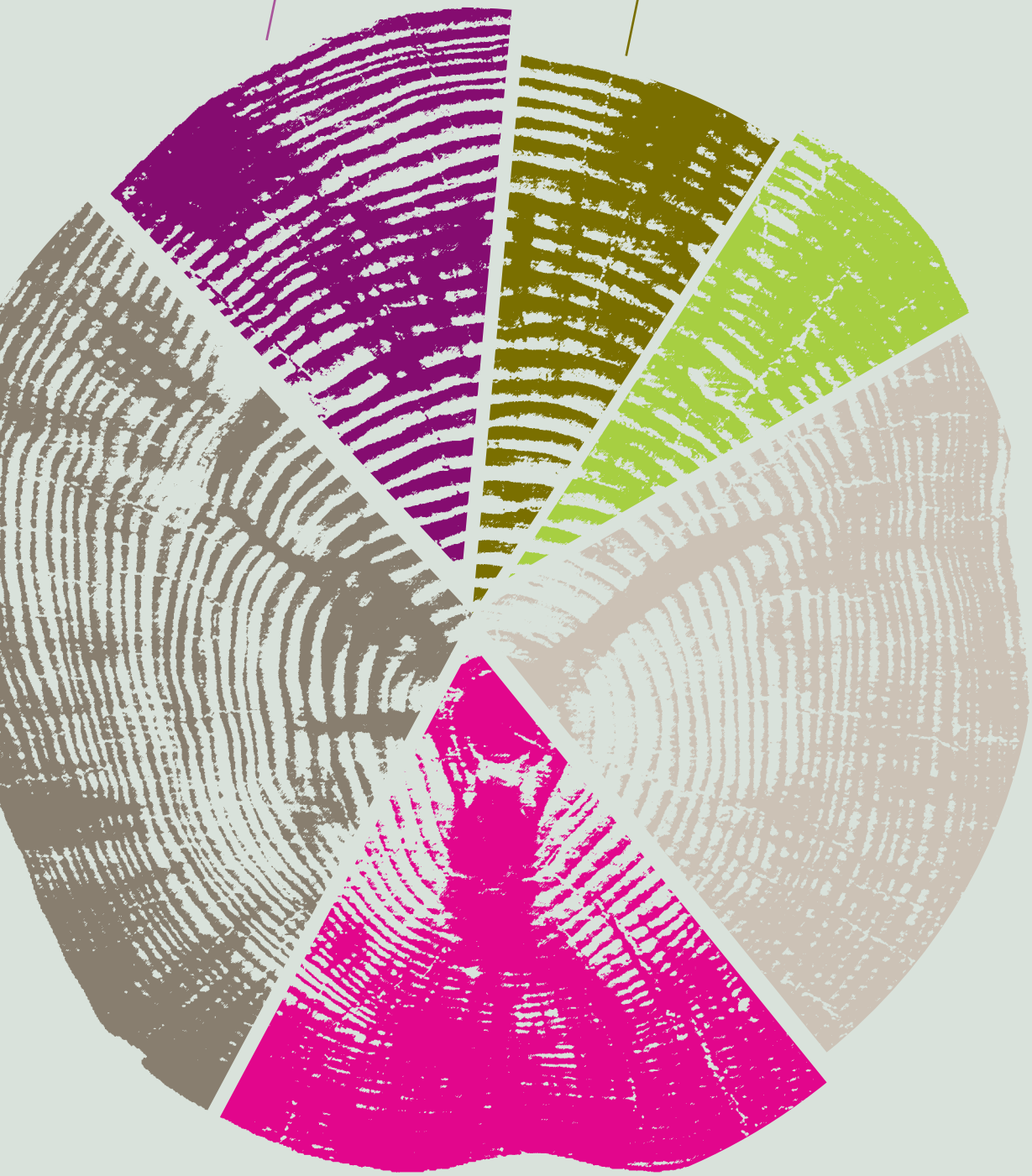
MEASURED OR MISSED?

POVERTY AND DEPRIVATION AMONG OLDER PEOPLE IN A CHANGING IRELAND



Older & Bolder is an alliance of eight non-governmental organisations in the ageing sector in Ireland. The members of the alliance are: Active Retirement Ireland, Age & Opportunity, Alzheimer Society of Ireland, Carers Association, Irish Hospice Foundation, Irish Senior Citizens Parliament, Older Women's Network and Senior Help Line.

Our shared vision is of an Ireland that affirms ageing and the rights of all older people, enabling everyone to live and die with confidence and dignity as equal, respected and involved members of society.

