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## **MATERIAL DEPRIVATION AS EXEMPLIFIED BY SELECTED COUNTRIES OF THE EUROPEAN UNION**

**Abstract:** This paper attempted to identify the population at risk of material deprivation. The deprivation itself was treated as a consequence of insufficient satisfaction of needs such as: a week-long leisure trip for all household members once a year, heating, a car, and funds for unexpected expenses. EU-SILC (European Union-Survey of Income and Living Condition) results were used in the analysis. Material deprivation was the sole focus in the evaluation of financial situation. Four EU member states were investigated: Bulgaria, Croatia, Cyprus, and Greece. An attempt was made to define the term, followed by the indication of material deprivation levels in these countries with the use of ratio analysis. It was stated that the inhabitants of Bulgaria have the greatest problem with satisfying their elementary needs. It was noted that the period of membership in the EU does not correspond to the material deprivation level. The research results lead to the assumption that the risk of deprivation depends on the socio-economic development of the given country.

**Key words:** material deprivation, social exclusion, European Union

### **INTRODUCTION**

One of the main goals of the EU social policy is to fight poverty and social exclusion. Poverty remains a crucial issue in Europe despite numerous achievements with regard to the improvement of living standards. This issue does not affect the poorest countries only: as a result of economic crisis, it has become apparent in highly developed countries. The status of poverty applies to individuals who fulfill one of the three criteria: living at the poverty line despite social assistance, inability to satisfy their elementary needs, or living in households with low work intensity. This paper focuses on the second of these factors, i.e. material deprivation. Research regarding subjective evaluation of one's own material situation is a vital, dynamically developing branch of social statistics. Works pertaining to the analysis of household welfare are not limited to objective income conditions but also account for the issue of deprivation, which covers numerous aspects of life, including subjective deprivation. The knowledge of how the income satisfaction is conditioned may help shape the social policy and mitigate the results of subjective poverty (Dudek, Landmesser, 2013). The aim of this paper is to determine the degree of material deprivation in the population on the example of four countries: Bulgaria, Croatia, Cyprus, and Greece. The countries were chosen based on the information regarding the period of membership in the EU and the similarity with regard to generating revenue to the national budget.

### **DATA AND METHODOLOGY**

The empirical data regarding material deprivation were found in EU Statistics on Income and Living Condition partial research. EU-SILC is the main EU survey which provides internationally comparable data on income, poverty, exclusion, and other living conditions. The survey includes basic information on households and their members, including (Wolf et al., 2010):

- demographic characteristics of household members and their participation in the process of education,
- labor market activity and health evaluation,
- sources of income,
- durable goods,
- living conditions,

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- selected symptoms of deprivation (non-monetary symptoms of poverty).

Surveys have been conducted since 2003 (initially in Austria, Belgium, Denmark, Greece, Ireland, and Luxembourg, thereafter since 2004 – in all EU member states) in order to monitor the social policy with the Open Method of Coordination (OMC) (Kalinowski and Jabłońska-Porzuczek, 2016). The population surveyed as a part of the EU-SILC includes all private households and their current members who inhabit the country during data collection. The survey covers all household members but the surveyed group consists of members aged 16 and above.

## **POVERTY AND MATERIAL DEPRIVATION – PROBLEMS WITH DEFINITIONS**

Reduction of poverty and social exclusion as well as any activities connected therewith are one of the main interests of the European Commission. As a part of the Europe 2020 strategy, the Commission aims at five main goals, including social integration through reduction of poverty. By 2020, 20 million people are to get out of poverty (Copeland, Daly, 2012). A vital element of measuring poverty is defining the term beforehand. In practice, the definition is full of discrepancies as it changes over time and varies across territories (Panek, Zwierzchowski, 2013). In the literature, poverty is defined as failure to satisfy needs on a desirable level (Drewnowski, 1977). The United Nations Development Programme defines poverty as the deprivation of possibilities and choices essential to human development with regard to long, healthy, and creative life.

