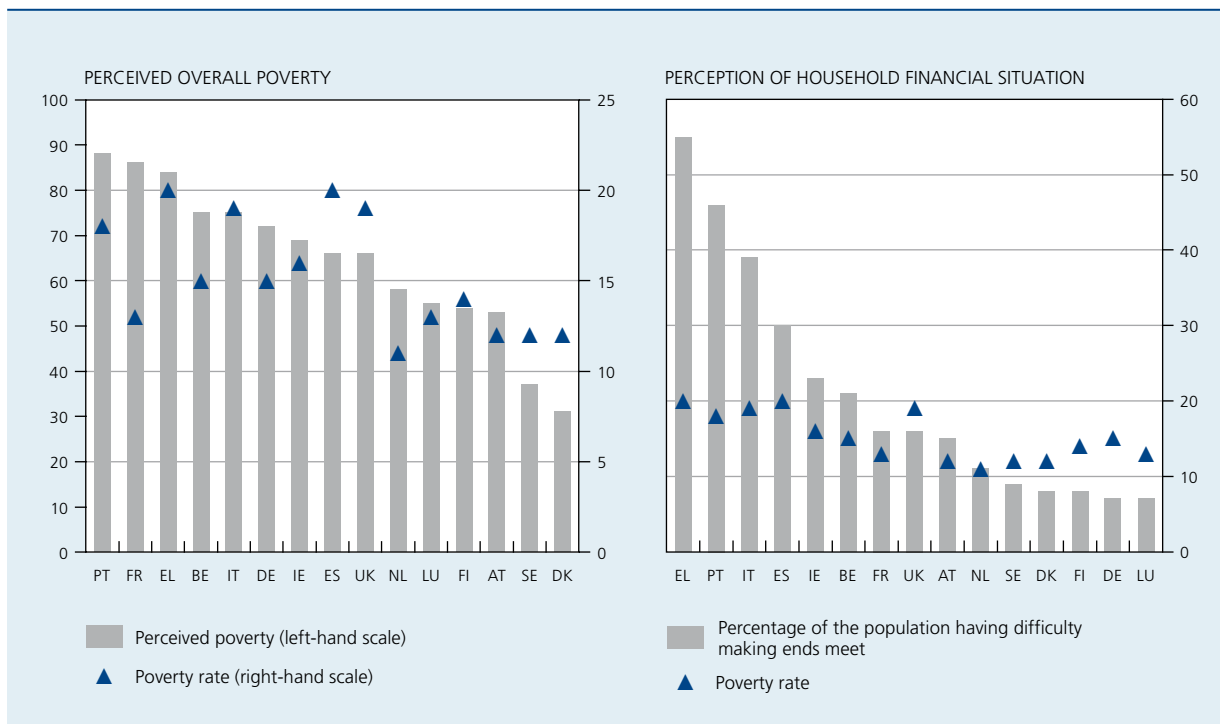
A third class of poverty indicators relies solely on the **subjective assessment** of the people being surveyed. The proportion of the population answering that poverty is, in their view, widespread in the country constitutes a measure of perceived overall poverty.

The chart below shows that perceived poverty is only imperfectly correlated with the rate of poverty measured using relative income levels. Countries such as Spain or the UK, where the monetary poverty rate is high from a European perspective, earn an average ranking in terms of

(1) Galbraith J.K. (1958) gives the following definition: "People are poverty-stricken when their income, even if adequate for survival, falls markedly behind that of the community. Then they cannot have what the larger community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgement of the larger community that they are indecent", in *The Affluent Society*, The Riverside Press, Cambridge. This definition highlights the relative nature of poverty and introduces the idea of stigmatisation, which has implications for the policies used to fight poverty.

(2) The equivalence scale makes it possible to compare the incomes of different sized households by using a method for converting income into comparable units. The system of weighting that Eurostat uses for SILC data is a "modified OECD" scale, which assigns a weight of 1 for the first adult, 0.5 to other household members aged 14 or over, and 0.3 to children under the age of 14. For example, the income of a couple with two children under the age of 14 is divided by a coefficient of 2.1 (= 1+0.5+0.3+0.3) for the purposes of comparison with the income of a single individual.

