



Table of Contents

Foreword.....	3
Acknowledgements by editors.....	5
Table of Contents.....	7
List of tables, figures and boxes.....	15
1. Living conditions in Europe and the Europe 2020 agenda (Anthony B. Atkinson and Eric Marlier).....	21
1.1 Introduction.....	22
1.2 Outline of the contents.....	23
1.3 Summary of main lessons for EU-SILC.....	28
1.4 EU-SILC in the new landscape of EU targets.....	30
1.4.1 Implications for monitoring at EU level.....	31
1.4.2 Implications for EU social indicators.....	32
1.4.3 Implications for monitoring at Member State level.....	33
1.4.4 An EU minimum income for children.....	33
References.....	34
2. Investing in statistics: EU-SILC (Pascal Wolff, Fabienne Montaigne and Gara Rojas González).....	37
2.1 Introduction.....	38
2.1.1 A brief history.....	38
2.1.2 Policy context.....	38
2.2 The EU-SILC instrument and its governance.....	40
2.2.1 Scope and geographical coverage.....	40
2.2.2 Main characteristics of EU-SILC.....	40
2.2.3 Legal basis.....	41
2.2.4 Common guidelines.....	41
2.3 Methodological framework.....	42
2.3.1 Contents of EU-SILC.....	42
2.3.2 Income concept.....	42
2.3.3 Sample requirements.....	44
2.3.4 Tracing rules.....	46
2.4 Information on quality.....	46
2.4.1 Some comparability issues.....	46
2.4.2 Quality reports.....	51
2.5 Data and indicators.....	52
2.5.1 Data access.....	52
2.5.2 Indicators computation.....	52
2.6 The way forward.....	53
2.6.1 Improvement of timeliness and geographical coverage.....	53
2.6.2 Methodological and data improvements.....	53
2.6.3 Coherence with other sources.....	54
2.6.4 Data linking.....	54
2.6.5 Revision of the EU-SILC legal basis.....	55
References.....	55

3.	Data accuracy in EU-SILC (Vijay Verma and Gianni Betti)	57
3.1	Introduction: a description of errors in survey data	58
3.1.1	A typology of errors	58
3.1.2	Errors in measurement	58
3.1.3	Errors in estimation	59
3.1.4	Item non-response	61
3.1.5	Comparability	61
3.2	Conceptual and measurement errors	62
3.2.1	Reporting of negative and zero values for income components	62
3.2.2	Total household gross and disposable income (HY010, HY020)	62
3.2.3	Total household disposable income before social transfers (HY022, HY023)	64
3.2.4	The importance of uniform procedures for achieving comparability	65
3.3	Non-response in EU-SILC	66
3.3.1	A framework	66
3.3.2	Unit non-response	67
3.3.3	Within-household ('partial unit') non-response	68
3.3.4	Item non-response	69
3.4	Sampling error	71
3.4.1	Jackknife Repeated Replication (JRR) for variance estimation	71
3.4.2	Defining sample structure: 'computational' strata and PSUs	72
3.4.3	Analysis of design effects in EU-SILC	73
3.4.4	Illustrative estimates of variance and of design effect and its components	75
3.5	Concluding remarks	75
3.5.1	Diverse sources of non-sampling errors in EU-SILC	75
3.5.2	Improving the potential for assessment of data quality in EU-SILC	76
	References	77
4.	Household structure in the EU (Maria Iacovou and Alexandra Skew)	79
4.1	Introduction	80
4.1.1	Countries and groups of countries	81
4.2	Methodology	82
4.2.1	Defining relationships between individuals	82
4.2.2	Statistical analysis	82
4.3	Household composition	83
4.4	Children	85
4.5	Young adults	88
4.6	Partnerships: cohabitation and marriage	89
4.7	Older people	92
4.8	Synthesising the differences: factor analysis	94
4.9	Conclusions	97
	References	98
5.	Income poverty and income inequality (Anthony B. Atkinson, Eric Marlier, Fabienne Montaigne and Anne Reinstadler)	101
5.1	Introduction	102
5.1.1	Aim of this chapter	102
5.1.2	Role of EU-SILC	102

