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The Evolution of Relative Income Poverty in Belgium (1985-2021): Comparing Income Poverty Indicators across Socio-economic Groups

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Abstract

Research on long relative income poverty trends has often been hindered by the lack of reliable data sources for the earlier years in the trend. This is particularly true for Belgium, which lacks a unique data source for the period preceding the establishment of EU-SILC. Recently, BE-PARADIS, a Belgian interuniversity project, has contributed to filling this gap by harmonizing the different surveys available for the 1980s and 1990s, and reconstituting a more consistent income trend between 1985 and 2021. By employing the dataset developed by the BE-PARADIS project, and by using original data to integrate an extra poverty estimate for Flanders for 1976, in this working paper we analyze the evolution of distinct income poverty indicators across the whole population and by several socio-economic subgroups. Specifically, we observe how relative income poverty – calculated both by using a 60% and 40% median income threshold – evolved among the working-age population, pensioners, individuals with a low educational degree, and individuals living in very low work intensity households. We also trace the evolution of the anchored poverty rate, the poverty gap, and the median equivalized household income over time and across the already mentioned subgroups. While relative income poverty declined between 2018 and 2021, we find that this increased during the decade 2008-2018. The evolution of the income poverty rate, calculated using the 40% threshold, follows a similar trend, and the poverty gap also shrunk between 2018 and 2021. Moreover, we show that the increase in median yearly incomes strengthened between 2018 and 2021. The subgroups' analysis reveals that, while income poverty declined strongly among pensioners, particularly between 2006 and 2014, it increased among the working-age between 2008 and 2018. Low educated individuals and those living in very low work intensity households also became poorer between 2005 and 2018, but their poverty rates decreased between 2018 and 2021. While the decline after 2018 brought overall and working-age income poverty down to historically low levels, for the lower educated and those in low work intensity households, in 2021 poverty remained higher than at the onset of the trend – whether one considers the shorter EU-SILC trend from 2004 or the long trend since 1985, or even 1976. This prompts questions on what made these specific groups poorer during the years of increasing relative poverty, and how this explains the upward poverty trend before 2018.

Keywords: poverty, demography

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1. Introduction

The concept of relative income poverty – defined as the share of people living in a household whose equivalized income is below 60% of the median equivalized household income at the national level – is a central notion in the study of society and its wellbeing (Atkinson et al. 2002). Many scholars have attempted to gauge the effectiveness of welfare states by looking at their ability to reduce relative income poverty in a society (Korpi and Palme 1998, Kenworthy 1999, Brady 2005, Marx et al. 2014). Starting from the observation that the levels of relative income poverty have generally increased in the advanced economies, some of these scholars have questioned the effectiveness of current welfare states to perform their poverty-reducing function (Cantillon and Van Mechelen 2014, Cantillon 2018, Cantillon 2022).

The evolution of relative income poverty over time has been uneven across countries, but generally marked by an increasing trend in most OECD countries from the mid-1980s until the mid-2000s (OECD 2008). For Belgium, the trend is unclear. While some data point to a decrease in relative income poverty between the mid-1980s and the mid-2000s (OECD 2008), others display an increase in this indicator from the early 1990s (Cantillon 1999), which continued during the successive two decades (Cantillon 2008, Eurostat 2022). Since 2018 the increase seems to be reversing, although the latest estimates for 2022 show a slight increase in the income poverty rate for Belgium (Eurostat 2022). A similar trend characterizes relative income poverty at the EU level, where the rate has remained largely stable after the mid-2010s (Eurostat 2022). In 2022, at the EU level, 16.5% are at risk of poverty (Eurostat 2022). In Belgium the share of income poor people (13.2%) is lower than at the EU average.

Research on long-term poverty trends is not always unanimous, due to the different measurements strategies adopted over time (Bescharov and Couch 2012, Decanq at al. 2013). However, the multiple analyses which have looked at the income poor's socio-demographic background, both at the European and national level, have come to strikingly similar conclusions regarding the nature of income poverty. Over the period between the mid-1980s and the late 2000s, the risk of poverty has increasingly shifted from elderly people to the younger members of the population (OECD 2008). The increase has been more substantial among jobless households and, to a smaller extent, among households with only one working person (OECD 2008). An analysis of the incidence of income poverty among Belgians living in households with very low work intensity[1] over the period 2008-2018, revealed that changes in the household composition related to age, family type, migration background, and income source, explained most of the substantial increase in poverty observed among this group in the same period (Hermans et al. 2020). A similar evolution had been observed for Belgium in the period between the late 1980s and the late 1990s, with the risk of poverty increasing to a larger extent among households whose head is below 25, non-EU citizen, unemployed or disabled (Cantillon 1999). The lack of unanimity on the long-term evolution of poverty trends, however, represents a major limitation to the understanding of these dynamics. This is particularly true for countries like Belgium, where the availability of data on income poverty prior to the establishment of Belgian Statistics on income and living conditions (BE-SILC) is relatively limited. Hence, the need to reconstitute these trends and improve both the scope and the timespan of future historical analyses.

[1] Household where the sum of the work intensity of all family members during the income reference year is 20% or less of the total potential working time of the family members.

This has been the objective of the BE-PARADIS project (see beparadis.be), an inter-university project funded by the Belgian Science Policy Office (BELSPO) with the contribution of KU Leuven, Université Libre de Bruxelles, and the University of Antwerp. BE-PARADIS aims at building a harmonised dataset of socio-economic indicators for Belgium over the period between 1985 and 2021. This datasets brings together the results of the different socio-economic surveys conducted over this period and, through a series of ex-post harmonisation strategies, guarantees an acceptable degree of comparability between the distinct results. In doing so, the BE-PARADIS dataset allows to trace the evolution of distinct economic indicators over time, and to study changes in income inequality, poverty, and other measures of wellbeing in Belgium between the mid-1980s and nowadays. BE-PARADIS data has previously been used in the study of income inequality in Belgium (Assal et al. 2022). The methodological differences between the surveys used in BE-PARADIS represented a main problem for the study of long-term inequality trends. Substantial differences between the three surveys employed (SEP, ECHP and BE-SILC), complicated the effort of tracing a clear path in the evolution of inequality in Belgium over time. Like in the previous analysis of inequality, this represents a challenge also in the poverty analysis proposed in this paper.

A potential of the BE-PARADIS dataset which has not been explored in previous research, is represented by the availability of different socio-economic and demographic variables for the time period covered by the dataset. These allow not only to trace the evolution of each indicator across time, but also to look at the poverty rates' variations between distinct categories of the population. Although prior studies using BE-PARADIS data have not gone as far as assessing such variations, a similar exercise has previously been done at the Belgian level for the study of poverty among individuals living in very low work intensity households (Hermans et al. 2020). This study employed BE-SILC data to assess changes in poverty among this specific category between 2008 and 2018. Its findings provide evidence of increasing poverty rates among people living in households with very low work intensity. Next to a decrease in the share of people belonging to this category, scholars indeed observed a greater degree of vulnerability in their profiles. The current paper extends both the time framework of this analysis to include the earlier historical period until the late 1970s[2], and the population under scrutiny, as it considers different segments of the whole working age population, including but not limited to individuals living in very low work intensity households.

Existing findings from the analyses of the evolution of inequality in Belgium, conducted using BE-PARADIS, highlighted a decoupling of incomes between the employed population at the bottom of the wage scale and those at the top (Assal et al. 2022). This might also suggest a general decoupling in living conditions between those in employment, and particularly low paid employment, and those outside of it (i.e. pensioners). For this reason, in this paper we analyse the evolution of distinct income poverty indicators by separately assessing the trends among the working age population and among pensioners. Moreover, in our analysis of income poverty among individuals living in very low work intensity households, we specifically focus on the working age segment. We do the same in our analysis of the low educated group, in which we aim to understand the incidence of poverty among this specific group. Given that educational qualifications are generally reflected in the wage scale, a particular incidence of poverty among the low educated, may also give credit to the hypothesis of a decoupling living conditions within the working age group, between low and high paid individuals.

[2] For the 1976 estimates, based only on Flanders, we rely on the original SEP data, not part of BE-PARADIS.

2. Methods

The poverty analysis carried out in this paper adopts a statistical definition of poverty. This means that poverty is defined as a function of the overall income distribution (Decanq et al. 2013). More specifically, in this paper poverty is defined as a percentage of the median equivalised household income. The percentage adopted in most of the analysis is 60% of the median equivalised disposable household income. This threshold, which is defined as the poverty line, varies depending on changes in the income distribution, meaning that the poverty line is both relative on the underlying income distribution and floating over time. This indicator is also defined as the At risk of poverty rate by Eurostat, and is one of the standard measures of poverty employed in European Union policymaking (Atkinson et al. 2003). In our analysis, we confront the poverty rate calculated using the 60% threshold with the following indicators:

- The At risk of poverty rate with a threshold set at 40% of the median equivalised household income, with a relative (and floating) poverty line;
- The At risk of poverty rate with a threshold set at 60% of the median equivalised household income, with an anchored poverty line, meaning a poverty line set at one point in time – in this case in 1985, as this is the starting point of our trend;
- The poverty gap, which measures the difference between the median equivalised disposable household income of the income poor population and that of the overall population – with the income poor population defined as those with an income below the poverty line, set at the 60% threshold.

Moreover, we present the evolution of the median equivalised yearly disposable household income.

We present these evolutions separately for the following categories:

- People of working age, defined as individuals aged 18-64, excluding students aged 18-24 and people who are retired according to their economic status or who receive any pension (except survivors pension), as well as inactive people in the age bracket 60-64 living in a household where the main income is pensions[3];
- Pensioners, defined as individuals older than 59, perceiving pensions (except survivor pensions), or inactive but living in a household where the main income is pension;
- People with a low educational level – according to the International Standard Classification of Education (ISCED). This corresponds to individuals with ISCED level 1 or 2, namely primary and lower secondary education;
- People of working age living in households with very low work intensity. A household is defined as in very low work intensity if its working age members (where working age is defined according to the aforementioned definition) worked a time equal or less than 20% of their total combined work-time potential during the previous year (this corresponds to the current definition of "Persons living in households with low work intensity" employed by Eurostat, for an extensive analysis of this indicator in its original formulation, see Ward and Ozdemir 2013).

[3] This definition of working age is drawn from the Eurostat definition of the very low work intensity indicator, see Glossary: Persons living in households with low work intensity on the Eurostat website.