CHART 3 PERCEIVED POVERTY AND MONETARY POVERTY



Sources : EC (October 2009 Eurobarometer survey), EC (SILC).

perceived poverty. By contrast, in Belgium and France the perceived rate of poverty is significantly higher than what is shown by income statistics.

In the SILC survey, respondents are also asked to assess their own financial situation. This is another type of subjective perception of poverty risk. The question deals with the household's ability to balance its monthly budget. The proportion shown in the chart is that of households "having some difficulty or significant difficulty making ends meet".

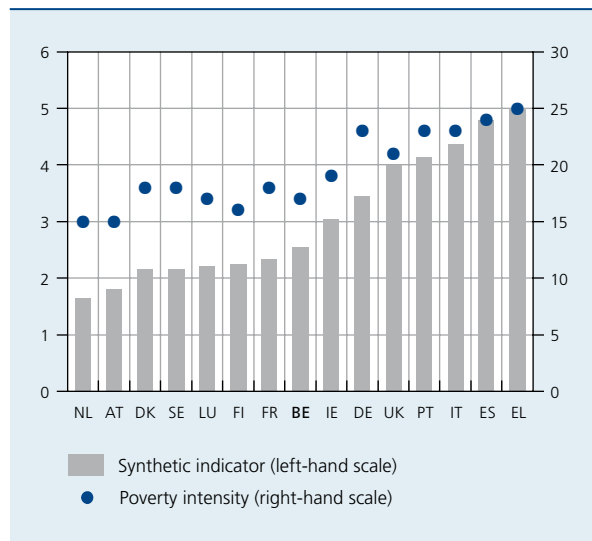
As other studies confirm (for an overview, see Desrosiers et al., 2007), the monetary approach to poverty and households' perception of their financial situation only partially corroborate each other. The SILC survey does however reveal a high degree of correlation between the two indicators. Among Belgian households, 21 p.c. said that they had trouble making ends meet, which corresponds to the EU15 average. Certain countries, such as the UK, Germany and Finland, exhibit better correlation between households' subjective assessment and the monetary poverty rate. The lack of an exact correlation shows that economic resources are not the only factor that households use to gauge their financial situation. The household's social background and its insertion in society

(notably via employment) are among the criteria households consider in assessing their financial situation. Also influential is the relative ease with which poor families can rely upon an informal network of assistance in case of need (sharing child care, material support, etc.). The level of informal solidarity or assistance in kind likely varies from one country to the next.

Furthermore, the Directorate General Statistics and Economic Information of FPS Economy (DGSEI, 2010) notes that the proportion of households with difficulties making ends meet increased significantly in Belgium between 2007 and 2008, although the poverty rate remained virtually unchanged. The proportion of households claiming that it was somewhat, moderately or very difficult to balance their budget rose from 34 p.c. in 2007 to 44 p.c. in 2008. This weakening of households' perceived financial situation is attributable to an increase in the number of households above the poverty line perceiving difficulty, whereas the proportion of poor households claiming difficulty making ends meet remained roughly the same.

While recognising that different approaches (monetary poverty, material deprivation and subjective poverty) contribute to a better understanding of the true nature

CHART 4 INTENSITY AND SYNTHETIC INDICATOR OF MONETARY POVERTY IN THE EU15 IN 2008



Source: EC.

of poverty, we have chosen to use only monetary indicators of poverty, notably because they are more easily comparable across countries and across segments of the population.

Apart from the poverty rate, i.e. the proportion of persons living below the monetary poverty line, two other indicators are also frequently used. Poverty intensity measures the severity of monetary poverty among the poor and is defined as the gap between the average income of poor households and the poverty line, expressed as a percentage of the poverty line. The synthetic indicator takes into account both the rate and the intensity of monetary poverty. Belgium ranks in the middle of the EU15 countries in terms of both risk of poverty, measured by the poverty rate, and poverty intensity.

3. Poverty in different segments of the population

Monetary poverty varies among countries, but also among socioeconomic groups within each country. In Belgium the poverty rate for the overall population is 15 p.c., but the proportions are very different when we break down the population by sex, age, household size or employment status.

