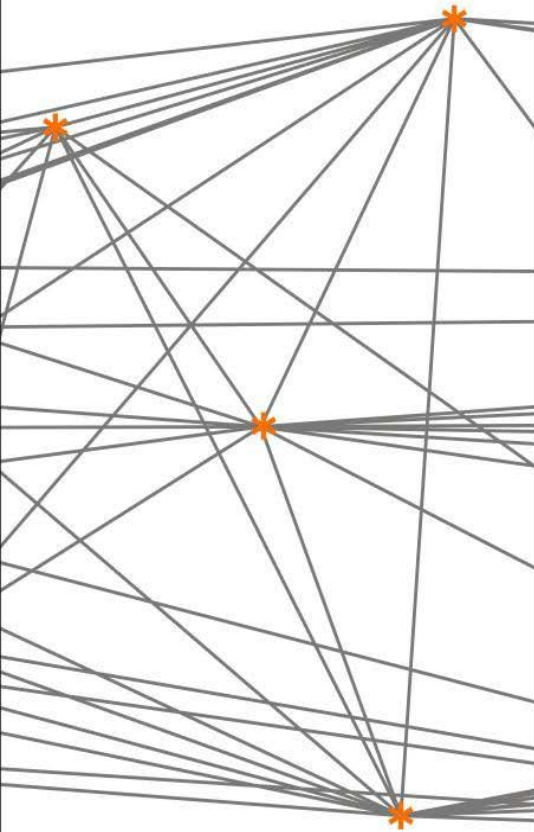




# Poverty and transitions in key areas of quality of life

Michał Myck (CenEA)

joint work with Maja Adena (WZB & CenEA)



- ▶ „Quality of life” as the key general objective for socio-economic policy:
  - ▶ how to improve it is an essential policy question.

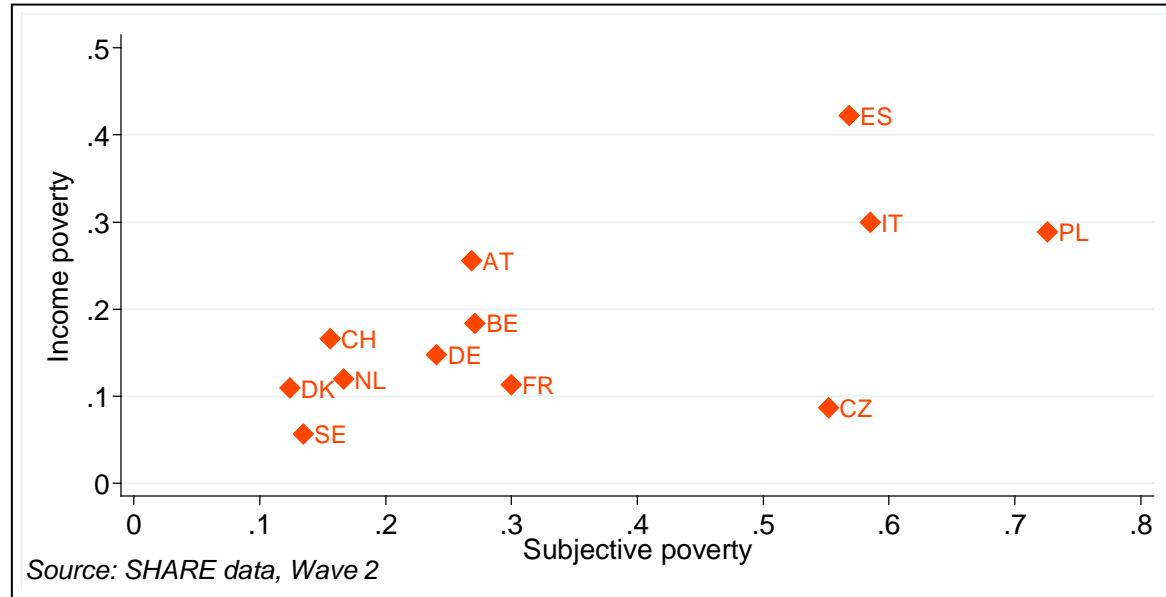
- ▶ „Quality of life” as the key general objective for socio-economic policy:
  - ▶ how to improve it is an essential policy question.
  