The analysis presented in this paper relies mainly on data issued from the BE-PARADIS dataset. BE-PARADIS is a harmonised dataset of key socioeconomic and demographic indicators for Belgium spanning from 1985 to 2021. The dataset brings together the results of three distinct surveys, carried out at successive periods in time – with some temporal breaks between them, and with substantial differences in the individual survey designs, implementation, and data processing choices. This means that, although the harmonisation operated in BE-PARADIS has improved the comparability of the results between the distinct surveys, the trends which this dataset allows to reconstitute are neither continuous nor fully rid of inconsistencies. In particular, data is missing for the years 1993, 2002, and 2003. Moreover, samples sizes display important differences across waves. The three surveys and their yearly waves are reported in the below table along with their respective household sample sizes:

Table 1: Overview of surveys by year and respective sample sizes

Survey name	***Year***	***Sample size (n. of households)***
Socio-Economic Panel (SEP)	1976	5419 (Flanders only)
	1985	6470
	1988	3661
	1992	3821
	1997	4632
European Community Household Panel (ECHP)	1994	3454
	1995	3343
	1996	3191
	1997	3006
	1998	2863
	1999	2691
	2000	2558
	2001	2342
Belgian Statistics on Income and Living Conditions (BE-SILC)	2004	5275
	2005	5137
	2006	5860
	2007	6348
	2008	6300
	2009	6135
	2010	6132
	2011	5910
	2012	5817
	2013	6159
	2014	6021
	2015	6006
	2016	5905
	2017	6053
	2018	5902
	2019	6689
	2020	6975
	2021	7417

Source: Author's computation using BE-PARADIS

For the year 1976, we relied on the original data from the SEP survey conducted on that year in Flanders only. This data only includes information on the general household and household head characteristics, and has not been included in BE-PARADIS. Due to these differences, and since it only covers the Flanders region, and not the whole country, these results are presented separately (see Boxes 1 and 2).

Since the original surveys display multiple differences, both related to the variables' definition, to sample selection, and to data processing, the procedures operated in order to assure the harmonisation of the distinct waves in BE-PARADIS are briefly outlined below (for more detailed information on the methodological choices undertaken in BE-PARADIS, see Assal et al. 2023). The income reference period represents a first major difference between the three surveys. In the SEP and ECHP surveys, the information collected was based on net monthly incomes of the month(s) prior to the survey[4], while BE-SILC considers both net and gross yearly incomes of the year prior to the survey. In this case, the BE-PARADIS team operated a harmonisation which allowed the final dataset to contain information on net and gross incomes, both on a monthly and yearly basis. More specifically, when missing from the original dataset, information on either monthly or yearly incomes was obtained by either multiplying or dividing the available monthly or yearly incomes by the number of months in one year (12). Moreover, given that yearly incomes also include infrequent sources of income – such as bonuses, allowances, 13th month pay, holiday pay, etc. – the SEP monthly data was multiplied by 13th, thus assuming a 13th month pay. For ECHP, given that monthly incomes were defined as "usual" incomes, it was assumed that information on infrequent sources of income had already been reported by respondents. Finally, in order to obtain the gross incomes pre-taxation, which were missing from the SEP and ECHP surveys, the MISIM microsimulation model, or similar models using the MISIM one as basis, were employed. The MISIM model allows to calculate, in a first step, the pre-taxable income with social insurance contributions included. It does so by withholding the tax existing at that moment in time from the declared net income. Then, based on the amount of the pre-taxable income, the model calculates the gross income before social insurance contributions.

A selection of variables retained from the original surveys was operated in the BE-PARADIS dataset, based on the variables' availability and comparability. The availability (or not) of determinate variables also defined the methodological choices operated in this paper, and particularly the construction of the variables employed in the separate group analysis. The limited availability of multiple sociodemographic categories for the years covered by the ECHP survey, together with the other limitations regarding this survey (Van Hoorebeeck et al. 2003), motivates the caution with which the 1994-2001 trends are presented in this paper, as well as their comparison with the SEP data for the same period. Among the various limitations related to the ECHP survey, the underestimation of low income households has been identified, both through a national and cross country comparison of multiple survey results, as particularly problematic (Van Hoorebeeck et al. 2003). This and similar methodological issues were partly acknowledged in a 2002 reissue of the ECHP results. However, when compared to other sources – such as Belgian fiscal data or the parallel SEP wave for 1997 – important differences persisted between those sources and the reissued ECHP data (Van Hoorebeeck et al. 2003). These important findings justify the cautionary approach adopted by the authors.

The following limitations should be kept in mind when interpreting the results presented in this paper:

- The standard definition of working age adopted in this paper could not be applied to the years 1985 to 1992, due to missing information for some variables (i.e. sources of revenues) for those years. In this case, a wider definition (people aged 18-64) was adopted;
- The standard definition of pensioners adopted in this paper could not be applied to the years 1985 to 1992, due to missing information in some variables (i.e. sources of revenues) for those years. A wider definition (people aged 64 or older) was adopted, instead;
- The very low work intensity indicator could not be calculated for the years 1985, 1988, and 1997, due to missing information on the number of months in work in income reference year in the first two SEP waves, and unreliable estimates for 1997. Therefore, all analyses based on this indicator do not include the three years;

[4] In the ECHP, monthly incomes were defined as "usual incomes, and information was multiplied by the number of months worked in the year prior to the survey.

The switch from survey data to administrative tax records operated in 2018 by BE-SILC for a majority of its income variables (De Schrijver 2020; Delclite 2020) is another aspect related to the variables' definition and comparability, which should be taken into account when interpreting the results outlined in this paper. The passage from survey data to administrative records has likely led to the inclusion of smaller earnings in the income definition which had previously been excluded from the survey responses (Assal et al. 2022). This has been shown to affect the final estimates (De Schrijver 2020; Delclite 2020). The latter part of the trend, and in particular the results for the year 2019, should thus be interpreted in light of this important methodological change.

3. Results

Our analysis outlines the evolution of the income poverty rate in Belgium over the last 36 years using different income poverty indicators. The first indicator, which will also be employed in the successive sociodemographic analysis, is the At risk of poverty rate. This indicator considers as poor those individuals with an income below 60% of the median disposable household income. The second indicator that will be taken into account is the At risk of poverty rate measured at 40% of the median disposable household income. Successively, we will look at the evolution of the At risk of poverty rate (with a 60% threshold) computed using a poverty line anchored in 1985, namely using the 1985 median disposable household income as reference point. The last indicator which will be considered in this trend analysis is the poverty gap, namely the difference between the median disposable household income of the whole population, and that of the income poor, that is to say the share of the population living below the poverty line – once again based on the At risk of poverty rate with a 60% threshold. Finally, we will look at the evolution of the median equivalised yearly disposable household income.

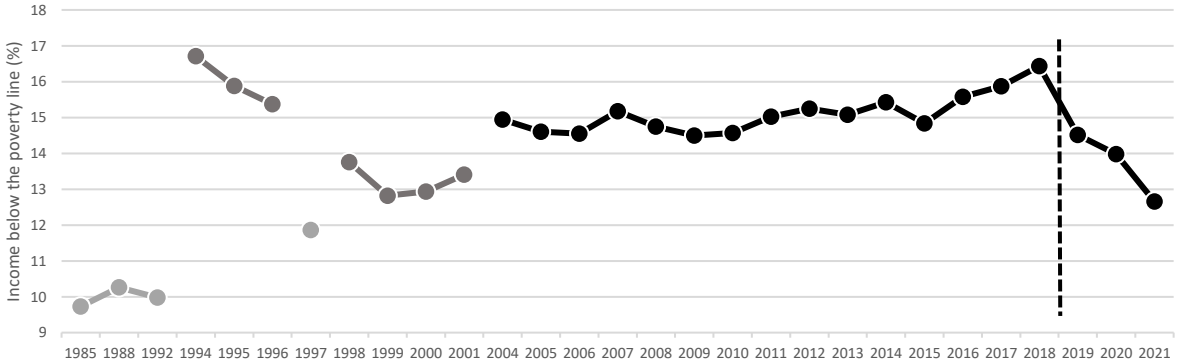
For each income poverty indicator and for the median disposable income, we will first assess its evolution among the whole Belgian population. We will then look at the working age population and at pensioners. The last two groups which will be specifically analysed are the low educated population and the population living in very low work intensity households.

At risk of poverty rate (60% threshold)

Total population

When analysing the evolution of poverty in Belgium using a poverty line set at 60% of the median disposable household income, one observes a sustained decline in poverty after 2018. In 2021 the income poverty rate was at 12.7% from a high of 16.4% in 2018. Such a decline followed an increase between 2015 and 2018, when the share of income poor went up by almost 2 percentage points, from 14.8% in 2015 to 16.4% in 2018. Between 2004, when the BE-SILC survey was first conducted, and 2015, the Belgian poverty rate had remained relatively stable. The share of income poor was 14.9% in 2004 and 14.8% in 2015. This stability, however, hides multiple small peaks in the poverty rate, which reached 15.2% in 2007, and again in 2012, with a maximum of 15.4% in 2014. The ECHP data for the 1994-2001 period – albeit with the limitations discussed in the Methods section – describe a declining trend over this period. Income poverty decreased from 16.7% in 1994 to 12.8% in 1999. The SEP results for 1985, 1988, and 1992, show an even lower poverty rate – between 9.7% in 1985 and 10% in 1992.

Figure 1. Share of income poor (60% cutoff point), total population (%)



Source: Analysis of BE-PARADIS database

Working age[5]

The share of income poor individuals among the working age population has importantly declined since 2018. This moved from 15.2% in 2018 to 11.1% in 2021. Such decline, however, follows an almost constant upward trend between 2010 and 2018, which brought the share of income poor among working age people from 12.4% to 15.2%. Over this time, the only year in which income poverty decreased to a significant extent was 2015 (-0.6 percentage points), but the upward trend picked up pace immediately after. The income poverty rate of the working age population had remained roughly stable during the previous years and after the first BE-SILC estimates in 2004. Earlier estimates relying on ECHP and SEP data, seem to indicate that a downward trend occurred in the 1990s.