For the working-age population, employment status is the key variable in explaining differences in poverty rates among subsegments. The table below shows the poverty

rate for working-age individuals, in this case those aged 18 to 64, broken down by type of household (with or without children) and employment status. The SILC data make it possible to precisely determine a household's "work intensity" on a scale of 0, for a situation in which no working-age member of the household has worked during the reference year, to 1, if all working-age members of the household were employed throughout the year.

Among childless households in Belgium, the prevalence of poverty for the working-age population varies between 34 p.c. and 3 p.c. depending on the employment situation. The range is twice as large for households with children: from a poverty rate of 71 p.c. for households with a work intensity of zero, which is the highest rate among EU15 countries, to a rate of 4 p.c. for households with children where all working-age adults were employed during the reference year, which is one of the lowest rates among EU15 countries.

Throughout the EU15, households whose working-age members all work encounter very little poverty. The average rate is 5 p.c. for childless households and 6 p.c. for families with children. The poverty rate for unemployed households is six times higher on average, and nine times higher for households with dependents. In every country examined, poverty rates almost always decline steadily as a function of household work intensity.

One finding of this research is that employment is far and away the best protection against poverty. This is particularly true of Belgium, where households with a work intensity of 100 p.c. enjoy the lowest poverty rate in the EU15, regardless of whether or not they have children in the home.

However, there remain some differences among countries, even for households with a maximum work intensity, which shows that employment is not the only way to fight poverty. Certain southern European countries, such as Greece or Portugal, have a non-negligible percentage of working poor, whereas the UK and Ireland exhibit a significant poverty rate among households with children and a maximum work intensity.

The other key to explaining differences in poverty within the working-age population is the type of household, which is to say its size and composition. As the table shows, the poverty rate among adults aged 18 to 64 is always highest among households with children. The differences are especially pronounced among households that are unemployed or have a low work intensity, whereas they are slim to nonexistent for households with

TABLE 1 POVERTY RATE BROKEN DOWN BY LABOUR MARKET STATUS AND HOUSEHOLD TYPE, 2008⁽¹⁾
(persons aged 18 to 64 years)

	Households with children				Households without children			
	Work intensity ⁽²⁾							
	0	< 0.5	> 0.5	1	0	< 0.5	> 0.5	1
Germany	66	31	10	5	50	28	10	5
Austria	59	25	11	5	27	15	10	3
Belgium	71	42	12	4	34	14	4	3
Denmark	49	21	8	4	27	29	6	5
Spain	61	52	24	8	41	27	9	5
Finland	58	42	8	5	39	32	7	4
France	67	43	14	5	20	20	6	5
Greece	38	48	26	10	30	26	13	9
Ireland	47	35	10	7	45	11	6	3
Italy	63	41	24	5	33	17	6	5
Luxembourg	51	41	18	8	19	22	9	5
Netherlands	50	18	9	5	22	17	6	4
Portugal	70	41	27	9	32	23	8	8
United Kingdom	53	50	23	8	40	36	14	5
Sweden	64	34	13	5	28	34	9	6
EU15	60	43	19	6	36	23	9	5

Source: EC.

(1) 2007 for France. Data for the UK and EU15 are provisional.

(2) Household work intensity is the relationship between the number of months in which working-age members of the household worked to the theoretical maximum number of months the household could have worked during the reference year. The classes of work intensity range from 0 (unemployed household) to 1 (fully employed household).