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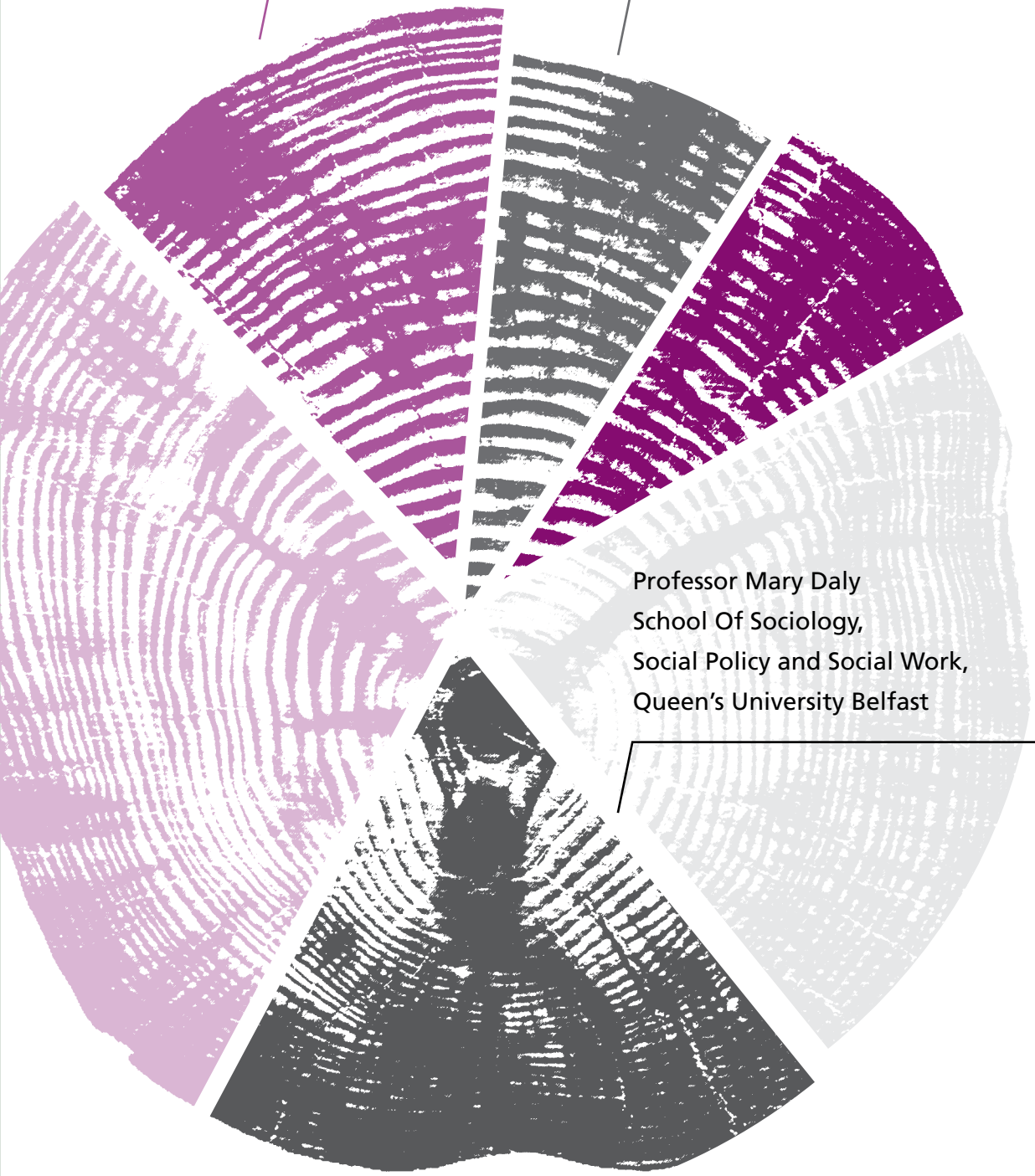

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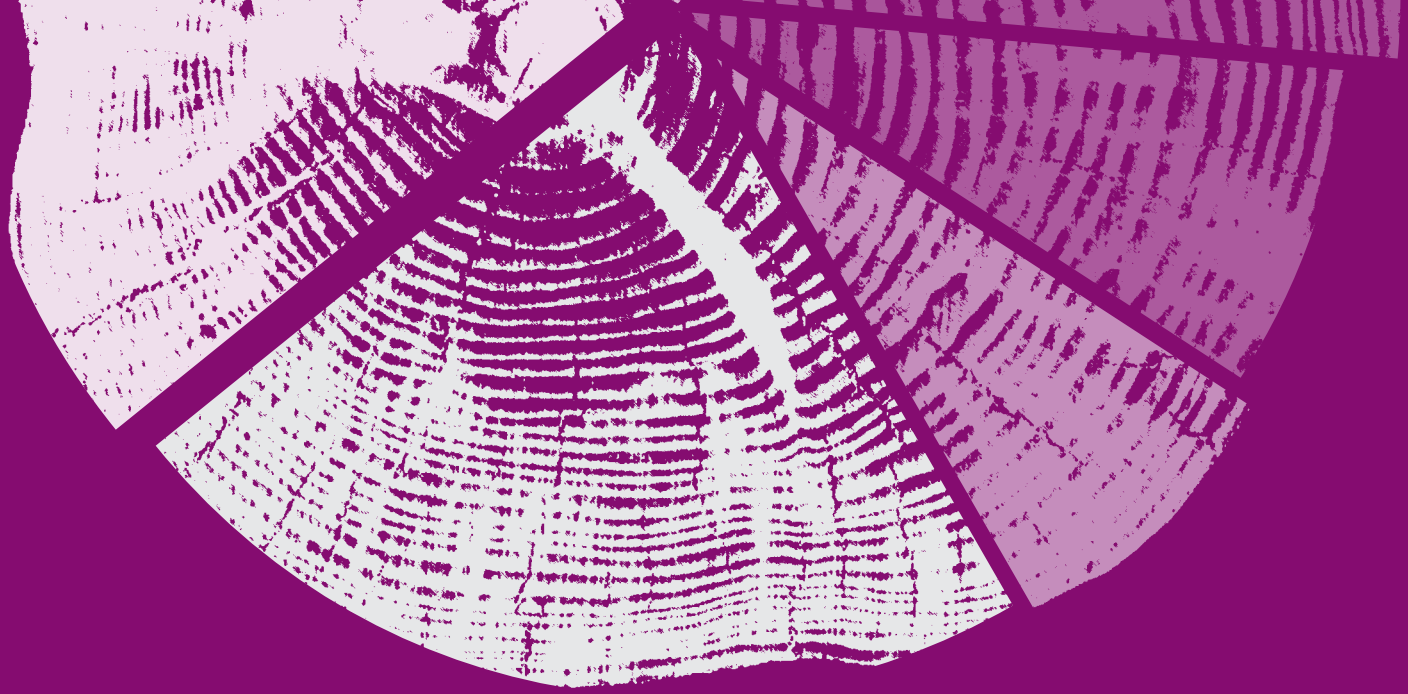
Contents