5.2	Income poverty/inequality across countries and comparison with international sources.....	104
5.2.1	Evidence from EU-SILC on the risk of poverty.....	104
5.2.2	Evidence from EU-SILC on income inequality.....	109
5.2.3	Comparison with other cross-country sources.....	112
5.3	Changes in income poverty and inequality over time.....	118
5.3.1	Monitoring trends in EU-SILC.....	118
5.3.2	Changes in poverty risk.....	120
5.3.3	Changes in income inequality.....	120
5.3.4	Comparison with national sources: a case study.....	120
5.4	Monitoring progress.....	124
5.4.1	An at-risk-of-poverty target.....	124
5.4.2	Three indicators.....	126
5.5	Conclusions.....	129
	References.....	130
6.	Characterising the income poor and the materially deprived in European countries (Alessio Fusco, Anne-Catherine Guio and Eric Marlier).....	133
6.1	Introduction.....	134
6.2	Concepts and data.....	134
6.3	Material deprivation and income poverty in the EU.....	138
6.4	Relationship between income poverty and material deprivation.....	139
6.4.1	Factors affecting the relationship between income poverty and material deprivation.....	139
6.4.2	Results from EU-SILC.....	139
6.5	Characterisation of material deprivation and income poverty in the EU.....	144
6.5.1	Work intensity of the household.....	146
6.5.2	Most frequent activity status.....	147
6.5.3	Household composition.....	147
6.5.4	Age, gender and education.....	148
6.5.5	Health problems.....	148
6.5.6	Housing tenure status.....	148
6.6	Conclusions.....	149
	References.....	150
7.	The distributional impact of imputed rent (Hannele Sauli and Veli-Matti Törmälehto).....	155
7.1	Introduction.....	156
7.2	Theoretical and operational considerations.....	156
7.2.1	Housing wealth, housing consumption and disposable income.....	156
7.2.2	Measurement of imputed rents as income.....	157
7.2.3	The data and the potential beneficiaries.....	158
7.3	Imputed rents and income inequality.....	159
7.3.1	Overall distributional effect.....	159
7.4	Imputed rents and income poverty.....	163
7.4.1	Imputed rents of outright owners.....	165
7.4.2	Imputed rents of tenants.....	165
7.5	Imputed rent and deprivation indicators.....	166

7.5.1	The impact on non-monetary deprivation indicators.....	166
7.5.2	House rich — cash poor.....	168
7.6	Imputed rents and alternative measures of the economic benefits of housing.....	170
7.7	Capping imputed rents?.....	171
7.8	Summary and conclusions.....	173
	References.....	177
8.	Income from own-consumption (Merle Paats and Ene-Margit Tiit).....	179
8.1	Introduction.....	180
8.1.1	Common recommendations for collecting the income data from own-consumption.....	180
8.1.2	Recommendations in EU-SILC.....	181
8.2	Collecting income from own-consumption in EU-SILC.....	182
8.2.1	Countries where income from own-consumption is not included.....	182
8.2.2	Countries where the income from own-consumption is included.....	182
8.3	Results.....	184
8.3.1	Impact of type of questionnaire on value of income from own-consumption. Comparison of EU countries using UDB data.....	184
8.3.2	Impact of type of questionnaire on value of income from own-consumption. Comparison of Estonian data using different types of questionnaire.....	185
8.3.3	Impact of own-consumption on the income-based EU indicators for social inclusion.....	186
8.3.4	Influence of own-consumption on poverty indicators.....	189
8.3.5	Changes in poverty risk rates due to OPP in different household types.....	191
8.4	Summary and conclusions.....	192
8.4.1	Data comparability.....	192
8.4.2	The impact of OPP on poverty reduction.....	193
8.4.3	Analysis of working hypotheses.....	193
8.4.4	Recommendations.....	194
	References.....	194
9.	Socio-economic determinants of health in Europe (Cristina Hernández-Quevedo, Cristina Masseria and Elias Mossialos).....	195
9.1	Introduction.....	196
9.2	Literature review.....	196
9.3	EU-SILC sample and variables.....	199
9.3.1	Health variables.....	199
9.3.2	Explanatory variables.....	200
9.4	Methods.....	200
9.4.1	Measuring inequality in health outcomes.....	200
9.4.2	Long-term inequalities in health.....	201
9.4.3	Decomposition analysis.....	203
9.5	Results.....	203
9.5.1	Descriptive analysis.....	203
9.5.2	Evidence on socio-economic inequalities in health outcomes.....	203
9.5.3	Sources of inequalities.....	208
9.6	Discussion.....	208
	References.....	210



10. Social participation and social isolation (Orsolya Lelkes)	217
10.1 Introduction	218
10.2 Data	219
10.3 Social participation	220
10.3.1 Friendly Europe: frequency of social contacts	220
10.3.2 Social participation in voluntary activities	223
10.3.3 Robustness of the results: comparison with the European Social Survey	225
10.3.4 Social participation makes people happy.....	229
10.4 Social isolation	229
10.4.1 An overview.....	231
10.4.2 Social isolation by age: it tends to increase by age, although relatively good informal support of help	235
10.4.3 Social isolation is greater among the poor and the unemployed, although causality is unclear	235
10.5 Conclusions	236
References	239
11. Progress of living conditions — a dynamic model of material deprivation for a European society (Matthias Till and Franz Eiffe)	241
11.1 Introduction	242
11.2 Understanding social inclusion as a multidimensional process.....	242
11.3 The EU-SILC longitudinal component as a source for monitoring change	244
11.4 Pan-European progress of living conditions.....	245
11.5 Evidence on gross and net change of material deprivation items	248
11.6 Winners and losers in a model of multiple changes	252
11.6.1 Predicting net multiple improvement in Europe	253
11.6.2 Predicting gross multiple change of material deprivation in Europe.....	259
11.7 Conclusions and recommendations	260
References	261
12. The distribution of employees' labour earnings in the European Union: data, concepts and first results (Andrea Brandolini, Alfonso Rosolia and Roberto Torrini).....	265
12.1 Introduction	266
12.2 Earnings in EU-SILC	267
12.3 How does EU-SILC compare to other sources?	269
12.4 Time units and conversion rates.....	273
12.5 Earnings distributions in EU countries.....	276
12.6 The EU-wide distribution of gross earnings	282
12.7 Conclusions	284
References	285
13. Educational intensity of employment in Europe and the US (Donald R. Williams)	289
13.1 Introduction	290
13.2 The research context.....	290
13.3 Methodology and data	291
13.3.1 Methodology.....	291
13.3.2 Data.....	294