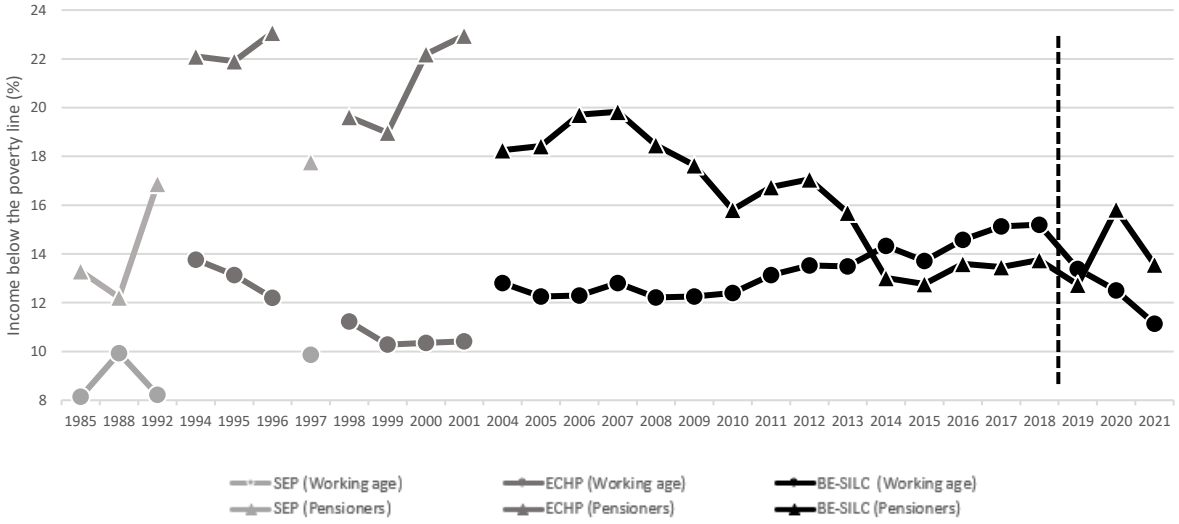
Pensioners[6]

The relative income poverty rate among pensioners has followed a downward trend, particularly during the 2000s and early 2010s, but this has remained more stable since then, increasing between 2019 and 2020, to decrease again afterwards. 18.2% of pensioners were income poor in 2004, a share which had already decreased to 15.8% by 2010. After a slight increase, this share went further down to 13% in 2014, and remained roughly stable until the 2020, when it increased to 15.8%. In 2021, it was equal to 13.6%, slightly higher than in the second half of the 2010s but still significantly lower than the 2004 starting point. Earlier estimates seems to show that the share of pensioners in income poverty was closer to 20% in the 1990s, with estimates varying from a high of 23.1% in 1996 and 22.9% in 2001, based on ECHP data, to a low of 12.2% in 1988, based on SEP data.

[5] Individuals aged 18-64, excluding students aged 18-24 and people who are retired according to their economic status or who receive any pension (except survivors pension), as well as inactive people in the age bracket 60-64 living in a household where the main income is pensions; except 1985, 1988, 1992: working age = 18-64.

[6] Age > 59 perceiving pensions (except survivor pension), or inactive living in a household where the main income is pension; except 1985, 1988, 1992: pensioners = age => 64.

Figure 2. Share of income poor people, working age vs. pensioners (%)



Source: Analysis of BE-PARADIS database

Low educated[7]

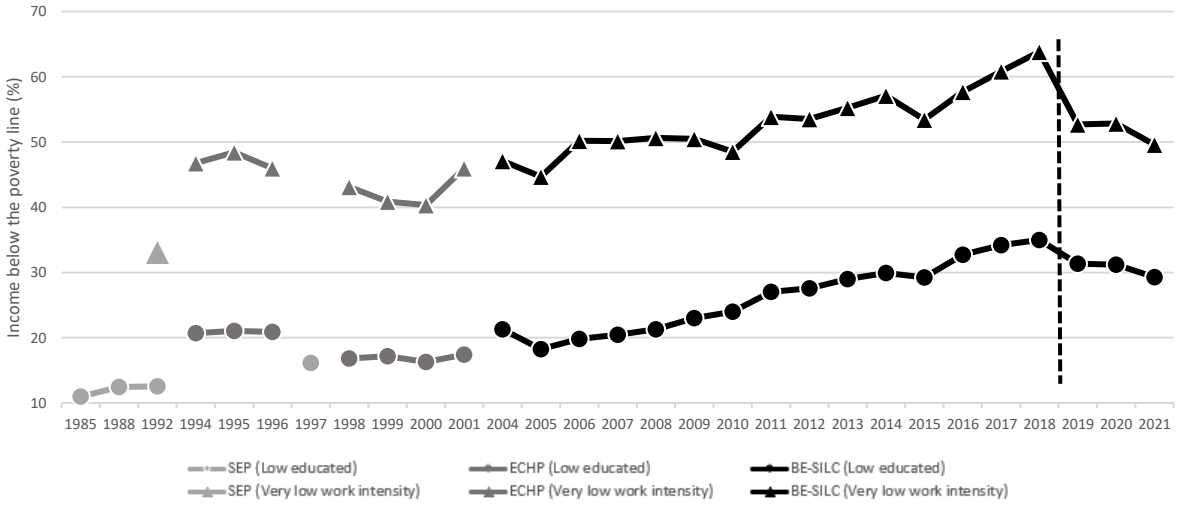
The share of income poor among low educated individuals of working age saw a decline since 2018, moving from 35% in 2018 to 29.3% in 2021. This represents the first significant and continuous decline in the share of income poor among this category, since income poverty saw a progressive increase over time, which brought it from 21.3% in 2004 to 35% in 2018. SEP and ECHP estimates for the 1980s and 1990s seem to indicate that the poverty rate of the low educated population had been lower and more stable in the past. In the first three SEP waves for 1985, 1988 and 1992, this was around 11-12% percent. The 1997 SEP estimates already display an increased poverty rate of 16.2%, in line with the ECHP result for the late 1990s. The earlier ECHP waves, however, report a higher income poverty rate, around 21-22%.

People living in very low work intensity households[8][9]

The income poverty rate of the working age population living in households with very low work intensity has declined from 63.8% in 2018 to 49.6% in 2021. This decline follows a progressive increase between 2010 (48.5%) and 2018 (63.8%), while between the first BE-SILC wave in 2004 and 2010, this had remained more stable (it was equal to 47.1% in 2004). The limited comparability and the issues identified in the SEP and ECHP data, do not allow to draw a full comparison of the earlier trend for the 1990s. It seems, however, that the poverty rate of the very low work intensity population remained generally around the 2004 levels during this decade, partially declining by the end of it.

[7] Levels 1 and 2 of the International Standard Classification of Education (ISCED). This corresponds to individuals with primary and lower secondary education. Only the working age population is considered.
[8] A household is defined as in very low work intensity if its working age members (where working age is defined according to the aforementioned definition) worked a time equal or less than 20% of their total combined work-time potential during the previous year. Only the working age population is considered.
[9] Due to the limited availability of data on working time for 1988 and 1985, this analysis does not cover the 1980s. The data on working time for the SEP 1997 survey has been computed differently. Due to the very limited comparability between 1997 and the other years included in the trend, this year was also excluded.

Figure 3. Share of income poor, Low educated vs. Living in a very low work intensity household, working-age population (%)



Source: Analysis of BE-PARADIS database

Box 1. General results from the 1976 Flemish Socio-Economic Panel (SEP)

A first wave of the Belgian SEP was conducted in 1976 only in the Flanders regions. This data presents multiple limitations, but has nevertheless been analysed in order to reconstitute a complete picture of the evolution of relative income poverty in Belgium since the mid-1970s. Among the various limitations presented by this dataset, the fact that only detailed information on the household head's characteristics was collected represents a major one. Keeping in mind that data is based on household head's characteristics, here we present the results based on a poverty rate calculated at 60% of the median equivalised household income, unweighted, and with individuals household members as units (instead of the number of households). The poverty rate for the total population in 1976 stands at 10.2%, almost double that of the population with a household head of working age (5.5%), but way lower than that of individuals living in households with a retired household head (39.3%). Households with a single household head and no children (32.4%), as well as couples without children (25.1%), are relatively more exposed to poverty than couples with children (<5%). Households with a Belgian national as household head are slightly less likely than households with a non-Belgian head to be in poverty (10.1% vs. 11.9%). Finally, those living in households with a head having a primary (16.5%) school degree or lower (36.5%) are much more exposed to poverty.

Box 2. Sociodemographic composition of the poor population in Flanders in 1976

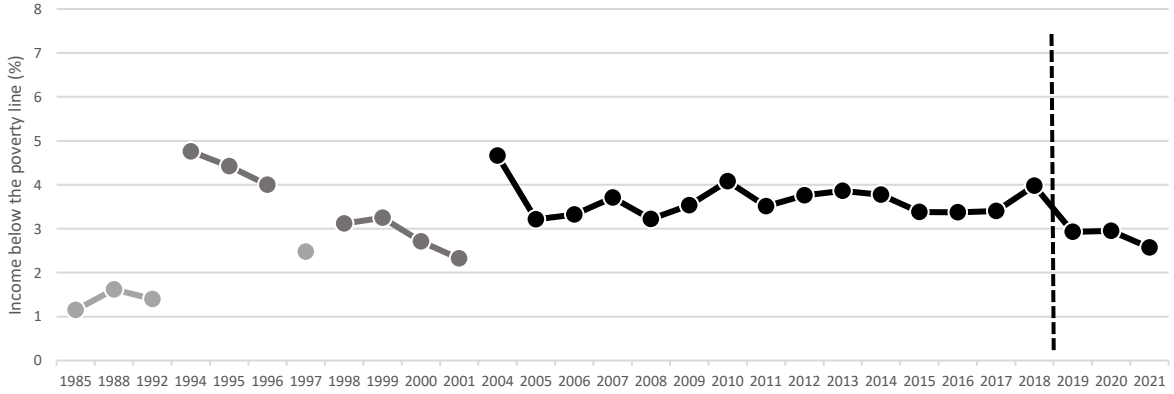
The analysis of the data from the 1976 SEP survey, allows us to segment the income poor population by sociodemographic characteristics. Again, as mentioned earlier (Box 1), it is important to keep in mind that the demographic information collected in this survey refers exclusively to the household head and not to all the members of the households. Over half of the income poor population (53%) in 1976 is constituted by individuals in households having a retired person as household head. A minority (27%) of individuals lives in a household with a household head of working age. Individuals in households composed by a single person (with or without children) constitute less than 20% of the income poor population, while those living in households composed by a couple represent almost 60% of the poor population. Over a quarter the total poor population, however, lives in composite households, meaning households with multiple adult members (excluding couple households). Over 70% of the income poor lives in households with a household head having only a primary education degree. Finally, almost the totality of poor households are households with a Belgian household head (97%).