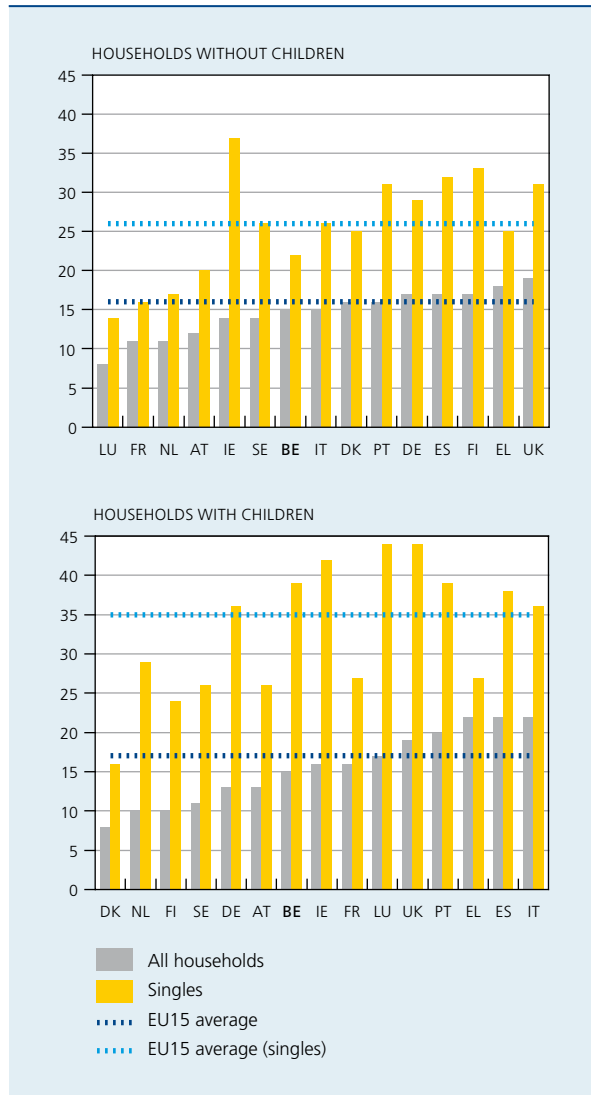
a maximum work intensity. For example, the difference depending upon the number of dependents for unemployed households is 24 percentage points on average in the EU15, and is 47 points in France, 37 points in Belgium and 36 points in Sweden, whereas it is more limited in Germany, Ireland or the UK.

If we compare the situation of households with children with that of childless households across the entire population, distinguishing within the two groups single individuals with or without dependents, it is clear that in the EU15 the average poverty rate of households with children is fairly similar to that of childless households: the difference is one percentage point. The difference is nonexistent in Belgium and is around 5 points in Luxembourg, Italy, France, Spain and Greece. By contrast, in the Scandinavian countries and Germany, the poverty rate is slightly higher among childless households.

In the two groups analysed in Chart 5, households with only one adult are exposed to a significantly above-average risk of poverty. Among single individuals in the EU15, the rate is 1.5 times higher for households without children and more than double for single parents. For example, in Belgium the risk of poverty is 39 p.c. for a single parent and 22 p.c. for singles without children, whereas it is 15 p.c. for households as a whole.

SILC data also show that the number of children in a household exponentially increases the risk of poverty, especially for households with more than two dependent children. Family policies in Belgium appear to be relatively effective because, even though the poverty rate is 8 points higher for households with three or more children compared with one-child households, the difference is 12 points on average in the EU15. The UK and southern European countries exhibit much larger spreads, in the neighbourhood of 16 to 29 points.

CHART 5 POVERTY RATE BY TYPE OF HOUSEHOLD, 2008
(total population)



Source: EC.
 (1) Data for the UK and the EU15 are provisional.

If we break down poverty rates by age group, Belgium is close to the European average. Child poverty, i.e. the risk of poverty among children under the age of 16, is 17 p.c. in Belgium compared with an EU15 average of 19 p.c. In every country except Denmark, the child poverty rate is higher than the rate for persons aged 16 to 64. However, the differences are fairly small, around 4 points. They are significantly higher in southern European countries and the UK. Apart from family policies, the factors that help explain child poverty are type of household and parents' labour market status. As we have seen single parents are much more exposed to poverty than households with at

(1) OECD data (2009).

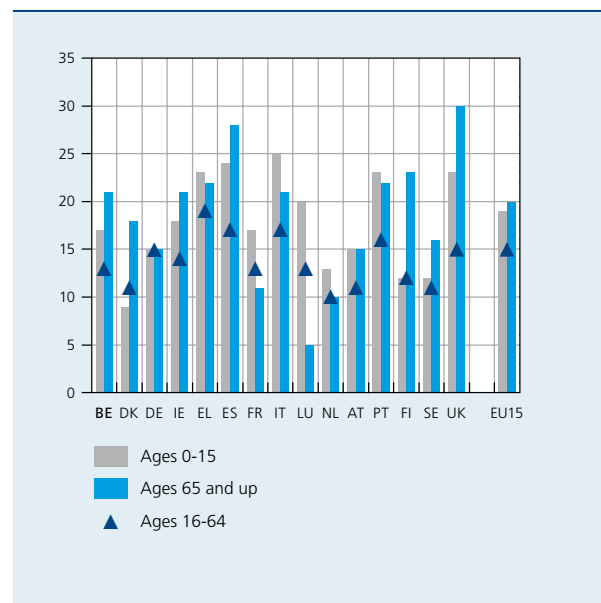
least two working-age adults. The number of dependent children also plays a role, albeit a more limited one. Child poverty is also linked to parents' employment status. In every country, the poorest children are those in unemployed single-parent households.