- ▶ Most important areas of policy influencing quality of life of older people:
  - ▶ labour market policy, health care, long-term care, transport, social and cultural infrastructure;
  - ▶ material conditions and the relationship with the other policy areas.

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  - ▶ what do we mean by „material conditions“?
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- ▶ Policy discussion often focused on „old age poverty“ defined with respect to relative income measures:
  - ▶ a number of intuitive and theoretical reasons why current income would not represent a broad concept of „material conditions“;
  - ▶ problems with within-country relative measures.

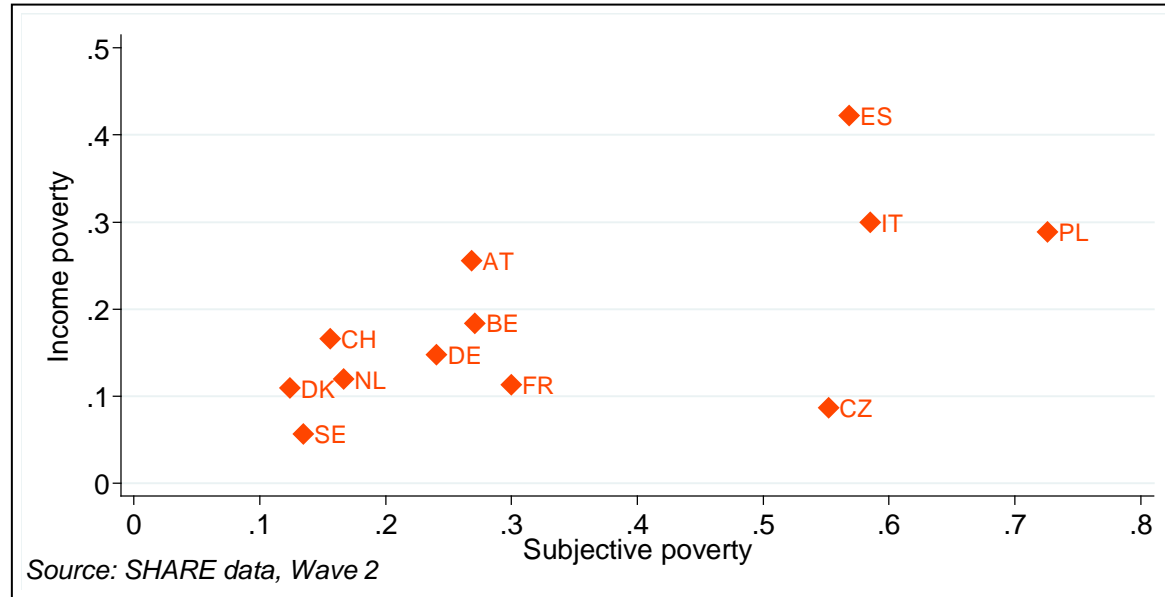
# Poverty and quality of life

Income poverty and difficulties in making ends meet:



# Poverty and quality of life

Income poverty and difficulties in making ends meet:



- ▶ Important policy relevant questions:
  - ▶ to what extent material conditions matter for quality of life?
  - ▶ what measures of poverty reflect their relevance?
  - ▶ what measures should be monitored and targeted by policy?