Foreword

There are two primary measures of poverty and deprivation among the Irish population as a whole. These are the relative poverty measure and the consistent poverty measure; the Central Statistics Office publishes survey findings based on both measures annually. In the case of older people, there is a marked disparity between the levels of poverty uncovered by the two measures.

The relative poverty measure shows that 84 % of older people aged 65 – 74 and 89 % of those aged 75 and over are at risk of poverty, before receiving social transfers i.e. State Pension and other State allowances. This compares with a consistent poverty rate of 1.7 % among people aged 65 – 74 and 1 % among those aged 75 and over. The low level of consistent poverty is, evidently anomalous, given the high dependence of older people in Ireland on social transfers for the major portion of their income.

This research paper prepared for Older & Bolder by Professor Mary Daly of Queen's University, Belfast analyses issues of poverty measurement with reference to older people. She concludes that there are significant questions on the effectiveness of current practice in revealing the degree of poverty and deprivation among older people. In particular, she raises serious concerns about the sensitivity of the consistent poverty measure - the use of which is unique to Ireland – in identifying the needs of older people. Professor Daly recommends a public debate on the further development of poverty measurement and sets out the parameters for a potential programme of research on effective approaches to measuring poverty, deprivation and social exclusion among older people. Her proposal is significant because findings from national surveys on poverty and deprivation influence the direction of public policy and Government decisions on the allocation of public resources to social transfers for older people.

Older & Bolder endorses Professor Mary Daly's recommendations. Ireland's National Action Plan for Social Inclusion 2007 – 2016 presents a vision for the

inclusion of older people. This vision looks to older people's full participation in civic and social life; access to adequate income; support for independent living in their own homes in old age; and access to health and social care services. Critical elements of this vision for inclusion are clearly missed in our existing approaches to poverty measurement and social exclusion among older people. In Older & Bolder's view, there is a manifest need for a better match between national policy on social inclusion and national policy and practice on measurement of poverty and social inclusion. In the absence of such a match, we will fail to fully identify, plan for and meet the needs of older Irish people.

I would like to thank Professor Mary Daly for her work in preparing this research paper for Older & Bolder.

Tom O'Higgins
Chairman
Older & Bolder

Executive Summary[1]

This report reviews the measurement of poverty and deprivation from the perspective of strengths and weaknesses in identifying the situation of older people.

Poverty measurement has become more sophisticated and over time more conscious of trying to broaden its scope and address weaknesses in individual measures. The common practice now, in Ireland and in the EU more broadly, is to use a range of poverty indicators, and especially to apply non-monetary as well as monetary indicators. Uniquely among the EU member states, Ireland actually combines the monetary and non-monetary indicators into a single measure known as 'consistent poverty'. To be defined as poor according to this measure of poverty, one must have income below 60% of the median income and not be able to afford any 2 out of a list of 11 items considered basic to Irish society.

There are two very striking findings about the situation of older people from the research on poverty. One is about the volatility of income poverty rates among older people. They shot up in the early years of the Celtic Tiger but over the last years especially have come down considerably and are now actually below average (the latest data available at the time of writing are for 2008). There are a number of reasons for the volatility, not least the level of social welfare pensions and changes in the levels and distribution of income among the population as a whole. Looking at the situation of older people vis-à-vis other sectors of the population, their heavy reliance on state pensions and social welfare measures more broadly to stay out of poverty is very striking. A second finding is of large differences in the poverty rates yielded by the different measures and in particular the fact that if one measures poverty on the basis of income alone the poverty rates among older people are far higher than when the combined measure is used. Different reasons have been given – like the fact that people may as they age continue to benefit from items and assets accumulated over their lives. However, there may be more to it than this.

1 I would like to acknowledge the valuable feedback and comments on an earlier draft from members of the Board of Older & Bolder and especially from the Director, Patricia Conboy and Campaign Researcher, Diarmaid O'Sullivan.

It has become increasingly questioned, in the UK especially, how well some of the measures of poverty work for the older age groups (McKay 2008). Looking at poverty measurement through a more critical lens, as I do in this report, suggests that there are significant questions to be raised about how well current practice in Ireland too reveals the degree of poverty and deprivation among older people. Questions attend the three main types of poverty measure used in Ireland.