The poverty rate for individuals over age 65 is also significantly higher than that of working-age persons. In Belgium, where the prevalence is 21 p.c. compared with 20 p.c. in the EU15, this group is above the European average for poverty rates, unlike the 0-15 and 16-64 age groups.

In every EU15 country except Luxembourg and France, the poverty rate for seniors is higher than for the 16-64 age group. As the legal retirement age in a majority of European countries is set at 65, most individuals in this age group are retired. In Belgium the legal retirement age for women has been gradually raised since 1997: in January 2009 it increased from 64 to 65, the same as for men. Apart from the fact that the disposable income of households aged 65 and over is generally limited to a retirement pension, the heightened risk of poverty among seniors is attributable to household composition. A large proportion of persons over age 65 live alone. For example, in Belgium around 40 p.c. of persons over age 75 are married. The majority are widowed, single or divorced.

With a gross replacement rate for the average male worker of around 40 p.c.⁽¹⁾, retirement pensions are relatively low in Belgium: the rate is similar in Germany but much higher

CHART 6 POVERTY RATE BY AGE GROUP, 2008



Source: EC.

in the rest of Europe, with the exception of Ireland and the UK. That said, there are other factors to consider with respect to seniors and poverty. SILC data are based on household equivalent income and do not reflect perfectly differences in wealth, which can be considerable. While there is a lack of precise data, the over-64 age group is considered to have significantly more assets on average than the other age groups. The proportion of individuals who own their home or other real estate assets is higher in this age group than in the rest of the population. According to the latest census data in Belgium, the rate is 76 p.c. for the over-65 age group compared with 71 p.c. for the 35-54 age group and 46 p.c. for the under-35 age group. If the implicit income in the form of imputed rent had been taken into account for home-owning households, DGSEI has calculated that the poverty rate for individuals over age 65 would have been 21 p.c. instead of 13 p.c.

The intensity of poverty among persons age 65 and over in Belgium is around 14 p.c., significantly less than the EU 15 average of 18 p.c. Among the elderly poor, the gap between the median income and the poverty line is much wider in Germany, southern European countries and the UK. Belgium's good ranking in this regard would be even higher if the implicit income of home-owning households were taken into account in SILC surveys.

With a poverty rate of 16 p.c. in Belgium, women face a 2 percentage point higher risk of poverty than men, which is the same as the EU15 average. This difference is mainly related to age, since women have a higher life expectancy and a greater probability of living alone following their husband's death. There are also more women running single-parent families.

SILC data also make it possible to calculate poverty rates by region. At 10.1 p.c., Flanders boasts one of the lowest poverty rates in the EU15, whereas Wallonia's 19.5 p.c. is 3 points above the European average. Brussels' position is extreme, with a poverty rate of 28.2 p.c., but that figure may not be reliable because the subsample of the SILC survey for Brussels is very limited⁽¹⁾.

The differences among regions principally reflect differences in employment levels. Whereas the harmonised unemployment rate in 2008 in Flanders was 3.9 p.c., it was 10.1 p.c. in Wallonia and 16 p.c. in Brussels. Among corresponding working-age populations, 44.4 p.c. of persons aged 15 to 64 were unemployed or inactive in Brussels, compared with

(1) The DGSEI has estimated regional poverty rates, with a corresponding confidence interval of 95 p.c. in parentheses: Brussels 28.2 (21.6 to 34.7), Flanders 10.1 (8.4 to 11.8) and Wallonia 19.5 (16.6 to 22.4).

(2) Regional demographic data are for 2007. They are published in the "Indicateurs Statistiques de la Région de Bruxelles-capitale" brochure put out by the Brussels Institute for Statistics and Analysis (*Institut bruxellois de statistique et d'analyse*, www.statbru.irisnet.be).