At risk of poverty rate (40% threshold)

Total population

When looking at the evolution of income poverty in Belgium using the At risk of poverty rate with a poverty line set at 40% of the median household income, one also sees a drop in income poverty after 2018. If the share of people in poverty was 4% in 2018, this had declined to 2.6% by 2021. In the years preceding 2018 and following the establishment of the BE-SILC survey in 2004, the income poverty rate peaked in two occasions – in 2010 at 4.1% and in 2018 at 4%. However, it is important to note that the poverty rate for 2004 (4.7%) was higher than in either of the two years. If poverty measured at 40% of the median household income remained relatively stable for most of the 2010s, the trend for the 1990s shows, instead, a strong decline in the share of income poor. This went down from 4.8% in 1994 to 2.3% in 2001. In 1992, the share of income poor was equal to 2.5%, half than in the earlier ECHP estimates. SEP results for the 1980s indicate that poverty was stably below 2% at the end of this decade.

Figure 4. Share of income poor (40% cutoff point), total population (%)



Source: Analysis of BE-PARADIS database

Working age

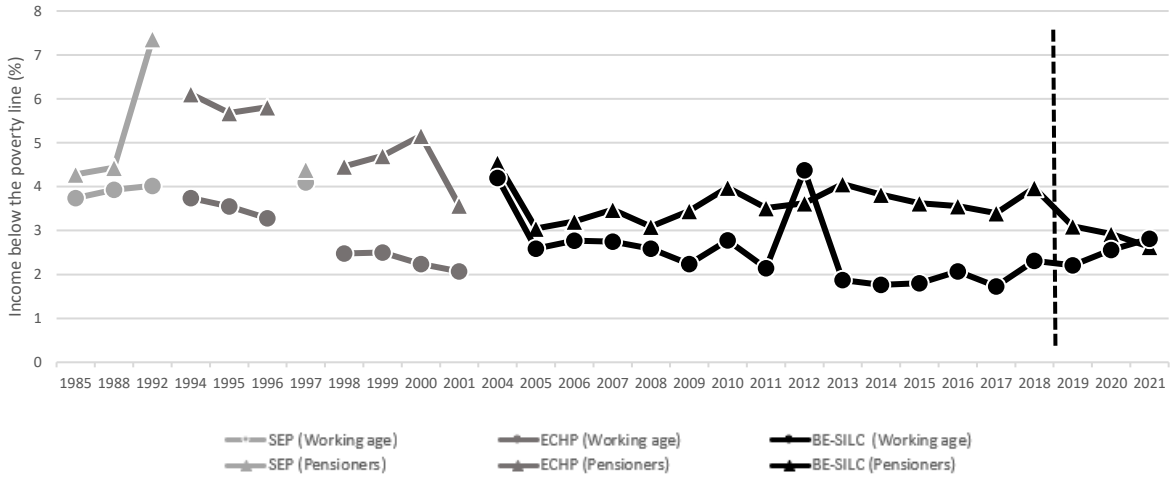
The share of income poor among the working age population, calculated using a threshold set at 40% of the median equivalised household income, also illustrates a downward trend since 2018 (from 4% to 2.6% in 2021). In this case, however, a slower downward trend is also evident between 2013 (4%) and 2017 (3.4%), while the curve seems to be more unstable for the 2000s. The first BE-SILC estimate for 2004 is the highest in the series (4.5%), while the latest point for 2021 is the lowest (2.6%). Earlier estimates appear to differ based on the years and on the survey, with the SEP estimates for 1985, 1988 and 1997 reporting a poverty rate around 4% in the three years, while the ECHP estimates indicate generally lower and decreasing poverty rates at the 40% threshold over the 1990s and early 2000s, with a lowest point reached in 2001 at 2.1%. This data is, however, subject to the multiple limitations reported in the Methods section.

Pensioners

When looking at the evolution of the income poverty rate among pensioners using a 40% threshold, one observes a progressive decrease in the share of poor pensioners after 2018 (from 4% to 2.8%). Compared to the onset of the BE-SILC trend in 2004, however, the share of income poor among pensioners decreased by 1.7 percentage points, reaching its lowest point in 2021. Two peaks occurred in 2010 and 2018, when this share increased to 4%, only to decrease immediately after. Earlier data from the SEP and ECHP surveys seem to indicate the income poverty rate with a 40% threshold was significantly higher in the 1990s, peaking at 7.4% in 1992. However, this appears to have been more

similar to the current rate in the 1980s when, according to SEP estimates, it was around 4%. This data needs to be interpreted cautiously due to the many limitations presented in the Methods section.

Figure 5. Share of income poor people (40% cutoff point), working age vs. pensioners (%)



Source: Analysis of BE-PARADIS database

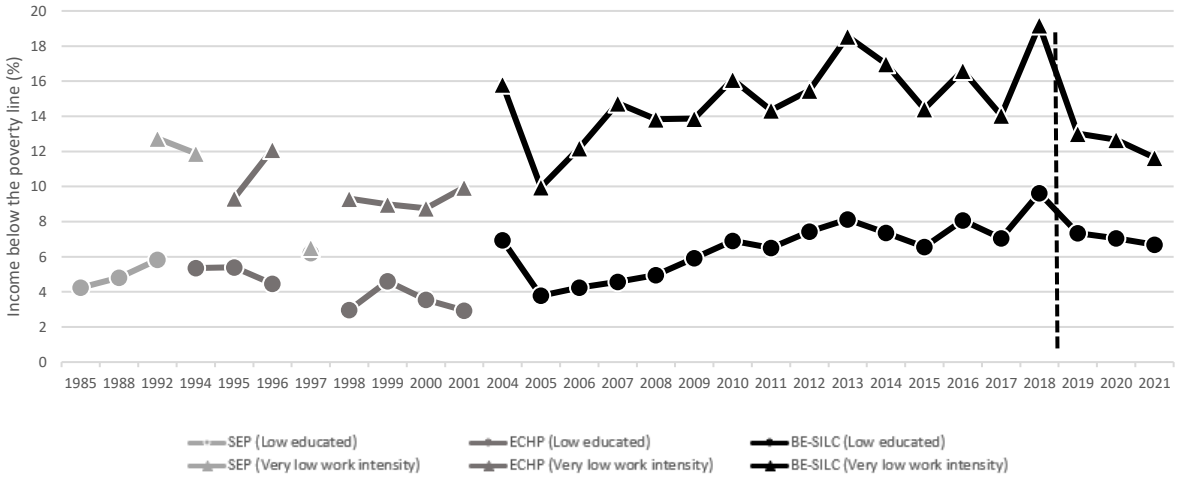
Low educated

When analysing the evolution of the income poverty rate among the low educated population using a threshold set at 40% of the median equivalised household income, one finds a more stable but equally increasing trend between 2005 and 2018, followed by a marked decrease. In 2021, 6.7% of the low educated were income poor based on the 40% indicator. This is very close to the 2004 estimate, and lower than the 2018 estimate of 9.6%. In 2005, however, they were only 3.7%, the lowest point in the BE-SILC trend. More specifically, income poverty increased almost constantly between 2005 and 2013 (8.1%), later experiencing some ups and downs until the more recent decline. The earlier trend for the 1980s and 1990s appears to indicate that income poverty among the low educated, calculated with a 40% cutoff point, used to be generally lower. The ECHP estimates for 1998 and 2001 represent the lowest points in the trend, at 3%. The SEP results for 1985, 1988, 1992 and 1997 indicate a higher income poverty rate, always above 4%, and at 6.2% for 1997. This is also more in line with the other ECHP estimates for the early 1990s.

People living in very low work intensity households

The poverty rate of the population living in very low work intensity households, computed using a 40% threshold, followed a declining trend since 2018, moving from 19.2% in 2018 to 11.6% in 2021. Such trend followed a particularly unstable path during the 2010s, with a first increase between 2011 and 2013 (from 14.3% to 18.6%), followed by a decrease to 14.4% in 2015, and multiple ups and downs until 2018. Between 2005 and 2007, the income poverty rate of the working age population in low work intensity, computed with a 40% cutoff point, increased substantially, going from 10% to 14.7%, remaining more stable afterwards. In 2004, first year of the BE-SILC survey, the poverty rate was also particularly high, at 15.8%. This is higher than in the points identified in the earlier trend for the 1990s.

Figure 6. Share of income poor people (40% cutoff point), Low educated vs. Living in a very low work intensity household, working-age population (%)



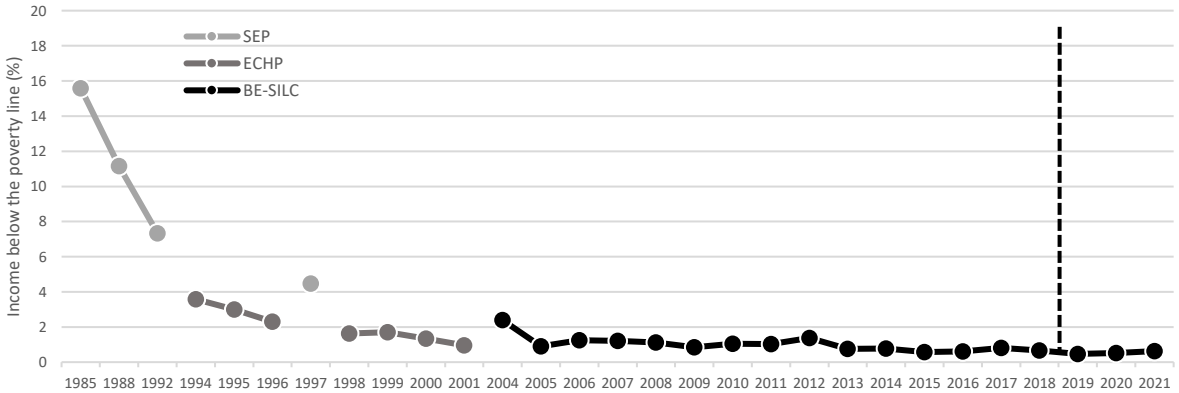
Source: Analysis of BE-PARADIS database

At risk of poverty rate (anchored to 1985)

Total population

When analysing income poverty using a poverty line anchored to 1985, one finds a declining poverty trend. This is particularly marked between 1985 and 1994, while the yearly evolution shows the largest positive increases, mainly due to sample differences, between 1996 and 1997 (+2.2pp) and between 2001 and 2004 (+1.4pp). Another increase occurred between 2011 and 2012 (+0.4pp). The 2021 poverty rate, computed using a poverty line anchored to 1985, was equal to 0.6%.