- Income poverty lines – Older people's incomes tend to be low with the result that many of them are clustered around the poverty line. Hence, income poverty lines, which always involve a sharp cut-off and may place people above or below the line on the basis of no more than a cent difference in income, are less meaningful in revealing the situation of older people as compared with the rest of the population.
- Deprivation – this is measured on the basis of whether people can afford a range of mainly consumption-related items. There are questions about whether the 11 items used are sufficiently sensitive and relevant to the lives of older people and also whether, because of cultural and generational differences, they elicit valid responses from older people.
- Consistent Poverty – as a measure that is based on both an income poverty line and deprivation, doubts can be raised about the efficacy of consistent poverty as a measure of poverty and deprivation in general and among older people in particular.

In sum, poverty measurement among older people is a work in progress and there are good grounds to suggest the need for further debate on the issue and a research programme to explore further the utility of existing measures for this population sector, how they might be improved and the application of alternative approaches in Ireland.

Recommendations

1. A debate needs to be initiated about the matter of poverty measurement and its continued development. Organisations working with older people could well take a leading role in this respect. The measurement of poverty and deprivation and its continued improvement is too important not to be debated publicly.

2. A programme of research on older people and poverty/social exclusion and the efficacy of different approaches for that sector of the population would be welcome. This could consist of a number of different 'parcels' of research which use both quantitative and qualitative methodologies.

    i. One piece of research should investigate how deprivation on particular items is linked to variations in income among older people. There is also a case for extending this kind of research into the earlier life course as research in the UK has found that there is a change in lifestyle and deprivation levels from 50 years onwards (Berthoud et al 2006).

    ii. A second possible component is to investigate the situation of sub-groups of older people, specifically those who live alone, the very elderly, those living in remote rural areas, and women.

    iii. A third element would undertake qualitative research among older people to probe their reactions and responses to the items and mode of questioning in the EU-SILC survey and to enquire as to whether there are items and lifestyle factors that are specific to this sector of the population that should be included among the items listed.

    iv. A fourth important question to explore is the matter of how older persons' households with different kinds of need manage and how the relative level of need (for example in relation to health and mobility) affects level of income, how it is expended and general resource levels. This would be best explored through qualitative research which would consider also how older people's situation is mediated by factors such as the availability of services and family-related considerations.

3. The possibility of including an older people-specific indicator in the deprivation items should also be considered. 'Access to services' is a possibility here as is level of healthiness. Other possibilities include the numbers of older people who lack regular social interaction with others including relatives.

4. The possibility of a feasibility study on the application of the US-developed Senior Financial Stability Index to Ireland should be considered. This is a very interesting approach which avoids the pigeon-holing of the low-income sector and focuses on vulnerability and financial stability over time. Furthermore, it can be applied to any sector of the population.

5. If one wanted to step away from a sole focus on poverty or deprivation, there is the quality of life approach which is much more focused on the population at large and covers domains beyond those included in poverty measurement. This approach, which has recently been endorsed by the National Economic and Social Council (NESC 2009), could lead to a general social reporting mechanism on the well-being of different sectors of the population – along the lines of the *Social Portrait of Older People* produced by the Office for Social Inclusion in 2007 (Fahey et al 2007). Broadening the compass further, the approach to mainstreaming ageing indicators developed by the European Centre in Vienna provides a very extensive and ageing-sensitive set of indicators which pertain to the whole of society rather than those who are currently in their older years (Marin and Zaidi 2007).

Introduction

The purpose of this report is to review the methodology for measuring poverty and social exclusion from the perspective of the situation of older people and to consider alternatives approaches.

It therefore discusses first the strengths and weaknesses of income poverty lines and of the consistent poverty measure. The report then goes on to identify the key themes emerging from the data on the prevalence of consistent poverty among older people in Ireland. Some brief consideration is then given to alternative measures and approaches, taking account of developments in Ireland and elsewhere. A concluding section offers recommendations regarding the conduct of further research and improving the measurement of poverty and deprivation among older people. For the purposes of the report, older people are defined as those aged 65 years and older.

By way of introduction, some general points about the measurement of poverty and deprivation are appropriate.

First of all, it should be pointed out that there is no single, definitive way of measuring poverty. That said, countries in Europe, especially under the auspices of the EU, now more or less universally favour a relative approach (with 'relative' referring to the standards prevailing among the rest of the population). This has its origins in the 1970s and the work of Peter Townsend (1979). He was interested in the meaning of poverty and this led him to claim that poverty could only be understood in terms of customary standards of living and the normal life of society. Moving away from a purely economic conception of poverty as living below a minimal income threshold, Townsend argued that people's experiences of poverty differed according to how needs are conditioned by the society in which they live – money and income mean different things in different circumstances and cultures. Poverty, therefore, has to be defined more broadly – it represents a "lack of resources to participate in activities and obtain the living conditions and amenities which are customary or are at least widely encouraged or approved, in the societies

to which they belong" (Townsend 1979: 31). The idea of poverty as exclusion from the customary lifestyle of one's peers was born… and has stuck. It has taken hold in Ireland also.

The following is the most widely-used definition in Ireland for policy purposes. It dates from 1997 and the First National Anti-poverty Strategy (NAPS), entitled *Sharing in Progress:*

> *People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living, which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities, which are considered the norm for other people in society* (National Anti-Poverty Strategy, 1997: 3)

This definition draws not just from Townsend but also from the concept of social exclusion. The influence of a social exclusion approach is to be seen especially in the focus on non-monetary deprivation. The notion of social exclusion has been strongly promoted by the EU especially under the Lisbon social policy process (which began in 2000 and is due to end this year). As a concept or approach, social exclusion emphasises a number of things. First, it tries to get at the longer-term social processes that cause people to be socially and economically vulnerable. Secondly, it exposes the cumulative nature of different kinds of deprivation – the way disadvantages layer one upon another so that, for example, unemployment often goes together with low skill level, illness or disability and living in bad housing or in a poor area. Thirdly, it views exclusion not just as economic in nature but also as connoting non-participation and engagement in a range of spheres of life (Daly and Silver 2008).