TABLE 2 POVERTY RATE IN BELGIUM BY AGE GROUP WITH OR WITHOUT ACCOUNT TAKEN OF THE IMPUTED RENT, 2008

	Poverty rate	Poverty rate taking into account the imputed rent
Total	14.7	13.3
of which:		
Ages 16-64	12.2	11.7
Ages 65 and up	21.3	13.2

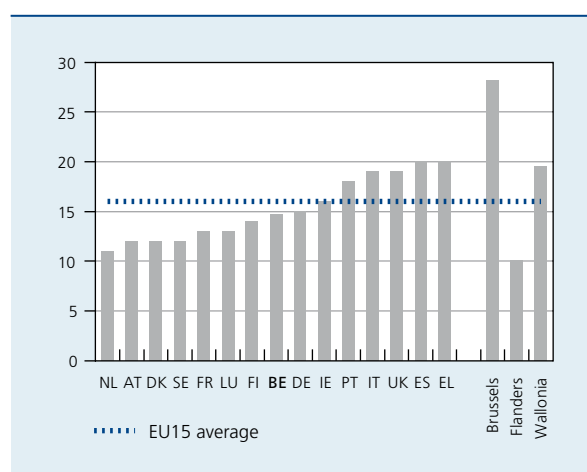
Source: DGSEI.

42.8 p.c. in Wallonia and one person in three in Flanders. As we saw earlier, employment is good protection against poverty; it is not surprising that the relative weakness in Wallonia and Brussels is directly reflected in the poverty rates of the working-age population in those regions. The same observation could be made with respect to child poverty, because parents' employment status is the determining factor.

In the working-age population, the proportion of low-skilled workers, or those individuals with an inferior secondary school diploma, is also higher in Brussels and Wallonia, at 37 p.c. of the 15-64 age group, compared with only 31 p.c. in Flanders.

Demographic structure⁽²⁾ also differs considerably among the regions, but to a lesser extent than indicators linked to the labour market. The proportion of individuals aged 65

CHART 7 POVERTY RATES IN BELGIUM AND ITS REGIONS, 2008



Sources: DGSEI, EC.

and over is slightly higher in Flanders: 17.8 p.c. compared with 16.5 p.c. in Wallonia and 14.8 p.c. in Brussels. The population of the Brussels-Capital region is generally younger. However, the percentage of the population under age 18 is 22 p.c., roughly the same as in Wallonia, whereas it is less than 20 p.c. in Flanders.

The breakdown by type of household also differs among the three regions. The average household comprises 2.4 persons in Flanders, 2.3 in Wallonia and only 2 in Brussels. This is notably attributable to the much higher percentage of single persons living in Brussels. They represent 49.6 p.c. of the population, compared with 34.6 p.c. in Wallonia and 29.6 p.c. in Flanders. The proportion of the potentially most vulnerable type of household, single-parent families, also varies: 17 p.c. in Wallonia, 14 p.c. in Brussels and 12 p.c. in Flanders.

Brussels is also characterised by a higher percentage of foreign individuals and individuals of foreign origin than in Flanders or Wallonia. According to administrative data from 2007, the percentage of foreigners – all nationalities combined – was 27.5 p.c. in Brussels compared with 9.2 p.c. in Wallonia and 5.4 p.c. in Flanders. Foreigners from outside the EU and individuals of foreign origin are less fully integrated in the labour market.

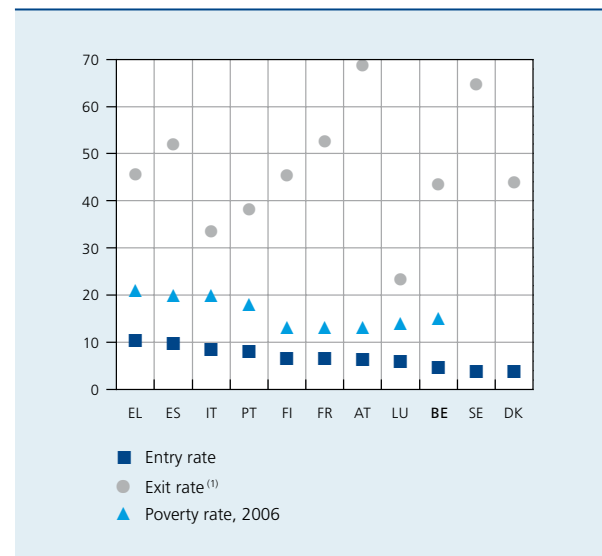
The occupancy status of housing is also fairly different from one region to the next, with census data from 2001 showing less than 43 p.c. of housing occupied by the owner in Brussels, whereas the figure was 70 p.c. in Wallonia and 74 p.c. in Flanders.

