

The EC Household Panel Newsletter (2/99)

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Statistics
in focus

POPULATION AND
SOCIAL CONDITIONS

THEME 3 – 8/1999

POPULATION AND LIVING
CONDITIONS

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EDITORIAL

Since December 1998, direct access to a user-friendly *longitudinal users' database* containing "anonymised" ECHP household's and personal micro-data is possible through ECHP research contracts stipulating the strict conditions of data access and use. The previous edition of our Newsletter was entirely devoted to this key issue of ECHP data availability, and in particular the latest developments in data anonymisation and dissemination. The main focus of the present edition is on the *first ECHP large-scale publication* ("European Community Household Panel (ECHP): Selected indicators from the 1995 wave"), which will appear in June/July this year and should whet the appetite of numerous users and encourage an extensive use of this unique data-set.

Apart from a presentation of this publication, two important topics are covered in this issue:

- **Future development of the ECHP:** In 1994, the ECHP was launched for a first 3-year round, i.e. the 1994-1996 waves. In 1996, the Statistical Programme Committee (SPC) meeting, that gathers the Director Generals of EU National Statistical Institutes (NSIs), approved the Eurostat proposal to go on with the survey for another 3 years (1997-1999). On 1-2 June 1999, the future of our instrument in the short and longer term was discussed at the first meeting of the Directors for Social Statistics of EU NSIs. Contact at this level offered a precious means to accelerate the discussion and decision processes of the SPC.
- **Eurostat present activities in income, poverty and social exclusion statistics:** As already reported in our fourth Newsletter (1/98), Eurostat activities in this area were re-launched at a High Level Think Tank meeting in January 1998. One of the outcomes of this meeting was the setting-up of a Task Force that met for the first time in March 1998, in Luxembourg. This Task Force discussed various technical issues as well as ways of reporting on social exclusion and poverty statistics. It also carried out several analyses of EU and national data sources, drawing extensively on ECHP data. A Working Group first approved the Task Force's "Recommendations on Social Exclusion and Poverty Statistics" in October 1998. In November 1998 (Doc. CPS 98/31/2), they were agreed by the SPC. The Eurostat work programme for 1999 in this area concentrates on 4 major themes.



With the Treaty of Amsterdam, EU Member States have negotiated, ratified and, since 1 May 1999, implemented a set of major political commitments. One of these is to place citizens' rights and employment at the heart of the EU.

In this context, there is an increasing need to acquire internationally comparable data on the social and economic conditions of persons and households in the EU in order to build up knowledge in this area. The ECHP has clearly a central role in the development of such socio-economic statistics.

The first ECHP "general publication", which will be issued very soon, provides results from the 1995 wave of the ECHP and focuses on three key areas: income, housing and work. Prior to this publication, some limited results had been issued, mainly in the context of the Eurostat *Statistics in Focus* series.

This large-scale publication is structured around 3 main parts:

- 1) Part A provides information on sampling, reliability of results, imputation of missing income data, weighting procedures and calculation methods;
- 2) Part B provides the general background information and the key definitions used;
- 3) Part C presents the main survey results in the three domains covered.

Each of the three sections in Part C (C1-C3) starts with a "specific information background" describing the sources, concepts, classifications and methods used, as well as the wording of questions. These short texts are followed by tables that contain the results. Included are a large number of **indicators**, either based on existing methodology or developed specifically for the purpose

of this publication (aggregates, averages and indices). This represents a first attempt at the interpretation and analysis of the data. In pursuing the same analytical objective, several results are cross-tabulated with various socio-demographic variables.

In order to present the general statistical framework of the publication, a complete set of background statistics on the national universes (households and persons) and the distribution of the classification variables used in the socio-demographic breakdowns is provided in an Annex. Also annexed are the addresses of the ECHP National Data Collection Units.

Main ECHP results included in the publication cover the following areas:

- **Income:** Income components of households and persons (including earnings from work, private income and the various social transfers), distribution of persons by income quantiles (with respective share of total national income, mean total income per capita, mean equivalised income received per capita from main income sources, share of children and elderly people...), Gini coefficients, low- and high-income thresholds and populations concerned, subjective and non-monetary indicators of economic position, assessed minimum income required to make ends meet, income satisfaction, etc.
- **Housing:** Dwelling type and tenure status, number of rooms in dwelling, overcrowded households, amenities and housing problems, (re-)payments problems, housing satisfaction, etc.
- **Work:** Earnings, job characteristics (supervisory/non-supervisory responsibilities, private/public sector...), employment history (including experience of unemployment...), reasons for working part-time, job search activity, job satisfaction, etc.