It has long proved problematic to operationalise the kind of definition used by NAPS, basically because it combines income and marginalisation or exclusion. What people tend to forget is that poverty and social exclusion (also called 'deprivation' especially for measurement purposes) are based on different understandings and philosophies. The poverty approach holds that people are poor because they have too little income whereas the social exclusion approach sees people as excluded or marginalised because they do

not participate in society like others (which may or may not result from too low an income). So for one approach money is the most important need or resource; whereas for the other it is the quality of relationships and people's active engagement in a range of spheres that matter.

Evaluating poverty research in Ireland faces an even bigger challenge than this because in this country income and deprivation are merged into a single measure. Hence Ireland has developed an approach which combines income measures and non-monetary deprivation into a single measure. The term 'consistent poverty' has been coined to refer to this measure. Consistent poverty is measured by falling below an income threshold of 60% of the median income and lacking any two out of an 11-item inventory of basic necessities. There is no clear theoretical justification for merging these two types of measure although researchers based at the Economic and Social Research Institute (ESRI) have over time made a strong case using a range of evidence (e.g., Callan and Nolan 1991). Officially, Ireland uses both income poverty and consistent poverty measures (see CSO 2009). It is the only EU member state to do so and has held onto the consistent poverty throughout the EU Lisbon process which has only recently started to use deprivation indicators and uses them separately to income poverty. The consistent poverty measure has political appeal in that it yields much lower levels of poverty, especially as compared with the income poverty measure (see Table 2 in the Appendix).

The main competitor to a relative measure of poverty is absolute poverty. Philosophically, it rests on the view that there is an absolute core to poverty which is linked to not being able to subsist or meet basic needs. An example of a country which uses this approach is the USA where the poverty threshold is calculated on the basis of the income needed to purchase a minimum dietary set of foodstuffs, goods and services. The assumption is made that people typically should spend about a third of their income on food and the calculations of a poverty threshold or line are made on that basis. This narrow income approach does not include other aspects of economic status, such as material hardship (for example, living in substandard housing) or debt. Nor does it consider financial assets (including savings or property) or lifestyle or subjective factors. The contrast with how poverty is conceptualised and measured in Europe is stark.

In between these two approaches but leaning towards the absolute approach is the budget standards approach. This dates from the work of

Seebohm Rowntree in York at the turn of the twentieth century. As used in current times in Europe, it seeks to establish thresholds less concerned with physical necessities (as in the US) and more modest but adequate budgets (Bradshaw 2001). The budget standards approach involves drawing up a list of commodities, using normative judgements about what is necessary, supported by a combination of scientific and behavioural evidence. The budget is then priced and used as an income or expenditure standard – anyone living at or below that standard is in poverty. These have not been widely used – and have never been officially endorsed – but they have been receiving greater attention recently. In Ireland the Vincentian Partnership for Social Justice has been to the fore in developing this approach (2006).

The Efficacy of Income Lines in Identifying Older People Experiencing Life-style Deprivation

To take income poverty lines first, one of their general strengths is that they are tied to median income. This has the advantage of not cutting the poor off from general movements in income and the changes in quality of life and purchasing power that they imply. Another advantage is that income lines provide a uniform measuring rod and they are easy to apply. In addition, income poverty lines pick up on a fundamental goal of policy and a widely-accepted yardstick of a fair and good society – so they can be a good means of testing whether policy is achieving results or not and are a good shorthand of the quality of society. There is also the fact that incomes are directly responsive to the policy levers of government and are certainly more responsive than indirect measures (like trying to widen access to services for example) (McKay 2008: 7).

On the negative side, there are three main problems with income poverty lines. First, they are quite crude as they simply count the number of people who fall below an income threshold. This means that those with incomes a cent apart may be classified as poor and non-poor, despite having similar circumstances. Secondly, some believe that they measure income inequality

rather than poverty mainly because they are based on a relative cut-off point of average income rather than a cut-off point that indicates need in some absolute sense. Furthermore, the income cut-off point chosen is a matter of judgement. While there has been a lot of background work done to identify an objective poverty line, at the end of the day it remains a judgment and is usually decided on the basis of common practice. Most widely now in Europe, a threshold of 60% of the median income is taken as the poverty line. There is a third problem also which is that poverty increases when income increases. This is counter intuitive in that one would expect poverty to fall when incomes rise. When the newest data for 2009 become available, we might well see the numbers below the income poverty line falling even though the financial situation of many people will have deteriorated.