Within the definitions, two types of poverty are distinguished: absolute and relative. The former regards the financial situation which does not suffice to satisfy the minimal needs as the criterion of poverty, however, this minimum to be adjusted to the conditions of a given community (Rybczyńska, 1995). The latter is connected with the idea of elementary human needs and includes, aside from the financial aspect, the infrastructural aspect (access to drinkable water, sanitation, transport services, health services, education services, and cultural services), social elements (the role of the individual in the community, employment, education, parenthood), and cultural elements (customs and celebrations) (Rusnak, 2011). Relative poverty stresses the importance of not only the absolute income but also of the distance resulting from it. The relativity of essential human needs strictly connected to the community of a given individual is considered to be the starting point. In marginal cases, an assumption could be made that the feeling of insufficiency may appear even in the event of an increasing income, but only when the income of our surroundings increases at a faster rate than our own (Rybczyńska, 1995).

The notion of poverty applied to those who fulfil one of the three criteria: living at the poverty line despite social assistance, inability to satisfy their elementary needs, or living in a household with low work intensity. The second of these criteria is also called deprivation. Specifically, material deprivation describes a situation in which the main reason for not satisfying the elementary needs is the financial situation (Panek, 2011). The definition of material deprivation set forth by Eurostat (Europe 2020 strategy) states that it is a forced, rather than voluntary, inability to satisfy four out of nine elementary needs. These needs include: the ability to pay rent and utilities, proper heating, the ability to cover unexpected expenses, eating meat every other day, a week-long leisure trip, possession of a washing machine, television, a phone, and a car. The Central Statistical Office points to the interpretation of the material deprivation indicator. As this indicator is highly complex, it should be noted that it was constructed on the basis of diverse needs with regard to subjective evaluation and objective measurements. Any change to the set of needs included in the indicator would alter its value.

## **RESULTS**

The material deprivation indicator should not be treated as an indicator of a living standard but rather as one of the indicators of material insufficiency. The lack of possibility to satisfy the needs considered as elementary – given European conditions and resulting from financial issues within the community – was taken into account in the calculations. Despite the general welfare in the

European Union, the material deprivation indicator in the analysed countries is relatively high (Table 1).

Table 1. Selected statistics of investigated countries in 2015

Specification	Date of accession to the EU	Area (km <sup>2</sup> )	Population	Material deprivation indicator - % of individuals in households
Bulgaria	01 Jan 2007	110 994	7 202 198	34.2
Croatia	01 Jul 2013	56 594	4 225 316	13.7
Cyprus	01 May 2004	9 251	847 008	15.4
Greece	01 Jan 1981	131 957	10 858 018	22.2
EU28	-	4 512 898	505 429 076	8.1

Source: Own elaboration based on Eurostat data.

In 2015, ca. 8% of EU citizens lived in households affected by severe material deprivation. In 2011, almost every tenth EU citizen (8.8%) was affected by material deprivation (in line with the assumed definition). In the following years the indicator exceeded 9% and then decreased to 8.1% in 2015 (Table 2).

Table 2. The development of the material deprivation indicator in the years 2011-2015

Specification	2011	2012	2013	2014	2015
Bulgaria	43.6	44.1	43.0	33.1	34.2
Croatia	15.2	15.9	14.7	13.9	13.7
Cyprus	11.7	15.0	16.1	15.3	15.4
Greece	15.2	19.5	20.3	21.5	22.2
EU28	8.8	9.9	9.6	8.9	8.1

Source: Own elaboration based on Eurostat data.

In the years 2011-2015, a significant decrease in the percentage of people living in households which were not able to satisfy their elementary material needs was observed. Among the investigated countries, the value of the indicator of severe material deprivation in 2011 was highest in Bulgaria (43,6%). In the following years, a steady decrease of the indicator was observed, with the exception of the year 2012 when the indicator increased slightly. A similar situation presented itself in Croatia, although the percentage of people who could not satisfy their elementary needs was significantly lower than in Bulgaria. Greece is the only of the investigated countries where the value of the indicator increased steadily each year (increase by 5 percentage points in 2015 as compared to 2011). The noted increase in the level of material deprivation was determined by the financial crisis which drove numerous EU economies into recession, caused an increase in unemployment, and aggravated the debt spiral (Kawiorska, Witoń, 2015). In each of the surveyed countries, the percentage of people affected by material deprivation was several times higher than EU mean: twice as high in Greece and Croatia and four times as high in Bulgaria.

