

Material Deprivation in Household Panel Surveys: International Evidence and Lessons for Canada

Andrew Heisz and Manon Langevin

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Abstract

Poverty is a multidimensional concept encompassing a range of needs beyond basic income. Recently, several countries have been supplementing low income measures with a “material deprivation index” which provides another view of the experience of poverty. This index is derived from 6 to 10 questions on whether respondents lack specific items deemed to be necessities, and whether this is due to a lack of resources (Whelan, 2007; Department of Work and Pensions, 2003; Combat Poverty Agency, 2006, Daily Bread Food Bank, Undated). In this paper we compare material deprivation indices derived from British, German, Australian and Canadian household panel survey data. We find that trends in material deprivation resemble those of anchored cut-off low-income measures, reflecting their conceptual similarity to absolute poverty measures. Material deprivation indices are also strongly correlated with current income and proxies for permanent income, and the incidence of material deprivation is also higher among at-risk populations and those in persistent low income. However the overlap between the low income and materially deprived populations is small suggesting that they capture different segments of the poor population. The paper also discusses international differences in the indices which present a challenge for comparative international work. These are derived from differences in the items used to identify necessities in each country and differences in the level of hardship implied by the set of questions chosen. Overall, the results support the view that a material deprivation index would be a valuable addition to the suite of low-income measures currently produced in Canada, but that more work needs to be done to understand whether and how to harmonize these measures internationally.