To take account of these and other difficulties, it has become the practice to use and give results for a number of poverty lines – one regularly sees 50%, 60% and 70% thresholds of median income used (see for example Russell et al 2010: 13). As well as using different cut-offs or thresholds, there is also the practice of using income-based and other measures simultaneously. Irish statistics now regularly report income poverty, deprivation and consistent poverty (e.g., CSO 2009). While this is good from a technical point of view, one unintended side-effect is that it implies that poverty is not real somehow – that it is rendered a matter of measurement. The use of the term 'at risk of poverty' implies this also (this used to be called 'relative poverty' or 'income poverty' but the EU started to name it 'at risk of poverty' from the early 2000s on in an effort to be more precise, especially mindful of the claim that it is income inequality rather than poverty that is being measured). But what this does is represent poverty as a risk. Moreover, when different lines and measures are given, the reader or user of the information is required to make a judgement about which type of poverty measure is the most reliable. In the Irish case, it is especially difficult to make such a judgement as the results produced by the different measures vary so widely. In 2008 for example, the income poverty rate was 14.4% whereas the consistent poverty rate was 4.2% (CSO 2009). The discrepancy for older people was even greater – for example, for those aged between 65 and 74 years, income poverty was 12.1% and consistent poverty 1.7% (Table 2 in the Appendix).

As a measure pinpointing the situation of older people, income lines are especially hit by some of the problems already mentioned. In particular, the

fact that older people's incomes are on average lower than those of people in the prime age range means that there is likely to be less separating older people below and above the poverty line (as compared with the population as a whole). Moreover, there are issues about the depth of poverty among older people (known as the poverty gap, it measures how far people's incomes are below the poverty line). Although recent analysis (by Russell et al 2010: 15) suggests that the depth of poverty among older people varied between 2004 and 2007, an analysis carried out on 2004 data by Prunty (2007: 21) found that in that year some 86.8% of older people were in the bottom half of the income distribution and that if a poverty threshold of 70% of median income were taken then 53% of them would be considered poor (compared with 24% of the population aged 15-64 years and 30% of 0-14 year olds). The narrow range of older people's incomes affects also the findings on consistent poverty. Based on EU-SILC data from 2003, Maître et al (2006: 35) show that if one raises the income threshold for consistent poverty from 60% to 70% then the proportion of the over 65s in consistent poverty almost doubles (going from 6.5% to 10.1%). There is also the fact of older people's widespread reliance on social welfare transfers – 73% of them received three-quarters or more of their income from social transfers in 2007 (Russell et al 2010: 81). Hence, relatively minor changes in either the value of the social welfare pensions or average earnings can result in a comparatively large proportion of older people falling below (or rising above) the poverty line (Hick 2009). So a relatively small change in the value of the pension or in average earnings can cause a correspondingly large change in the poverty rate where there are many individuals concentrated around the poverty line (as is the case with older people).

There is another issue also which pertains to decisions about how to take account of the needs of households of different sizes when measuring poverty. There is little or no conceptualisation of household need in poverty measurement. At present the only adjustments made are for household size (through the use of equivalence scales which provide formulae for calculating an income for all individuals on the basis of the number of adults and children in a household). There are no adjustments made for other factors, such as for example the levels of healthiness or disability which are obviously very pertinent for older people. Were income adjusted to take

account of differences in needs, this may well change the classifications of households on the basis of age depending on how those adjustments are made.

Given the issues around income poverty lines, a more sophisticated methodology has developed around poverty – with the tendency especially to put income poverty and other measures together. Researchers at the ESRI have taken a leading role in this respect.

Strengths and Limitations of the Consistent Poverty Measure

As mentioned already, consistent poverty is measured by a combination of being below a 60% income threshold and experiencing enforced deprivation of two or more items from an 11-item list. The strength of the consistent poverty measure is its aim for efficiency and parsimony – it seeks a single composite measure which combines two very different types of resource/situation – income and possessions/lifestyle. Furthermore, in instituting a more complex set of thresholds (to be among the consistent poor one has to fall below three thresholds – an income one and any two of the items on the deprivation list), the consistent poverty measure renders poverty less arbitrary than relying on income poverty alone.

Basic deprivation is a key part of the consistent poverty measure. It is essentially conceived and measured in terms of possession of consumer durables, quality of housing and aspects of participation in social life. People are asked whether they lack the following items because they cannot afford them:

1. Two pairs of strong shoes
2. A warm waterproof coat
3. Buy new not second-hand clothes
4. Eat meals with meat, chicken, fish (or vegetarian equivalent) every second day

5. Have a roast joint or its equivalent once a week
6. Had to go without heating during the last year through lack of money
7. Keep the home adequately warm
8. Buy presents for family or friends at least once a year
9. Replace any worn out furniture
10. Have family or friends for a drink or meal once a month
11. Have a morning, afternoon or evening out in the last fortnight for entertainment.

If they say that they cannot afford two or more, then they have a chance of being counted among the consistently poor but to do so they must also have an income below 60% of the median. A number of points should be noted about the list of items. The same set of deprivation items is applied across all adult age groups. The items are not weighted or prioritised - so they all count equally. Finally, their incidence is just summed to get a cut-off threshold of two or more.

One can raise doubts about this approach to measuring deprivation also. In general, the indicators have been selected through a careful process on the assumption that they cover a range of important aspects of life. The items included are said to be represent a multidimensional approach (Maître et al 2006). However, a glance at the list suggests that basically, it is consumption that is measured – only two of the items (10 and 11) relate to participation (the classic sense of social exclusion). In effect, the indicators are much more materially than socially based.

There is also a more technical problem. Effectively, the consistent poverty measure is inconsistent because while the income measure is a relative measure in the sense of being related to average income and hence subject to change as income changes, the deprivation part of it is more or less absolute – it has only been altered once (in 2007). As Palmer and Rahman (2002: 16) point out, although in theory it is open to change in practice it has been changed only once. It would seem extremely important to reconsider the component items on a regular basis, and especially in periods of profound change such as the present when people's income and life styles are known to have changed. Moreover, it is important to make systematic

comparisons between the indicators of deprivation used in Ireland and those used by the EU (see CSO 2009, chapter 5). While there are overlaps, the EU measures relate more to possessions (e.g., owning a washing machine, tv or car) and not being able to pay bills or meet expenses.