As a large urban community, the Brussels-Capital region also acts as a magnet for the most vulnerable populations, which are hard to detect in a survey such as the SILC. It is difficult for a census to account for persons living in extreme poverty, on the margins even of social assistance institutions. As a result, there is no national accounting of homeless individuals. The most recent estimates, reported in the 2010 Pan-Inclusion Report, show 2,800 homeless (0.3 p.c. of the population) in the Brussels region, 10,400 (0.2 p.c.) in Flanders and 18,000 (0.5 p.c.) in Wallonia.

4. The dynamics of poverty

In the previous section we showed that employment status, household type and age are the factors that most accurately predict exposure to risk of poverty at a given moment. The condition of poverty can vary over time for a single individual. At any given time, certain individuals are joining the ranks of the poor while others are leaving. As a result, the rate of persistent poverty (lasting more

CHART 8 EU POVERTY ENTRY AND EXIT RATES, FROM YEAR $t-3$ TO YEAR t (percentages)



Sources: EC, Van Kerm and Noel Pi Alperin (2010).
 (1) Confidence intervals around poverty exit rate estimates are broad.

than two consecutive years) is lower than the poverty rate measured at a specific point in time, and the proportion of individuals who have experienced poverty is higher.

Chart 8 is based on SILC longitudinal data, which are available for the period 2004 to 2007. The poverty entry rate is defined as the proportion of poor persons during year t that were not poor in year $(t-3)$. The poverty exit rate is defined as the proportion of persons who were poor in year $(t-3)$ but are no longer poor in year t .

There is a significant differentiation among the poverty entry rates of European countries. The same is true of poverty exit rates⁽¹⁾. Van Kerm and Noel Pi Alperin (2010), furthermore, indicate that the confidence intervals calculated using SILC data are particularly broad – especially with respect to exit rates – which shows how hard it is to estimate these indicators, given that it is not easy to follow households over time.

Nevertheless, we see a pronounced correlation between the entry rate (flow concept) and the poverty rate (stock concept). The expected negative correlation between the exit rate and the poverty rate exists, but is not statistically significant for the 11-country sample used here⁽²⁾. Van Kerm

(1) The coefficient of variation, which is a standardised measure of dispersion and is calculated as the ratio between the standard deviation and the average, shows that the standardised dispersion of entry rates is slightly higher than that of exit rates.
 (2) Data for the Netherlands, Germany, the UK and Ireland are not available over the four years needed to make these estimates.

and Noel Pi Alperin (2010) found no systematic correlation between the exit rate and the poverty rate and other indicators of income mobility over time in the various countries.

Belgium is among the countries with the lowest poverty entry rates along with Denmark and Sweden, whereas a much greater percentage of the population encounters poverty in Greece, Spain, Italy or Portugal. By contrast, the poverty exit rate in Belgium is on the weak side of the European average. Getting out of poverty appears to be easier in Austria and Sweden, but also in France and Spain. We note that it is possible, as illustrated by Sweden, to obtain good results in terms of both a low poverty entry rate and short periods of poverty.

Thus, there is a fairly significant turnover in the poor population, although as we have seen, the extent varies considerably from one country to the next. While empirical studies are not unanimous, it also appears that the longer a period of poverty lasts, the harder it is to emerge from. Similarly, having been poor in the past affects both one's poverty entry rate (positive) and one's exit rate (negative). Lastly, other factors not identified in the data of surveys like the SILC also play a significant role.