Figure 7. Share of income poor (anchored to 1985), total population (%)



Source: Analysis of BE-PARADIS database

Working age

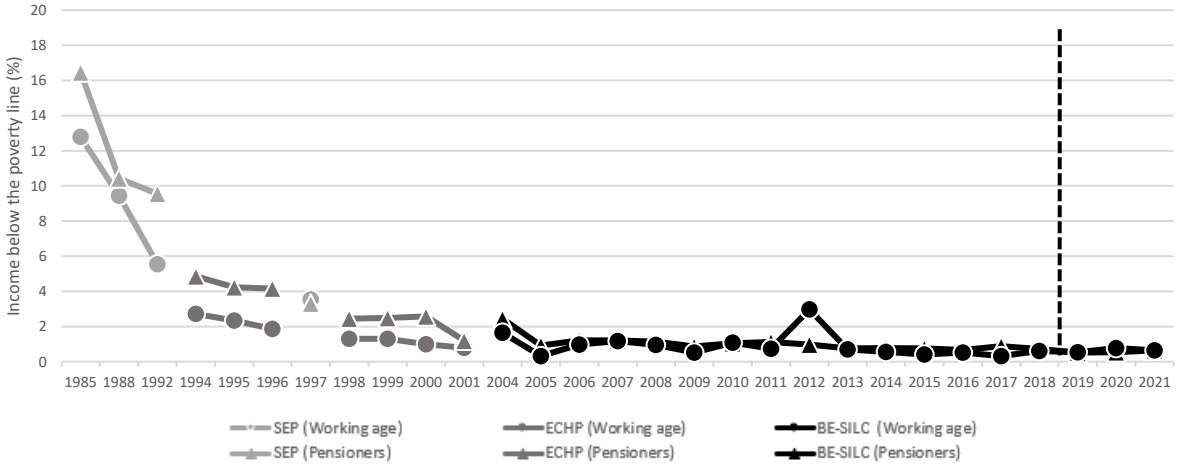
The poverty rate calculated with a poverty line anchored to 1985 for the working age population, shows a generally declining trend for most of the period under analysis. The 2021 anchored poverty rate was 0.6%, almost identical to the one for the whole population. Like for the total population, the only notable exceptions to the declining trend are the period 2001-2004, when the poverty rate increased by 1.6pp, and the period between 1996 and 1997 when it also increased by 1.4pp. These changes, however, may be due to the methodological differences between the ECHP surveys, the 1997 SEP survey and the 2004 BE-SILC wave. One can observe also an increase in 2012, reflecting similar increases identified in the

poverty trends calculated using a floating poverty line. During this year, the anchored poverty rate went up from 0.7% in 2011 to 3% in 2012, decreasing afterwards.

Pensioners

The poverty rate among pensioners, calculated using a poverty line anchored to 1985, does not differ significantly from the other groups analysed in this paper. This has followed a declining trend, becoming more stable in the last two decades. The biggest changes in the trend (1996-1997 and 2001-2004) are probably linked to methodological differences between the distinct surveys.

Figure 8. Share of income poor (anchored to 1985), working age vs. pensioners (%)



Source: Analysis of BE-PARADIS database

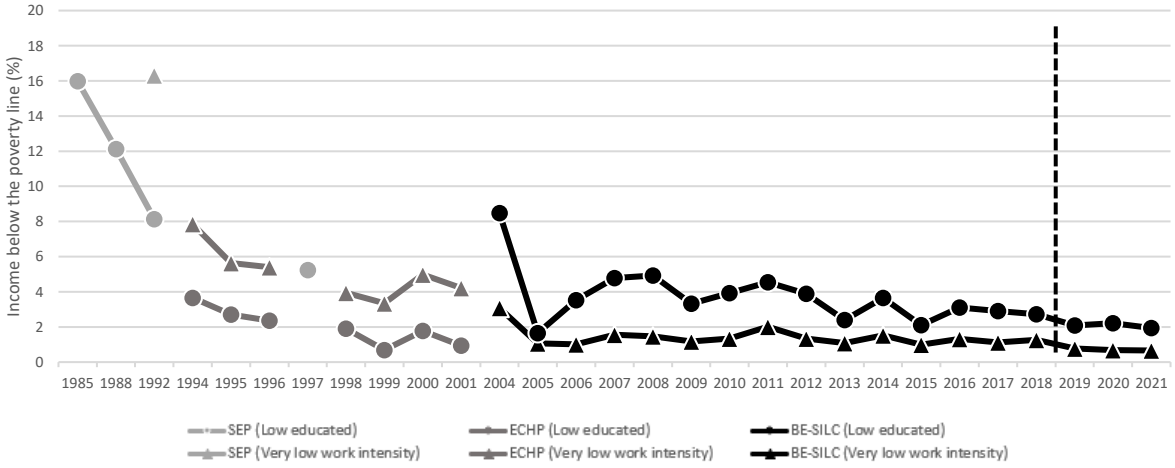
Low educated

The income poverty rate for the low educated group of working age, calculated using a poverty line anchored to 1985, follows a declining trend, becoming increasingly stable over time. In 2021, only 1.9% of the low educated population was income poor, based on this indicator. Small increases in the share of income poor have occurred over time. These are more marked for the periods 2013-2014 (+1.2%), 2009-2011 (+1.2%), 1999-2000 (+1.1%) and 1996-1997 (+3%). Some of these, and particularly the changes occurred in the period before the establishment of BE-SILC, may be explained by methodological differences across the distinct surveys.

People living in very low work intensity households

The poverty rate calculated using a poverty line anchored to 1985, displays a roughly stable trend for the working age population living in very low work intensity households during the last few years before 2021. Although small increases have occurred over time, the 2021 value (0.6%) was generally similar to the 2004 one (3.1%). The curve for the earlier period before the creation of the BE-SILC survey is also unstable but generally decreasing.

Figure 9. Share of income poor (anchored to 1985), Low educated vs. Living in a very low work intensity household, working-age population (%)



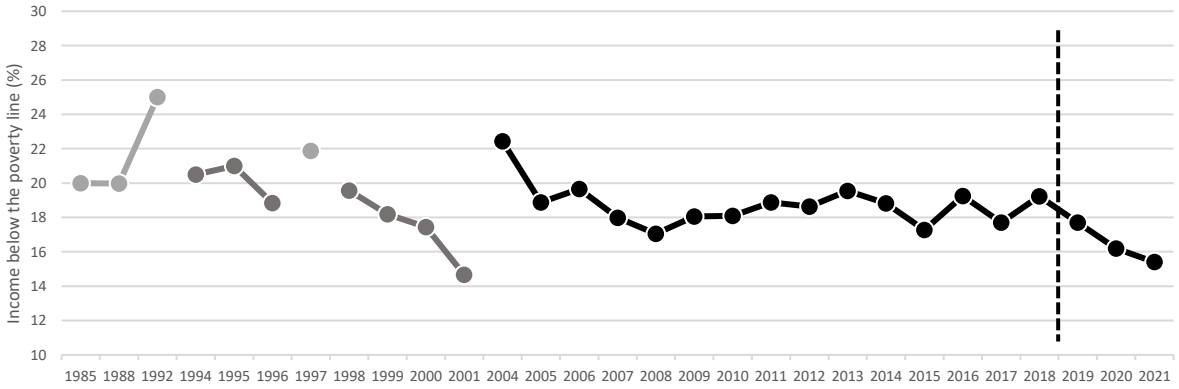
Source: Analysis of BE-PARADIS database

Poverty gap

Total population

An analysis of the poverty gap indicator reveals that this has been significantly decreasing between 2018 (19.2%) and 2021 (15.4%). This followed various years of fluctuations without a clear trend between 2013 and 2018. Over this time, the poverty gap varied between a maximum of 19.5% in 2013 and a minimum of 17.3% in 2015. Between 2008 and 2013, the poverty gap progressively increased from 17% to 19.5%. This contrasts with the previous trend between 2004 and 2008, which saw a strong decline – from 22.4% in 2004 to 17% in 2008. Earlier results from the ECHP survey for the 1990s also present a declining trend – from 20.5% in 1994 to 14.7% in 2001. The estimate for 1992 (25%) shows a particularly wide poverty gap in this year, while this is lower and stable for 1985 and 1988 (20%).

Figure 10. Poverty gap (60% cutoff point), total population (%)



Source: Analysis of BE-PARADIS database

Working age

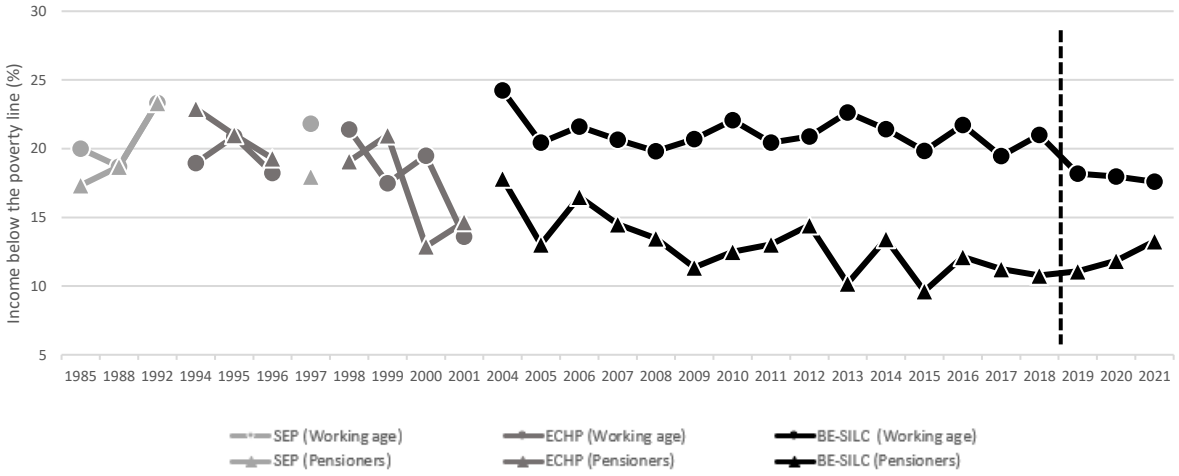
The income poverty gap of the working age population displayed a particularly unstable trend over time. Like for the other indicators analysed, this has been decreasing over the last few years, moving from 21% in 2018 to 17.6% in 2021. The poverty gap reached its largest peak in 2004 (24.2%), subsequently reaching particularly high points also in 2010 (22.1%), and 2013 (22.6%). Over the whole

BE-SILC years until 2018, the poverty gap remained always above 19%, only decreasing significantly afterwards. The ECHP estimates for 2001 constitute the lowest point in the trend (13.6%), but these may be little reliable due to the limitations explained in the Methods section. Earlier estimates based on ECHP and SEP data always indicate that the poverty gap for the working age population remained above 18% and below 24% during that period, in line with the successive BE-SILC trend.