When it comes to the older population, very serious issues can be raised in relation to the suitability or effectiveness of the approach. In the UK this concern was so profound that the Department for Work and Pensions instituted a programme of research in 2006 to investigate the range of issues involved (published as Berthoud et al 2006; Dominy and Kempson 2006; Finch and Kemp 2006). Both qualitative and quantitative research studies were used for this purpose. The initiating concern there – and this is true for Ireland also (see Table 2) – was the inconsistencies between the findings on income poverty and those measured by deprivation for older people. Detailed analysis of cross-sectional UK data led the researchers to suggest that older people were less deprived than younger people with the same incomes, but not to the extent portrayed in some measures of material deprivation (Berthoud et al 2006). Analysis of changes over time among the same individuals (using longitudinal data) however, led to a rather different finding – that ageing was itself associated with increasing material deprivation. While these findings have to be interpreted with great care – since the results vary very much by the particular indicators used and whether one is using a one-point-in-time approach (as in cross-sectional analysis) or tracing impacts over time (as in longitudinal analysis) – they indicate that deprivation in the form of diminished possession of consumer durables got worse as people get older. So it seems that there is a complex of issues involved and that different approaches reveal different findings, some of which may be contradictory. The bottom line, though, is that there is a case to be made about whether the existing set of indicators in use in the Irish case is efficient in indicating the situation of older people.

The methodology of deprivation measurement is a good place to start to query how good it is at revealing older people's actual situation. First, there is evidence (again from the UK) that "older groups, in particular, were less likely to say they could not afford an item they lacked, and more likely to say they did not want it… among those lacking the item, the oldest group (aged 65+) had the lowest incomes but were the least likely to mention inability to afford as a reason" (McKay 2004: 218). If this is the case in Ireland too –

and there is no reason to assume it is not - the potential consequence is that older people have a reduced chance of being counted among the consistent poor. Culture is a factor in other ways as well. For example, it is possible that a prolonged period of time spent on a low income could well depress aspirations, and lead some people to say they do not want items which, in other circumstances, they might desire. We must also remember that most people who are older in Ireland today lived their lives in a period when low income and lack of material possessions were the norm. Furthermore, the ability to get by is highly-valued by older people – it is a source of pride not to go beyond one's means and so older people may not want the items listed if they do not feel they can afford them or they may not admit that they cannot afford them. The latter was one interpretation drawn from research on this question in the UK (Berthoud et al 2006). So the whole matter of whether older people have different values and how these influence how they reply to the questions around deprivation in the surveys is vitally important. In Ireland this is under-explored. At root then, the matter of whether deprivation measures can adequately pick up on people's values and preferences – and variations across sectors of the population in this regard - remains an important critique of the overall approach.

There is, secondly, the fact that income and material deprivation are more likely in the case of older people to be mediated by other factors. In the UK, Dominy and Kempson (2006) directly investigated why older people appear well-off using deprivation indicator approaches but less well-off when income poverty is the measure. Their research as well as that of others (McKay 2008) suggests that there are a series of contextual factors in the case of older people that mediate both their levels of deprivation and the way they answer the questions about deprivation. These factors are levels of healthiness, levels of savings, and receiving help from others. So, for example, Dominy and Kempson (2006) argued that some older people had access to consumption and other items because they received support from others (like family) to get them. These intermediate factors, which the official measures of poverty take no account of, can be vital. In addition, it must be remembered that many older people live with others and so their access to possessions and even general consumption is mediated by this also.

Thirdly, one could make an argument that a number of the 11 items used to measure deprivation and consistent poverty are not as relevant or 'essential'

for older people as for the population of prime age. Reading them suggests that they were conceived from the perspective of people of prime age – even the wording suggests this. There is a possible case also, therefore, that the reason why older people come out better from the deprivation indicators is that some of the listed items are not as relevant to them as for other age groups. Their consumption patterns vary (and are usually more modest) as compared with the rest of the population. Moreover, research in the UK found that whereas older people are less likely than younger ones to be unable to afford necessities (and so appear better off), younger people are much more likely than older people actually to have 'luxuries' like the latest technology which is not included in the measurement of items afforded and so they are better off (Berthoud et al 2006).

Fourthly, another criticism centres on what is not included among the indicators. There is especially the question of service deprivation which research in Ireland has suggested as an important measure of potential deprivation for older people (Prunty 2007). Quality services is a strong theme in the literature as being of significant importance for older people (Dominy and Kempson 2006). It is also one of the themes that has been most emphasised by the EU over the course of its social policy engagement through the Lisbon process for the last 10 years (Daly 2008). The possibility of having an elderly-specific indicator might therefore be a good idea. If so, access to services suggests itself as an important indicator. In fact inserting a service specific indicator could reveal important aspects of deprivation among other groups as well.

Overall, having examined 13 different ways of measuring deprivation in the UK on a cross-sectional basis, Berthoud et al (2006) concluded that older people probably do experience rather less deprivation than younger cohorts on the same income; but the scale of the difference may be less than that estimated by the main indices and the precise comparison is sensitive to the measures used. These researchers underline that the variation between indicators makes it very difficult to treat deprivation scores as a reliable actual measure of poverty or need.

