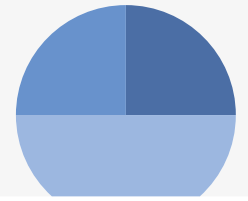
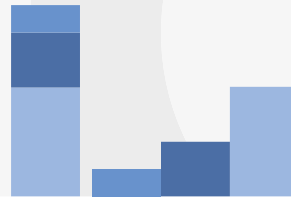


FSO News



20 Economic and social situation of the population

Neuchâtel, April 2018

Income and living conditions (SILC) 2016

Dynamics of poverty in Switzerland

Poverty in Switzerland is mostly short-term. Between 2013 and 2016, 12.3% of the population were affected by poverty in at least one of the four years of observation but only 0.9% were affected in all four years. In European comparison, Switzerland is among the countries with the lowest proportion of people at risk in the long term. In the survey on income and living conditions (SILC), all respondents are interviewed over a period of four consecutive years. This enables new findings on poverty to be made, that are presented here for the first time.

For several years, the Federal Statistical Office (FSO) has regularly published information concerning the extent and prevalence of poverty and material deprivation in Switzerland¹. Using the new longitudinal data from the SILC survey that interviews the same households over a period of four consecutive years, for the first time it is also possible to analyse the duration for which individual persons in Switzerland have been affected by income poverty.

In research in the social sciences, it is largely undisputed that ongoing poverty affects those concerned more negatively than short periods of poverty. There are various strategies that households can use to overcome short-term income losses. For example, they may temporarily limit their consumption, incur debts or use up assets. In the long-term, however, such possibilities are restricted.

The consideration of poverty over a longer period enables further findings to be made on its prevalence in Switzerland: does poverty always affect the same people and households or are larger sections of the population finding themselves in this situation over time? This has important implications for social cohesion as the greater the concentration of poverty among the same groups and persons, the greater the risk of social exclusion and marginalisation for these individuals.

One in eight people were poor at least once within a four-year period

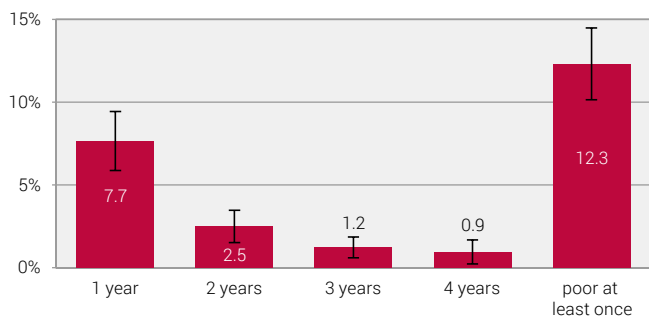
Between 2013 and 2016, 12.3% of the Swiss resident population or one in eight people were affected by income poverty at least once (see G1 on p. 2). The annual poverty rate over the same period was between 5.9% and 7.5%. Over four years, there were thus up to twice as many people affected by poverty than was shown by the annual figures.

¹ see www.statistics.admin.ch → Look for statistics → 20 – Economic and social situation of the population → Social situation, well-being and poverty → Poverty and material deprivation

Persons affected by poverty over a four year period

By number of years, in % of the population

G 1



┆ Confidence interval (95%)

Source: FSO – Statistics on Income and Living Conditions (SILC), longitudinal data 2013–2016, version from 24.1.2018, excluding imputed rent © FSO 2018

For most people in Switzerland poverty is only a temporary experience. 7.7% were affected by poverty in precisely one of the four years, 2.5% in two years, 1.2% in three years and 0.9% in four or more years².

Most people affected by poverty thus reobtained an income above the poverty threshold relatively quickly. By contrast, around one in five people affected by poverty were in this situation for at least three years and were thus at a particularly high risk of social exclusion.

Around one percent of the population is affected by long-term poverty

A time comparison can be used to consider how the indicators on the duration of poverty have changed in recent years.

G2 shows that the share of persons affected at least once by poverty within four years was still at 15.0% from 2011 to 2014 and tended to decrease until 2016 (12.3%). By contrast, the share of persons affected by poverty in all four years had hardly changed since 2011, constantly remaining at around 1% of the population.

The overall downward trend is mainly due to a slight decrease in the share of persons affected by poverty for one to three years. This suggests that the share of persons affected by long-term poverty in Switzerland is rather stable, while the share of persons affected by short-term poverty varies more widely.