13.4	Employment shares by skill level.....	294
13.5	Demographic differences.....	299
13.6	Summary and conclusions.....	301
	References.....	304
14.	Assessing and analysing in-work poverty risk (Sophie Ponthieux).....	307
14.1	Introduction.....	308
14.2	Definitions of workers and subsequent analysis	
	of a working poor-type phenomenon.....	308
14.2.1	Three definitions of workers: active, employed, in-work.....	309
14.2.2	Impact on the 'size of the problem'.....	309
14.2.3	Impact on the analysis of the problem.....	310
14.3	Poverty risk at the individual level or working households:	
	two other ways to look at work and poverty risk.....	317
14.3.1	At the individual level: a complementary approach in terms of	
	'poverty in earned income'.....	317
14.3.2	At the household level: in-work households?.....	322
14.4	Conclusions.....	324
	References.....	327
15.	The impact of basic public services on the distribution	
	of income in European countries	
	(Rolf Aaberge, Audun Langørgen and Petter Lindgren).....	329
15.1	Introduction.....	330
15.2	Definition and measurement of extended income.....	331
15.2.1	Cash income.....	331
15.2.2	The value of public services.....	332
15.2.3	Allocation of public services.....	332
15.2.4	Accounting for needs.....	334
15.3	Cross-country comparison of income inequality and poverty.....	337
15.3.1	Main results.....	339
15.3.2	Interaction between incomes and needs for public services.....	339
15.4	Conclusion.....	343
	References.....	343
16.	Distributional effects of direct taxes and social transfers (cash benefits)	
	(Vaska Atta-Darkua and Andrew Barnard).....	345
16.1	Introduction.....	346
16.2	Source, methodology and concepts.....	346
16.2.1	Source.....	346
16.2.2	Methodology.....	346
16.2.3	Issues of income inequality.....	348
16.3	Results.....	349
16.3.1	Overall effect.....	349
16.3.2	Results for retired households.....	357
16.3.3	Comparison of Gini coefficients.....	360
16.4	Conclusions.....	364
	References.....	367



17. Policy simulation across countries using EUROMOD: stress testing European welfare systems for unemployment (Francesco Figari, Andrea Salvatori and Holly Sutherland).....	369
17.1 Introduction	370
17.2 EUROMOD	370
17.2.1 Data.....	371
17.3 Methodological approach.....	372
17.3.1 Counterfactual scenarios	372
17.3.2 Sample of interest	373
17.3.3 Indicators.....	373
17.4 Welfare systems for the unemployed in 2008	374
17.5 Relative resilience	376
17.6 Protection against risk of poverty	378
17.7 Cost of protection.....	381
17.8 Conclusions.....	382
References	385
18. Beyond GDP, measuring well-being and EU-SILC (Anthony B. Atkinson, Eric Marlier and Pascal Wolff).....	387
18.1 Introduction	388
18.2 Conceptual issues	388
18.2.1 Drivers vs. outcomes.....	389
18.2.2 Change in population vs. change in individual well-being	389
18.2.3 Frequency and timeliness.....	389
18.2.4 Different needs for different sub-populations	390
18.2.5 Household vs. individual well-being.....	390
18.2.6 Flow vs. stock.....	390
18.3 Composite indices	390
18.4 EU-SILC and other household data sources.....	391
18.5 Coherence among household surveys	393
18.6 Coherence of income data at an aggregate level.....	394
18.6.1 Household income	394
18.6.2 Imputed rent on owner-occupied housing	394
18.6.3 Individual consumption expenditure of general government	396
18.6.4 Pensions.....	396
18.6.5 Sampling and non-sampling errors	396
18.6.6 Reconciliation.....	396
18.7 Conclusions.....	397
References	397
Appendices	399
Appendix 1: List of Net-SILC members.....	400
Appendix 2: Country official abbreviations and geographical aggregates	401
Country official abbreviations	401
Geographical aggregates.....	401
Appendix 3: Other abbreviations and acronyms	402
Appendix 4: Author index	404
Appendix 5: Subject index.....	410