The process of aging in communities creates the necessity to monitor the changes in socio-economic situation, including the material situation of older generations. The generally accessible

Eurostat contains numerous data entries, including age, thus there is a possibility to observe the financial situation of the elders. Age, and the possibility to isolate the elders as a group, is taken into consideration in most of the structural indicators. Aside from monetary indicators of financial poverty, it is possible to access data regarding selected aspects of material deprivation among elders (Perek-Biafas, 2013). The results of material deprivation analysis of people aged 65 and over indicate that among the investigated countries, the elder citizens of Cyprus are in the least unfavourable situation (close to EU average). The worst conditions are observed in Bulgaria where in 2011 over 50% of citizens aged 65 and over failed to satisfy at least three out of nine needs taken into account in the evaluation of material situation in the case of material deprivation analysis. It should be noted that the situation improved yearly. The material deprivation indicator for people aged 65 and over can be observed to decrease in Bulgaria (almost 13 percentage points in 2015 as compared to 2011), Croatia and Cyprus (almost 2 percentage points) (Table 3). The effects of the economic crisis of the recent years affected the situation of older generations in these countries.

Table 3. Material deprivation indicator in the selected countries in the age group of 65 and over in the years 2011-2015 (%)

Specification	2011	2012	2013	2014	2015
Bulgaria	53.7	53.2	50.7	40.3	40.9
Croatia	16.3	15.5	16.9	14.7	14.5
Cyprus	7.1	7.5	9.0	7.4	5.1
Greece	13.1	14.3	13.7	15.5	15.2
EU28	7.3	7.4	7.0	6.3	5.5

Source: Own elaboration based on Eurostat data.

Despite the idea of an open society, there seems to be a co-occurrence of social mechanisms which promote unjustified exclusion of certain groups of people from the enjoyment of tangible and intangible goods to varying extents. Such exclusion appears to result not as much from the rights the individuals have but rather from gender differences. Social division caused by gender stereotypes is the underlying cause of conflicts and the symptom of the existing inequalities between people (Blicharz 2013: 39). It is also connected with the disadvantageous situation of women in many aspects of social life (Pokrzywa 2015: 197). Cyprus is the only country in the investigated group where men fail to satisfy their needs more often than women. It is estimated that 15% of women and 15.9% of men were affected by material deprivation in 2015 in the entire EU. Every third woman in Bulgaria cannot afford to satisfy her elementary needs due to financial reasons. In Greece and Croatia, the issue of material deprivation affects men and women to similar extents. The discrepancies between the indicators do not exceed 0.5 percentage point. In Greece, every fifth citizen cannot satisfy their needs while in Croatia this is the case for every tenth inhabitant (Fig. 1).

As has been indicated hereinabove, deprivation occurs whenever an individual cannot sufficiently or entirely enjoy standard living conditions, i.e. food, utilities, benefits, and services. In Bulgaria in 2015, 34.2% of the inhabitants could not satisfy four out of nine elementary needs, a number four times greater than EU average (Table 2). This is the highest value of the indicator among all EU member states. The lowest value of the indicator was noted in Sweden (0.7%). With regard to the satisfaction of specific needs, 60.4% of Bulgarians and over 65% of Croats could not afford a week-long leisure trip (EU: 34.3%). Nevertheless, this is not the highest value among the member states. The highest value of 67.6% was observed in Romania. Every second Greek and every third Bulgarian could not afford to pay rent and utilities. Over 39% of Bulgarians, the highest

percentage in the EU, could not afford to heat their apartments. Every fourth Bulgarian and every seventh Croat could not afford to eat a balanced meal (with meat or fish) every other day (EU: 8.5%).