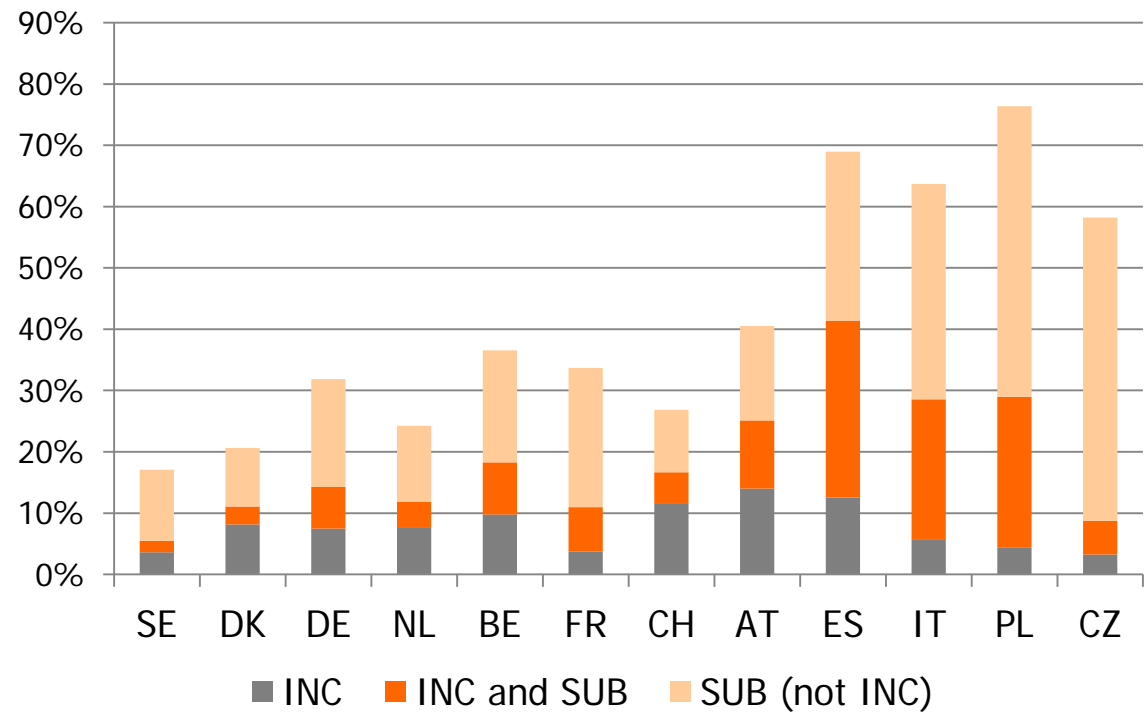
- ▶ Measures of „quality of life“:
  - ▶ two measures of physical health:
    - ▶ symptoms of poor health – 3+SMT;
    - ▶ difficulties in activities of daily living – 3+ADLs ;
  - ▶ symptoms of depression – 4+EURO-D;
  - ▶ lack of happiness with life – UNHAPPY .



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- ▶ Measures of poverty:
  - ▶ difficulties in making ends meet – **SUB**;
  - ▶ no food expenditure outside of household – **NFO**;
  - ▶ income based poverty (relative to 60% of median income) – **INC**;
  - ▶ financial distress (financial wealth < 3\* monthly incomes) – **FD**;
  - ▶ relative wealth poverty (lowest tertial in distribution) – **WEALTH**.

# Poverty and quality of life

## Income poverty and self-assessment of material conditions: low overlap even in countries with similar rates



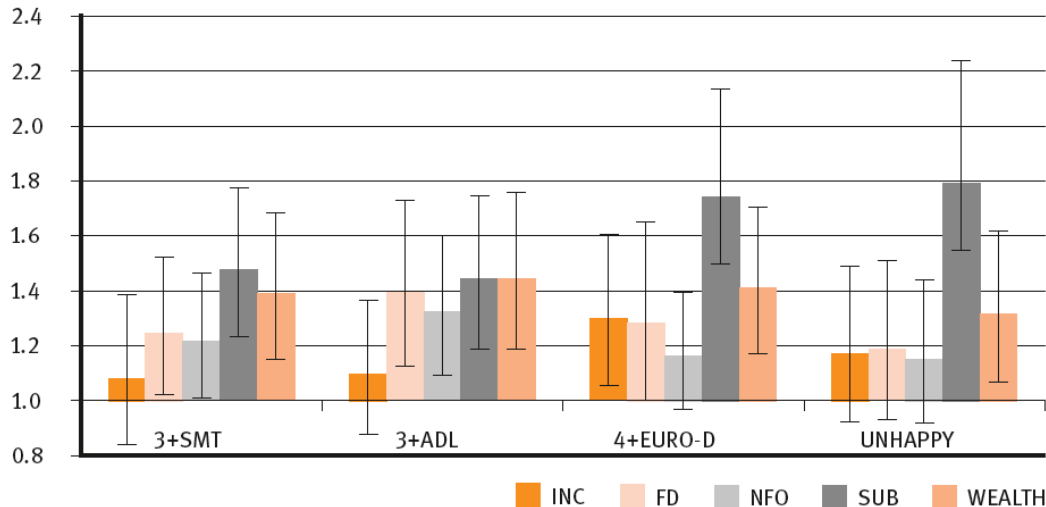
- ▶ **SUB** – difficulties in making ends meet
- ▶ **INC** – income based poverty