Two concepts for measuring income poverty

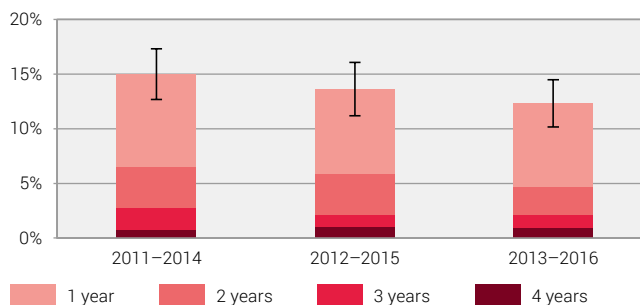
There are two approaches for defining monetary poverty: the absolute and the relative approach. Both concepts are based on income only and do not take into account any financial assets (**income poverty**).

The **poverty rate** is based on an “absolute” threshold: People are considered to be poor if they do not have the financial means to buy goods and services that are necessary for a socially integrated life. The **poverty threshold** used is based on guidelines from the Swiss Conference for Social Welfare (SKOS). It consists of a fixed amount to cover living expenses, individual housing costs as well as CHF 100 per month per person aged 16 or over for additional expenses.

The **at-risk-of-poverty rate** is based on a “relative” threshold: People are considered to be at risk of poverty if they have an equivalised disposable income that is considerably below the standard income level in the country concerned. Thus poverty is seen as a form of inequality. By convention, the European Union has set the **at-risk-of-poverty threshold** at 60% of the median disposable equivalised income³.

Change in the percentage of persons affected by poverty over a period of four years

G 2



┆ Confidence interval (95%)

The total height of the columns shows the share of persons that were affected by poverty at least once in four years. The confidence interval is based on this total.

Source: FSO – Statistics on Income and Living Conditions (SILC), longitudinal data, excluding imputed rent

© FSO 2018

² As the period under observation is limited to four years, it is not known whether or not these people were previously affected by poverty.

³ The **disposable equivalised income** is calculated on the basis of the disposable household income (gross household income minus social insurance contributions, taxes, basic health insurance premiums, alimony and other maintenance payments), taking into account the size and composition of households by means of an equivalence scale (OECD-modified scale). This allows for savings which result from the communal economic activity of a household with several persons.

The **median** divides the observation values classified by size into two equally sized halves. One half of the values is above the median, the other half below.

The share of those at long-term risk is among the lowest in Europe

To enable international comparisons, the at-risk-of-poverty rate as defined by the Statistical Office of the European Union (Eurostat) is used. Eurostat calculates the at-risk-of-poverty rate in the same way for all participating countries (see box).

G3 shows that the share of persons that were at risk of poverty between 2013 and 2016 varied considerably between countries. While in Serbia around 45% of the population were classified as at risk of poverty at least once, in the Czech Republic this figure was just 14.8%. The European average was 27.2%. With an at-risk-of-poverty rate of 23.5%, Switzerland is in the top third among European countries, slightly higher than France (21.5%). By contrast, the rates in other neighbouring countries were somewhat higher (Italy: 29.0%, Germany: 28.2%; Austria: 25.6%).

The duration of the risk of poverty also differs considerably between European countries. It was highest in Romania where over two thirds of all persons who were at risk of poverty at least once between 2013 and 2016 found themselves in this precarious situation for three to four years. In Italy, Croatia, Bulgaria and Spain, more than half of those at risk of poverty were in this position for at least three years.

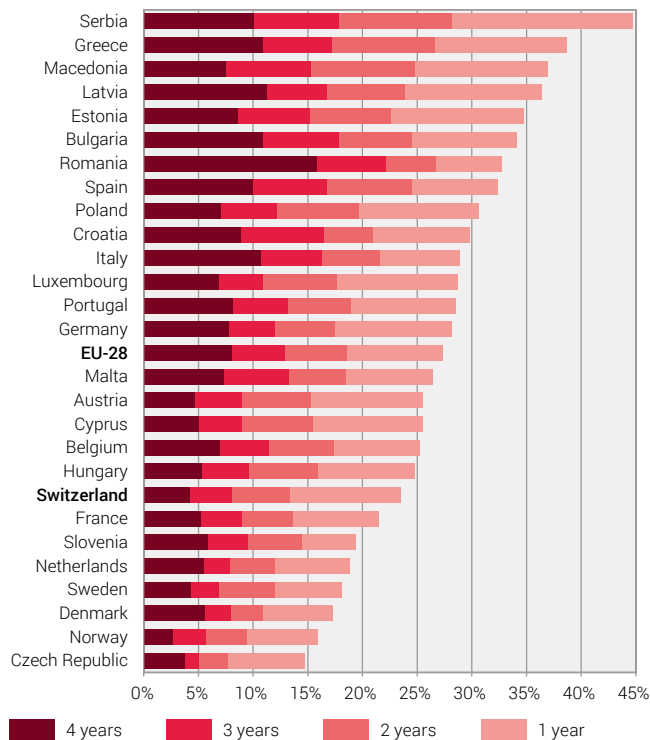
In the other countries, the risk of poverty primarily lasted one to two years and was thus shorter in duration. The largest shares of persons affected by poverty in the short-term can be found in the Czech Republic, Switzerland, Cyprus, Austria and Norway: around two thirds of those at risk of poverty in these countries were affected for at most two in four years. Conversely, however, for around a third of those at risk of poverty their precarious income situation also lasted for at least three years.