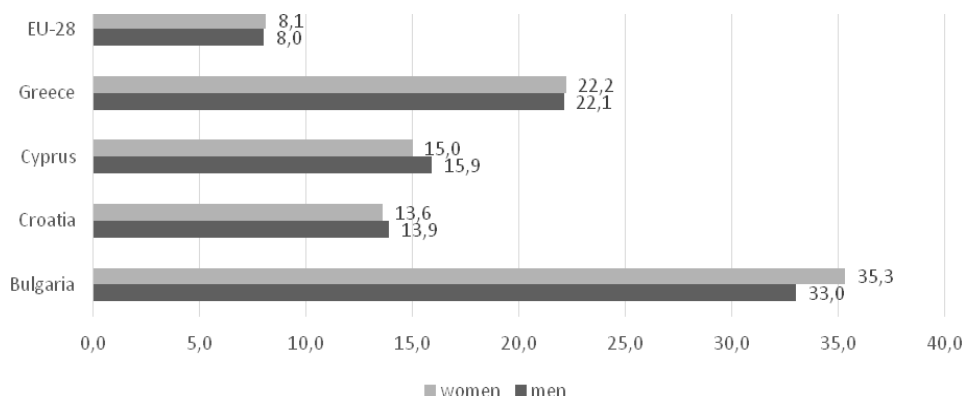


Figure 1. Material deprivation indicator in the selected countries of the EU in 2015 (%)

Source: Own elaboration based on Eurostat data.

The percentage was slightly lower in Greece (ca. 13%), while Cypriots had fewer problems with satisfying this need (3.9%, second best in the EU), only Sweden scored lower (slightly over 1%). In 28 EU member states, an average of 40% of people had no financial security for unexpected expenses as most assets covered current costs or other goals. In all investigated countries, the percentage significantly exceeded the EU average, i.e. the majority of inhabitants had no savings whatsoever.

Table 4. Individuals within households reporting the inability to satisfy a given need due to financial reasons in selected countries in 2015 (%)

Specification	week-long leisure trip	rent and utilities	unexpected expenses	eating meat every other day	proper heating
EU-28	34.3	11.5	37.3	8.5	9.4
Bulgaria	60.4	33.6	53.4	36.8	39.2
Croatia	65.9	29.6	59.8	14.5	10.0
Cyprus	53.5	31.6	60.5	3.9	28.3
Greece	53.7	49.3	53.4	12.9	29.2
EU highest	67.6	33.6	72.2	36.8	39.2
EU lowest	4.2	4.5	14.6	1.3	0.4

Source: Own elaboration based on Eurostat data.

The increasing pace of living forces people to move rapidly thus they most often decide to purchase a car. It is a rather large expense though only 8% of Europeans could not afford it (Table 5). Only several per cent of Cyprus citizens could not afford a car. Bulgaria, leading in every category, had problems in this case as well. Nevertheless, more people could afford a car than a week-long leisure trip with their families. In Greece and Croatia, every tenth inhabitant could not afford a car (Table 5).

Table 5. Individuals within households reporting the lack a given item due to financial reasons in selected countries in 2015 (%)

Specification	car	washing machine	TV	phone
EU-28	8.4	1.1	0.4	0.6
Bulgaria	24.1	10.0	2.0	3.1
Croatia	8.8	1.1	0.5	0.7
Cyprus	2.2	0.3	0.4	0.0
Greece	10.4	1.4	0.5	0.7
EU highest	35.5	10.7	2.0	3.1
EU lowest	2.0	0.1	0.2	0.0

Source: Own elaboration based on Eurostat data.

In Greece and Croatia the indicator is close to the European average (10%). The other three material goods indicators are on a significantly lower level. A car can be substituted with public transportation but the lack of phones or washing machines is not as easily compensated for. In Bulgaria, 10% of the inhabitants declare not to have a washing machine while in the other countries the indicator is near the EU average (ca. 1%). Bulgaria leads in every category: 2% of citizens claim not to have access to television, 3% have trouble with communication due to the lack of phones. EU average for these indicators is 0.5%, similarly in Greece and Croatia. Every Cypriot has access to a phone.

## CONCLUSIONS

Poverty is a common phenomenon which concerns especially the developing countries. The same is true for material deprivation. Research shows that even the citizens of developed countries cannot satisfy their elementary needs. Despite a high living standard in EU countries, some of its inhabitants are still on “the margin of humanity”. On the basis of the conducted research, it has been stated that Bulgarians have the most problems with satisfying their elementary needs. It has also been indicated that the period of membership in the EU does not affect the levels of material deprivation. It may be assumed that the risk of deprivation is related to the socio-economic development of a given country.

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