Source: SHARE data, Wave 2

- ▶ Analysis of the effect of poor material conditions on changes in different aspects of quality of life:
  - ▶ transitions in physical and mental health and in overall happiness with life;
  - ▶ changes from good to bad states between waves 2 and 4 conditional on being in good state in wave 2 (and vice versa).

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- ▶ Results presented as odds ratios:
  - ▶ logistic regression of probability of transition from good to bad state (*and vice versa*) conditional on different measures of poverty (and a number of controls).

## Results: transitions from “good” to “bad” states: odds ratios by poverty status

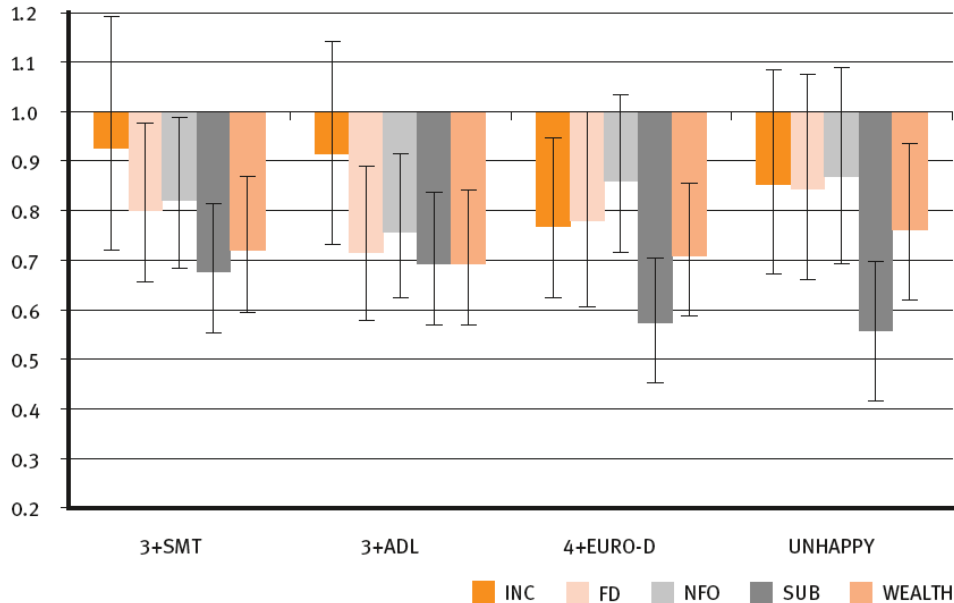


- ▶ **3+SMT** – symptoms of poor health
- ▶ **3+ADL** – limitations in ADL
- ▶ **4+EURO-D** – symptoms of depression
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- ▶ **WEALTH** – relative wealth poverty

Source: Authors' calculations using SHARE data.

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- ▶ Potentially important policy implications:
  - ▶ material conditions clearly matter for broader outcomes;
  - ▶ identifying poor material conditions with reference to income poverty may be inadequate – income is likely to be a poor measure of well being in old age.



- ▶ Ageing at the time of crisis:
  - ▶ SHARE Wave 4 data reflect the negative effect of the crisis on short and long term material conditions of older people;
  - ▶ poor material conditions affect people's quality of life;
  - ▶ potential policy interventions:
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- ▶ Importance of high variation in the data for understanding and precise estimation of causal relationships.