Between 2013 and 2016, Switzerland had a below average at-risk-of-poverty rate in European comparison with one of the lowest shares of persons at risk in the long term (duration of 3 to 4 years). By comparison, the situation in Switzerland can therefore be positively evaluated.

Persons at risk of poverty over a four year period in Europe

By number of years, in % of the population

G3



The total length of the bars shows the share of persons that were at risk of poverty at least once in four years.

Source: Eurostat – EU-SILC longitudinal data 2013–2016 (ilc_li51), version from 15.2.2018, excluding imputed rent

© FSO 2018

Survey on income and living conditions (SILC)

The present analysis is based on the survey SILC (Statistics on Income and Living Conditions) which is coordinated on a European basis with the annual participation of more than 30 countries. The purpose of the survey is to examine income distribution, poverty, social exclusion and living conditions.

The survey respondents are interviewed over a period of four consecutive years. Therefore, considerable changes in the living conditions of individuals can be described and the evolution of living standards examined. This enables valuable findings on the duration and dynamics of poverty to be made, that are presented here for the first time.

All persons who took part in the SILC from 2013 to 2016 and answered in all four years were considered in this analysis (around 3000 persons). Due to this relatively small sample size, the results are not broken down into subgroups.

For longitudinal surveys, often some respondents may no longer be interviewed in subsequent years. Some people leave the reference population (e.g. due to death, moving abroad or into an institution), others refuse to participate further or can no longer be contacted due to a change in their personal details. This is corrected through a corresponding weighting of the remaining observations. The weighted longitudinal data represent the population at the beginning of the observation period.

For further information please see: www.silc.bfs.admin.ch

Accuracy of estimates

All estimates calculated on the basis of a sample are subject to a degree of uncertainty as only part of the population (sample) is used to estimate a characteristic of the overall population. This error margin can be quantified by calculating a 95% confidence interval which grows closer the more precise the results are. The term **“confidence interval”** expresses that the true value of the overall population’s characteristics is very likely (95% likely) to lie within the interval.

The confidence interval is used to determine whether the observed differences are **statistically significant**. Example: Between 2013 and 2016, 7.7% (± 1.8) of the population were affected by poverty in one in four years and 2.5% (± 1.0) in two years. The confidence intervals of these two rates are 5.9% to 9.5% and 1.5% to 3.5% and do not overlap. The difference observed is therefore statistically significant.

Bibliography

Eurostat (2017), *Methodological Guidelines and Description of EU-SILC Target Variables, 2016 operation (Version may 2017)*, <https://circabc.europa.eu/sd/a/165c80b9-5631-4f5b-b847-29c638715c0e/DOCSILC065%20operation%202016%20VERSION%2022-05-2017.pdf> (05.01.2018).

Henke, Justus and Matthias Till (2014), *“Building and Analysing Longitudinal Data with EU-SILC”*, Net-SILC 2 Working Paper 2/2014, http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_PDF_FILE&dDocName=080742 (05.01.2018).

Vaalavuo, Maria (2015), *“Poverty Dynamics in Europe: From What to Why”*, European Commission Working Paper 03/2015, <http://ec.europa.eu/social/BlobServlet?docId=14776&langId=en> (05.01.2018).

Further information

www.statistics.admin.ch → Look for statistics → 20 – Economic and social situation of the population → Social situation, well-being and poverty → Poverty and material deprivation → Dynamics of poverty

Published by:	Federal Statistical Office (FSO)
Information:	Social Analyses Section (SOZAN), Tel. 058 463 64 21, info.sozan@bfs.admin.ch
Editors:	Martina Guggisberg, FSO; Stephan Häni, FSO; Martin Camenisch, FSO
Series:	Swiss Statistics
Topic:	20 Economic and social situation of the population
Original text:	German
Translation:	Language Services FSO
Layout:	DIAM Section, Prepress/Print
Graphics:	DIAM Section, Prepress/Print
Front page:	DIAM Section, Prepress/Print
Printed:	in Switzerland
Copyright:	FSO, Neuchâtel 2018 Reproduction with mention of source authorised (except for commercial purposes).
Print format orders:	Federal Statistical Office, CH-2010 Neuchâtel, tel. +41 58 463 60 60, fax +41 58 463 60 61, order@bfs.admin.ch
Price:	free of charge
Downloads:	www.statistics.admin.ch (free of charge)
FSO number:	1379-1600