Pensioners

The pensioners' poverty gap has slightly increased since 2018, going from 10.8% to 13.3% in 2021. This small but progressive increase follows an unstable trend during the 2010s, where the gap has remained between 9.6% (in 2015) and 14.4% (in 2012). Previously, the poverty gap among pensioners had decreased importantly, from 16.5% in 2004 to 11.4% in 2009, increasing again between 2009 and 2012. Overall, when comparing the BE-SILC trend to the earlier trends, with the necessary caution in interpreting the earlier data, one finds a decrease in the width of the poverty gap over time. According to ECHP data, in 1999 this was equal to 21%, while the SEP data for 1992 report an even larger gap at 23.3%. Earlier SEP data for the 1980s, however, show a smaller gap, around 17-18%, more in line with the first BE-SILC results for the mid-2000s.

Figure 11. Poverty gap (60% cutoff point), working age vs. pensioners (%)



Source: Analysis of BE-PARADIS database

Low educated

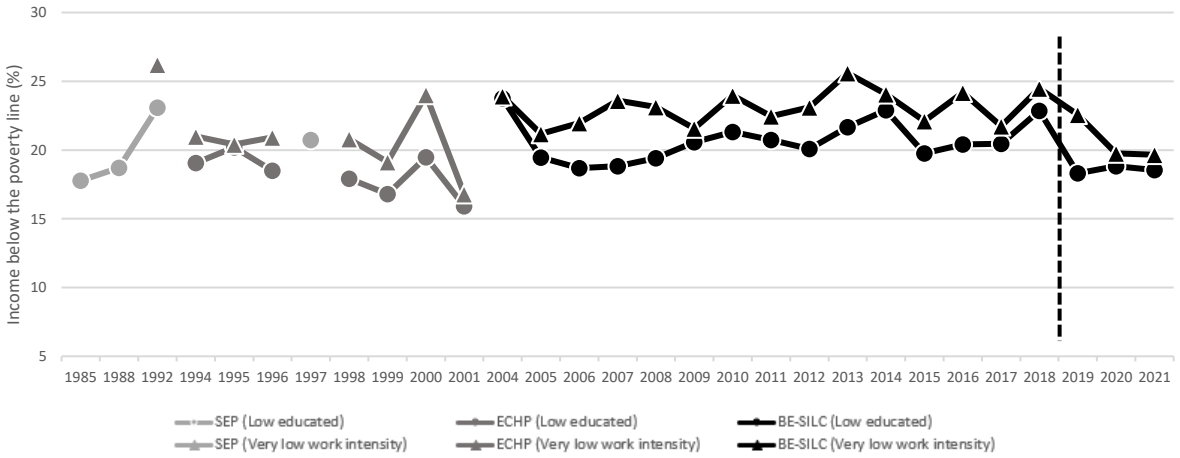
The poverty gap of low educated individuals of working age has substantially reduced between 2018 and 2019, remaining roughly stable ever since. In 2021 this was equal to 18.5% from 22.9% in 2018. In 2004, when the first BE-SILC wave was conducted, low educated individuals displayed a particularly wide poverty gap, at 23.7%. This declined in the subsequent years to 18.7% in 2006, progressively increasing again to 21.3% by 2010. By 2014, the poverty gap had widened again to 22.9%, the same as in 2018. Earlier SEP and ECHP estimates, despite the limitations indicated in the Methods section, show a highly fluctuating poverty gap during the 1980s and 1990s, with a tipping point in 1992 at 23.1%, based on the SEP results for that year, and a lowest point in 2001 (16%), based on ECHP data.

People living in very low work intensity households

The income poverty gap of the working age population living in very low work intensity decreased between 2018 (24.5%) and 2021 (19.7%). 2013 is the year in which the poverty gap of this group reached its widest point, at 25.6%. This followed an increase which began in 2011 (22.4%), when the poverty gap was already larger than in 2005 (21.2%) but lower than in 2007 (23.6%). After a decrease between 2013 and 2015, the gap widened again in 2016 (24.2%). The trend before the first BE-SILC

wave in 2004, also due to the more limited comparability of these data with the successive ones, remains relatively unstable without a defined path.

Figure 12. Poverty gap (60% cutoff point), Low educated vs. Living in a very low work intensity household, working-age population (%)



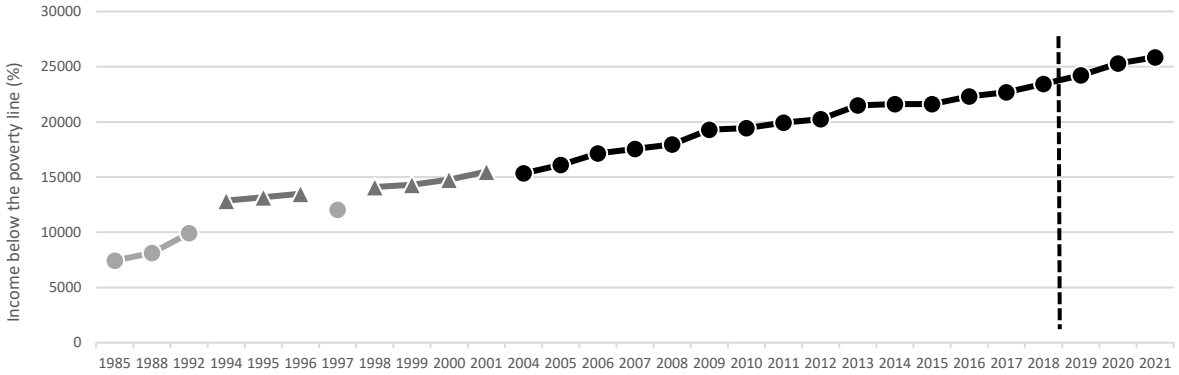
Source: Analysis of BE-PARADIS database

Median equivalised yearly disposable household income

Total population

The median equivalised yearly disposable household income of the Belgian population has followed an upward trend over time. This increasing trend was particularly sustained after 2015. Between 2016 and 2021, the median disposable income moved from 22293€ to 25856€, an increase of over 3.5 thousand euros in the span of six years. This represents a much higher increase than the one occurred in the precedent six years period between 2010 and 2015, when median household incomes increased by just over two thousand euros, indicating a much slower growth of median incomes over that period. Median disposable incomes had grown at a similar pace to the one identified over the last six year during the years preceding 2009 and after the first BE-SILC wave in 2004. Over that six years period the increase had been close to four thousand euros. The multiple gaps in the series and the limitations of the ECHP and SEP results discussed in the Methods section require us to adopt a particularly cautionary approach in the analysis of the earlier trends. Our estimates, however, seem to indicate that median incomes had grown at a much slower pace during that period. Median income growth is slow both for the six years period between the ECHP waves of 1998 and 2004 and for the six years between the two SEP waves of 1992 and 1997 (just over two thousand euros), while incomes grew faster during the 1980s period.

Figure 13. Median equivalised yearly disposable household income, total population



Source: Analysis of BE-PARADIS database

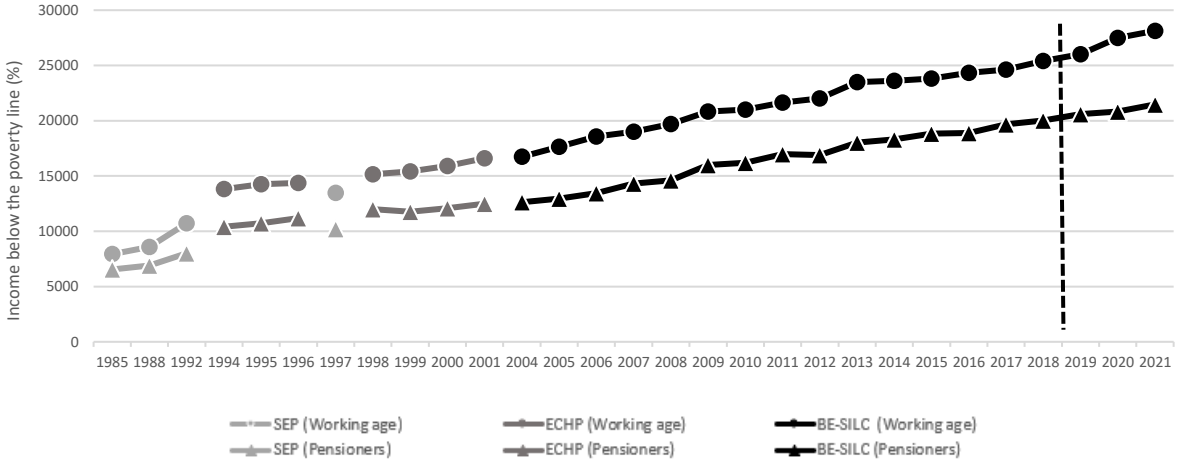
Working age

The increase in the median equivalised yearly disposable household income identified for the whole population, is also reflected in the results for the working age population. For this group, such increase has been stronger, with the median income household going up by almost four thousand euros in the years following 2018. Over the six preceding years such increase had been roughly a thousand euros lower, giving evidence of a relative income stagnation during the early 2000s for the working age group. Median household incomes had increased strongly in the 2000s, by over four thousand euros for the working age population. Earlier estimates, like for the total population, indicate lower increases in median income for the earlier period, although these are slightly higher for the six years spanning between the 1992 and 1997 SEP waves (over 2.7 thousand euros) than for the six years between the 2001 and 1996 ECHP waves (2.2 thousand euros).