Future of the ECHP in the short and longer term

On 1-2 June 1999, the future development of the ECHP in the short and medium term was discussed at the first meeting of the Directors for Social Statistics of EU NSIs.

For the **near future**, the decision is to continue the existing ECHP for another 3 waves (2000-2002) with essentially the same structure and similar content.

However:

- minor amendments to the questionnaire could be envisaged if they are required to meet users' needs in a satisfactory manner;

- an attempt will be made at improving the representativeness of the national samples through appropriate sample supplementation, at least in surveys with heavy and/or selective loss due to attrition.

Work on these technical issues has already started. As is often the case, possibilities here will clearly be a matter of cost, technical resources and timing.

For the **longer term**, that is after the year 2002, an open and flexible view on the content and structure for

an EU-harmonised social survey centred mainly on income and work will need to be taken.

A Task Force will carefully look at all options. Given the steps to be taken from now onwards, so as to be ready with a fully developed integrated solution (with tested design and procedures) by the end of 2002 at the latest, this Task Force should be set up during the fourth quarter of this year.

The content of the future survey will have to be determined primarily in terms of its role in the European system of social statistics, and more particularly on how present and potential information needs can be properly satisfied. The aim must be to generate information to support the EU policies, such as those relating to the Amsterdam Treaty and the Employment Guidelines.

As to the structure and technical arrangements of the survey, the choice between a panel and a cross-

sectional survey will need to be re-debated. A key issue is to determine whether the needs for dynamic data linked at micro level (income with labour, health, education...), required e.g. for the longitudinal analysis of social exclusion, justify the complexity and cost of a multi-purpose panel survey. For those countries in which this possibility exists, another important issue has to be investigated: ways of getting comparable data partly or exclusively from existing national cross-sectional surveys and/or administrative registers.

Possible options go therefore from "continuing the existing ECHP" to "launching a new, fully revised panel survey" or "launching a multi-purpose EU-harmonised cross-sectional survey centred essentially on income and labour (involving, where possible, adaptation of existing national cross-sectional social surveys)"... Combinations of both the cross-sectional and panel approaches are also options that have to be carefully considered.

Income, poverty and social exclusion statistics

The 1999 Eurostat work programme in income, poverty and social exclusion statistics is conducted with technical help from the Dutch NSI (CBS). It is focused on 4 major themes:

1) **Income methodology:** Eurostat has initiated an inventory of income definitions and concepts including an assessment of the robustness of the various income sources used in all 15 Member States. The goal is to have clear guidelines as to the treatment of income and income components at the EU level.

2) **Analysis of monetary poverty:** The SPC "Recommendations on Social Exclusion and Poverty Statistics" of Nov. 1998 specify the ways to compute different low-income thresholds and estimates. Calculations along these lines have been performed using ECHP data from the 1994 and 1995 waves (see also "ECHP general publication" above). 1996 data will be used later in the year and it is hoped that some longitudinal analysis can be carried out as well on all three waves. Two of the Recommendations depart fundamentally from the previous practice in EU poverty statistics:

- in order to avoid the impact of extreme values at both ends of the income distribution, the median rather than the mean equivalised income are used for calculating the low-income thresholds

("poverty lines"): these thresholds are now put at 60% of the median and no longer at 50% of the mean equivalised income;

- the median and mean equivalised income refer now to the income distribution of persons rather than households.

3) **Establishment of a framework for analysis of social exclusion:** The starting point is low-income persons and their labour market status. This group is analysed in relation to their living conditions in general - their educational level, health status, housing situation as well as their subjective perception of their economic and social conditions. ECHP data are equally used for these analyses.

4) **Reporting on statistics on poverty and social exclusion:** The Recommendations put emphasis on the need for clear guidelines for publishing data in the area as the information will often be politically sensitive. This includes well-documented information about sources and methods as well as a thorough check on data quality. The first report on statistics on social exclusion and poverty is due to be published by mid 2000.

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