There are few studies based on internationally comparable data that make it possible to quantify the impact of events that lead to poverty or those that help individuals overcome poverty. According to the OECD (2008), the factors most likely to cause an episode of poverty are significant family, social or professional changes. Changes in family structure, such as a divorce, the birth of a child or taking in a dependent parent, or a drop in the number of working household members explain a substantial portion of new poverty cases. On the other hand, the factors that allow households to overcome poverty are generally an increase in household work intensity or change in household composition (marriage, etc.). Persistent poverty chiefly affects those segments of the population least likely to encounter those kinds of events, such as the over-65 age group and children. The De Blander and Nicaise study (2009) conducted using data from the Panel Study of Belgian Households highlights the importance of education in the dynamics of poverty.

According to the OECD, mobility is very weak at the extremes of the income scale: the proportion of individuals who manage to remain in the uppermost quintile or remain stuck in the lowest quintile is close to 70 p.c. on average, and only a very small portion of poor individuals ever manage to move up the income scale.

Lastly, there is one condition in particular that tends to draw households into financial difficulties – overindebtedness. The Central Individual Credit Register of the

National Bank of Belgium is a tool for combating excessive household debt. However, privacy laws with respect to the handling of personal information make it impossible to use these data to draw a portrait of overindebted individuals.

The Banque de France (2009) conducts surveys specifically designed to highlight the major quantitative and sociological changes linked to overindebtedness. These surveys show that passive overindebtedness, i.e. related to an “accident of life” such as joblessness, sickness or divorce, is much more prevalent than active overindebtedness, i.e. excessive use of credit. Overindebtedness is passive in three-quarters of cases. The loss of a job is the predominant trigger in cases of overindebtedness (32 p.c. of cases observed), ahead of the other key factors of divorce/separation (15 p.c.) and sickness/accident (11 p.c.). The relative weakness of overindebted households' resources and their lack of assets make them very vulnerable to the vagaries of life.

Conclusions

Surveys of income and living conditions have given us a harmonised source from which to derive a picture of inequalities and poverty in Belgium and in Europe. The distribution of disposable income appears to be slightly more egalitarian in Belgium than the EU15 average, and some 15 p.c. of the population is living below the poverty line in our country, compared with 16 p.c. in the EU15.

The perceived poverty rate – based entirely on the subjective assessment of the persons surveyed – is much higher in Belgium than the poverty rate based on relative incomes. This is also the case in France, whereas the reverse is true in the UK. This is partly a reflection of social values and the degree of informal solidarity upon which the poorest families may rely.

For households with working-age adults, employment offers good protection against poverty, provided enough hours are worked at a sufficient wage. Belgium's minimum wage tends to limit the number of working poor. It is confined to situations in which individuals cannot find steady work and so oscillate between work, unemployment and inactivity, or can only find part-time work that does not provide a necessary income.

The importance of employment status is notably illustrated in Belgium by the differences between poverty rates in the three regions, although other factors also play a role, such as differences in demographic composition (type of household, etc.) or housing occupancy status.

Disposable income as reported by the SILC survey does not include home-owning households' implicit income in the form of imputed rent. Similarly, certain State-subsidised benefits (free public transportation for certain population categories, in-home care, etc.) are not considered part of disposable income. Differences between countries and among sub-segments of the population in this respect inevitably influence results, particularly for the elderly.

As in the other EU15 countries, single parents are at the highest risk of poverty. The poverty rate among single-parent families in Belgium is noticeably higher than the EU15 average, and the situation is especially critical among households with a low work intensity. This may indicate that single-parent families still do not have adequate access to childcare services.

In Belgium, as in many other European countries, the proportion of retirees living under the poverty line is higher than among the working-age population. However,

because the elderly tend to have more assets than younger individuals, their situation is not as bad as the comparison of poverty rates suggests.

Education is a key factor with respect to employment. A high level of education goes hand in hand with a reduced likelihood of becoming poor or staying poor for long periods of time. Ensuring access to quality education for all is thus crucial for promoting equality of opportunity.

Longitudinal data show that at any given moment, a large number of individuals are falling into or getting out of poverty. By comparison with other European countries, Belgium has a very low poverty entry rate, but it also has a fairly low poverty exit rate. Thus, poverty in Belgium is more persistent than the European average. However, data remain incomplete. In addition, it would also be useful to shore up surveys by collecting data on differences in households' net worth.

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