Pensioners

Pensioners have seen their median equivalised yearly disposable household income increase over time. Unlike the median income of the working age population, the pensioners' median income has followed a roughly constant but less important upward trend. The increase has been even less strong in the six years between 2016 and 2021, compared to the six years between 2009 and 2015. Compared to the period between 2004 and 2009, in the 2010s the pensioners' median income has increased less. In the 2004-2009 period the median income of pensioners went up by over three thousand euros, while this increase by roughly 2.5 thousand euros both between 2009 and 2015, and afterwards. The increase in median income among pensioners was less strong in the period 1996-2001, covered by the ECHP data, while this was more in line with 2010s rate for the years 1992-1997, according to SEP data.

Figure 14. Median equivalised yearly disposable household income, working age vs. pensioners



Source: Analysis of BE-PARADIS database

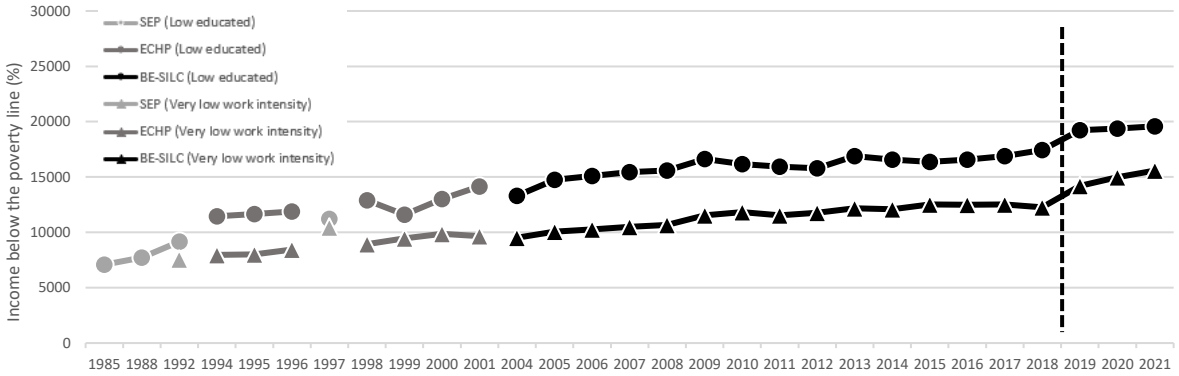
Low educated

The evolution of median equivalised yearly disposable household income among the low educated group of working age, has followed a progressive, albeit not uniform, upward trend over time. The increase was more sustained between 2018 and 2019, resulting in a total increase of over three thousand euros in the period between 2016 and 2021. This is significantly more than the increase occurred between 2010 and 2015, when the median income of the low educated went up by only 212 euros, hiding decreasing median incomes between 2009 and 2021, and then again between 2013 and 2015. This period of lagging incomes followed a period of sustained income growth for the low educated between 2004 and 2009. SEP and ECHP estimates seem to indicate that income growth was smaller during the earlier decades for this category, although the numerous gaps in the series and the limitations discussed in the Methods section do not allow to construct a clear trend for this period.

People living in very low work intensity households

The median equivalised yearly disposable household income of the population living in very low work intensity households increased over time, albeit at a relatively slow pace. The data reveal how such pace has been faster over the last few years, and particularly since 2016. During the six years between 2016 and 2021, the median income of this group went up by over three thousand euros. This is an important increase compared to the one occurred between 2010 and 2025 (just over seven hundred euros), but also with respect to the increase in median incomes between 2005 and 2009 (around two thousand euros). Data for the earlier period seem to indicate that during the 1990s, the increase in median incomes for this category was also relatively slow.

Figure 15 Median equivalised yearly disposable household income, Low educated vs. Living in a very low work intensity household, working-age population



Source: Analysis of BE-PARADIS database

4. Conclusion

The analysis of the evolution of relative income poverty in Belgium which we presented in this paper, and which has been possible thanks to the availability of the long series of harmonised data, assembled in the BE-PARADIS database, has revealed significant evolutions in the incidence of income poverty and in its sociodemographic composition. Overall, the data give evidence of a decline in income poverty, calculated at 60% of the median equivalised disposable household income, after 2018. Such decline follows a sustained, albeit not uniform nor constant, increase during the decade between 2008 and 2018. During this period, income poverty increased more among determinate socio-economic categories. For some groups, the increase in income poverty began before 2008. Earlier data, despite its multiple limitations, which have been reported in the Methods section, seem to indicate that relative income poverty had generally decreased in the previous decades (1985-2004).

The At-risk-of-poverty rate among the total Belgian population reached its highest point in our trend in 2018 (16%), declining substantially afterwards. In 2021, this was equal to 13%. The 2018 tipping point was the results of an increasing trend, which began in 2008 and picked up especially after 2015. The evolution of the relative income poverty rate, calculated using a threshold set at 40% of the median equivalised household disposable income, instead of the usual 60% threshold employed in this paper, follows a very similar trend. As the poverty rate declined after 2018, the poverty gap also shrunk over the same period, moving from 19 percentage points to 15 percentage points.

Our analysis focused on three categories which the previous literature highlighted as particularly exposed to income poverty: the working age population, the low educated population of working age, and the working age population living in households with very low work intensity. We looked at the evolution of relative income poverty among the working age population, comparing it to the evolution of relative income poverty among the retired population. Income poverty declined strongly among pensioners, particularly between 2006 and 2014, with a temporary rebound in 2020. On the contrary, income poverty increased among the working age group, especially during the period of generalised increase in the income poverty, between 2008 and 2018. Low educated individuals have also become more likely to be in income poverty. The share of income poor in this group followed an almost constant upward trend between 2005 and 2018. Poverty incidence among individuals living in households with

very low work intensity has increased over time, particularly between 2005 and 2018, decreasing afterwards.

Previous analyses of earnings' evolution found an increasing incidence of low pay since 2015, indicating sluggish growth in wages at the bottom of the distribution. Our findings point at an increasing poverty rate among low educated individuals, as well as among those living in very low work intensity households. Moreover, while pensioners saw their poverty rate decline over time, the working age group experienced an increase in poverty until 2018, although this was more recently offset by a net decline. In general, working age individuals in more vulnerable conditions might have become relatively more exposed to poverty. While this paper does not research to what extent this is related to the slower growth in earnings among the more precarious groups, this remains a possible explanation.

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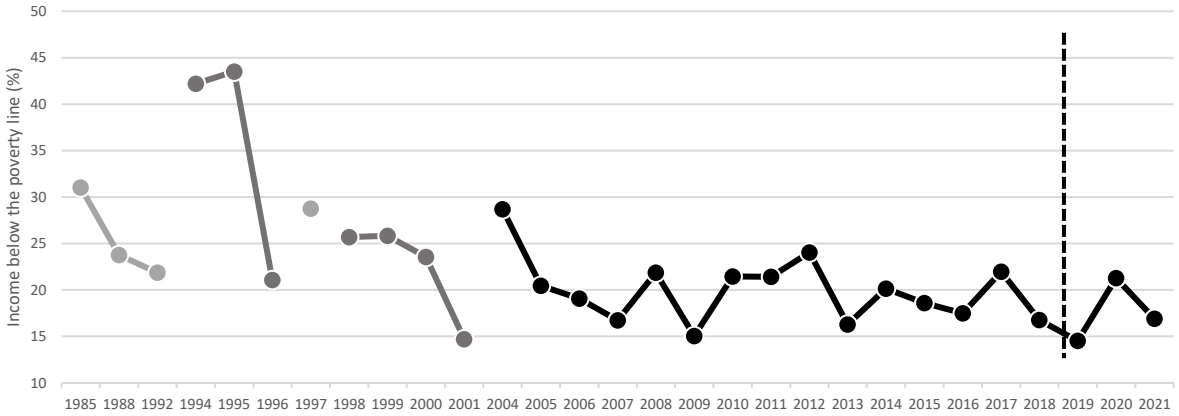
Annex I – Poverty gap (40% cutoff point)

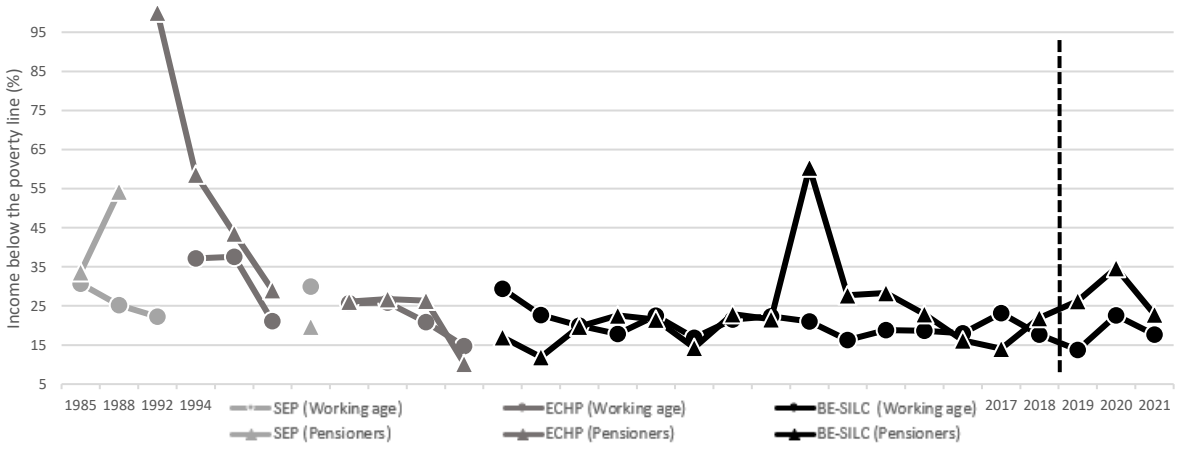
Poverty gap (40% cutoff point), total population (%)



Source: Analysis of BE-PARADIS database

The evolution of the poverty gap, calculated using a threshold set at 40% of the median equivalised household income, followed an unstable trend. While this strongly declined between 2004 and 2007 (-12%), this saw an increase between 2007 and 2012 (+7.3%). Between 2013 and 2021 the poverty gap remained largely within 15 and 20 percent, with a peak in 2017 and 2020 above 21%, and a low in 2019 at 14.5%. For the earlier period of the 1980-90s, the trend points towards a general reduction of the gap.

Poverty gap (40% cutoff point), working age vs. pensioners (%)

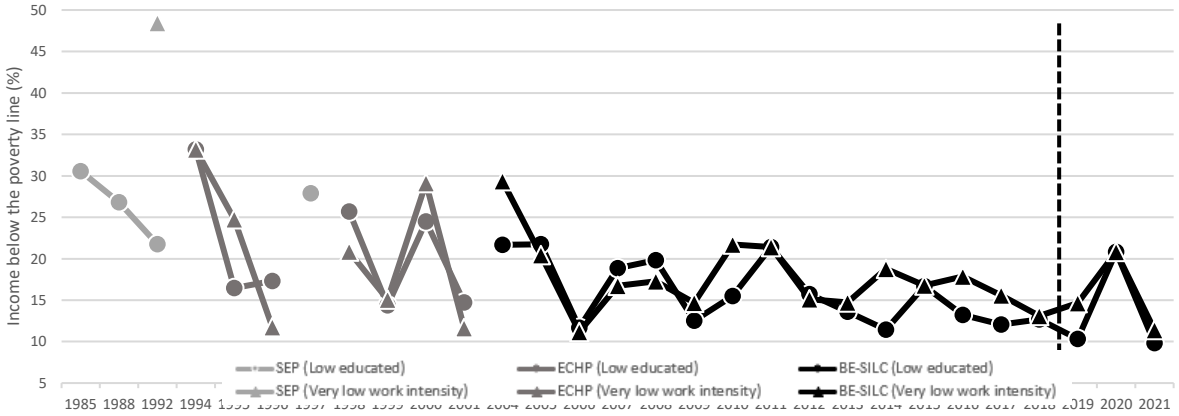


Source: Analysis of BE-PARADIS database

The evolution of the poverty gap, calculated using a 40% threshold, among the working age population, followed a relatively unstable trend over the last few years. This shrunk between 2004 and 2007 (-11.5%), increasing again in the subsequent years to remain around 21 percent in the years between 2010 and 2012. Between 2013 and 2016, the poverty gap among the working age group remained relatively stable and below 20%. After increasing in 2017 (23.1%), the gap shrunk to 13.7% in 2019, later going up again 22.6% in 2020, and decreasing afterwards. In the 1980s and 1990s, the 40% poverty gap among this category was generally decreasing.

Among the pensioners' group, the poverty gap saw an increase between 2005 and 2007, moving from 11.9% to 22.5%. The biggest increase, however, happened in 2012 when this moved from 21.6% to 60.4%, later decreasing to 27.7%. The 40% poverty gap among pensioners had further shrunk to 14% by 2017. This, however, progressively increased to the 34.7% recorded in 2020. In the earlier period, the 40% poverty gap among pensioners appears to have increased during the late 1980s, generally declining afterwards.

Poverty gap (40% cutoff point), Low educated vs. Living in a very low work intensity household, working-age population (%)

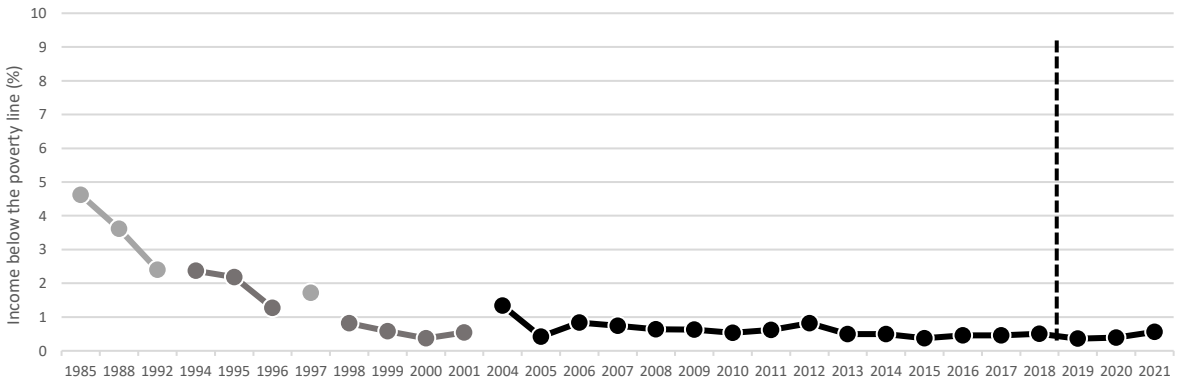


Source: Analysis of BE-PARADIS database

The poverty gap computed using a poverty line set at 40% of the median equivalised household income, followed a very unstable trend, both when this is analysed both at the level of the low educated group and of the very low work intensity population. In both cases, the poverty gap strongly decreased between 2004 and 2006 (roughly from 29% to 11% for the very low work intensity group, and from 21% to 11% for the low educated group). The gap generally increased between 2006 (around 11% for both groups) and 2011 (around 21% for both), albeit with a substantial drop in 2009 (12.5% for the low educated group and 14.7% for the very low work intensity one). The gap kept following a similar declining trend for both groups until 2013 (around 15%), later increasing and then declining in both cases, although not exactly at the same pace. In 2020, however, the 40% poverty gap increased substantially for both categories, reaching 20%, and declining afterwards. It remains slightly wider for the very low work intensity group (11.4%) than for the low educated group (9.8%). Partly due to the limits of the earlier data, the trend appears to have been highly unstable during the previous decades.

Annex II – At-risk-of-poverty rate (anchored to 1985, 40% cutoff point)

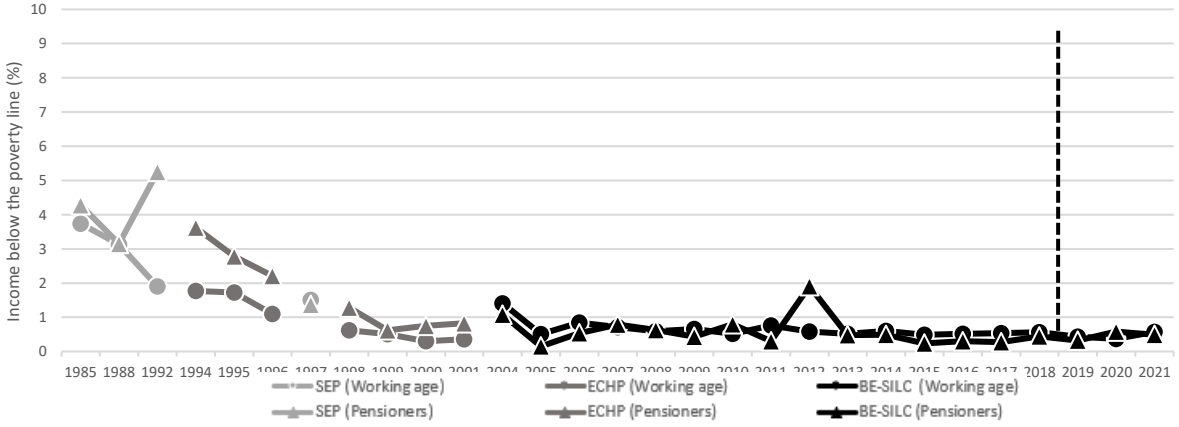
Share of income poor (anchored to 1985, 40% cutoff point), total population (%)



Source: Analysis of BE-PARADIS database

The share of income poor among the whole population, computed employing a poverty line set at 40% of the median equivalised household income, shows a declining trend during the earlier part of the period under scrutiny, followed by a long stability. A slight increase occurred between 2005 and 2006 (+0,4%) and between 2011 and 2012 (+0,2%).

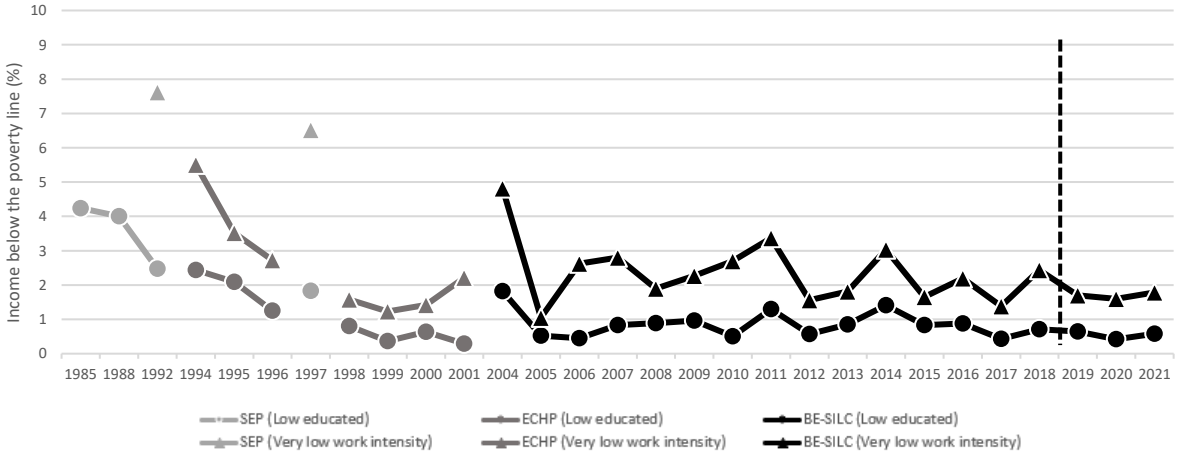
Share of income poor (anchored to 1985, 40% cutoff point), working age vs. pensioners (%)



Source: Analysis of BE-PARADIS database

The same indicator computed for the working age and pensioners' population, shows a similar trend, with a slightly less stable decline for the pensioners' population in the first years of the period under analysis. Between 1988 and 1992 the anchored poverty rate for the pensioners shows an increase (+2,1%). Just like for the general population, for both groups, one can observe an increase between 2005 and 2006 (+0,3% for the working age group and +0,4% for the pensioners' one), as well as between 2011 and 2012 for the pensioners' group (+1,6%).

Share of income poor (anchored to 1985, 40% cutoff point), Low educated vs. Living in a very low work intensity household, working-age population (%)



Source: Analysis of BE-PARADIS database

The anchored poverty rate, calculated using a 40% threshold, for the low educated and very low work intensity groups, follows a less stable trend and is sensibly higher for the very low work intensity group. In the 1980s and 1990s, the anchored poverty rate seems to follow a declining trend for both populations, despite an increase, especially for the very low work intensity group, around the year 2000. Successively, the anchored poverty rate almost constantly increased for the very low work intensity population between 2005 (1%) and 2011 (3,4%), except for 2008 (1,9%). After increasing again between 2012 (1,6%) and 2014 (3%), the anchored poverty rate of the very low work intensity group remained relatively stable between 1,4% and 2,4% ever since. For the low educated population, despite a small increase between 2010 and 2011 (+0,8%) and 2012-2014 (+0,8%), the anchored poverty rate remained relatively stable between 0,5% and 1%.