In sum, there are very good grounds to question the utility of the deprivation approach for ascertaining the situation of the older sectors of society.

Key Themes and Issues Emerging from the Research Literature on Older People's Experience of Poverty, Deprivation and Social Exclusion

A first finding is that the **income poverty levels of older people in Ireland have varied widely over the last two decades**. Tables 1 and 2 in the Appendix show this – between 1994 and 1998 for example, the income poverty rate at the 60% median income threshold among people aged 65 years and over rose from 6% to 33%. In 2008 it was down to 11%. So in the 1990s and 2000s older people in Ireland experienced a dramatic rise and then fall in their relative poverty risk.[2] It has been something of a rollercoaster. It is difficult to predict how this will change in the future – because it depends so centrally on social welfare pension levels as well as general shifts in income distribution more broadly – but it is important to remember that, as recently as 2004 some 27% of older people were below the income poverty line (Russell et al 2010: xv). The much higher than average levels of poverty among older people in the 1990s especially were mainly due to the rapid increase in average earnings and incomes and the fact that only over time were increases in social welfare payments granted (Table 1). It should also be noted that the rise and subsequent fall in poverty was considerably more dramatic for older people than the population in general (Hick 2009). For most of the 1990s and 2000s poverty rates among older people were higher than the rates for the population as a whole – it is only in the last years (from 2006 on) that the income poverty rate of older people is lower than that of the population as a whole. The main reasons for this are a) increases in pension rates and b) changes in the level and distribution of income among the population at large. All of this suggests that care needs to be taken when interpreting the poverty results for older people in any one year.

A second strong finding is that there is a bigger difference between older people's **income poverty levels and how they score on the deprivation indicators and hence consistent poverty than is true for the rest of**

2 It should be noted, though, that of the three thresholds (50%, 60% and 70%), it is the 60% that is the most sensitive to change over the period (Hick 2009).

the population (see Table 2). This is usually explained in terms of the assets accumulated by older people over the life course (hence the lower deprivation and consistent poverty levels) (Russell et al 2010). It has also been suggested (Prunty 2007: 28) that the inconsistency may be related to higher levels of services and non-cash transfers received by older people (which are not measured). However, the research undertaken specifically on this question – discussed in the last section – suggests that some of these differences are a function of the measures used and their relative insensitivity to the situation of older people.

One should by way of overview note the finding of Fahey et al (2007: 23) to the effect that **older people are as likely as any other population age group to be economically vulnerable** (measured by combining information on income poverty, experience of enforced basic deprivation and reporting difficulty in making ends meet): 17% of older people compared with 18% of those of working age were defined as economically vulnerable on the basis of data from 2004. In the context of older people in particular, one need only think of the difficulties they have in getting access to employment in order to supplement their incomes, the high costs associated with maintaining healthiness or trying to deal with the consequences of ill-health and reduced mobility.

The **vulnerability of some sub-groups of older people to poverty** has also been highlighted (Layte et al 1999; Russell et al 2010). Older people who live alone are very vulnerable (Lundstrom 2009). In this regard it should be noted that some 29% of older people lived alone in 2002 (Fahey et al 2007: 14). This was up from 20% in 1981 and is a trend that seems set to continue. On the basis of Prunty's (2007) analysis as well as that of Russell et al (2010), living alone seems to be the biggest differentiator between the income poor and non poor among older people. Given that (in 2006) some 65% of older people who lived alone were women, there is bound to be an interaction effect between gender, living alone and poverty. As reported in Lundstrom (2009), to provide older people who live alone with an income which is sufficient to sustain an acceptable standard of living, the Living Alone Allowance would need to be increased to between 46.50 (on the basis of data used by Callan, Nolan, Walsh, Whelan & Maître (2008) and 69.68 (Vincentian Partnership for Social Justice, 2007 data) per week. In sum, it is important not to view the older sectors of society in homogeneous terms when it comes to income and deprivation. There are important variations among subsections of the

older population, e.g., married *vs* single pensioners, women *vs* men, those who live alone *vs* those who live with others, and rural *vs* urban dwellers. These variations are not created when people reach 65 years or older but are associated with personal life cycle events which influence income dynamics and people's living conditions in the short- and long-term (Baroni and O'Donoghue 2009: 10).

For older people, the available research suggests that, from a deprivation perspective, the factor that they report most difficulties with is in **affording replacements for worn-out furniture** – this is also the most common deprivation item among the population as a whole (CSO 2009). It should be noted that in rural areas older people are more likely to experience housing-related deprivation compared with the rest of the population (Prunty 2007). Central heating is especially likely to be reported as lacking in these areas along with the afore-mentioned (in)capacity to replace old with new furniture (Fahey et al 2007: 22). The finding of a relationship between housing deprivation and living alone suggests that the living alone allowance has an important role to play as does a special programme for repairs and refurbishment of older people's homes.

Are there established measures that better capture older people's experience of poverty, deprivation, social exclusion in use in large-scale survey research internationally?

There are no established measures that better capture older people's experience of poverty, deprivation and social exclusion in use in large-scale surveys internationally. However, there are a number of alternatives to the poverty/deprivation approach. One of these is the well-being approach, which the National Economic and Social Council (NESC) has recently endorsed (2009). This is a loose set of approaches that focus on function rather than

dysfunction (poverty and deprivation are both negative conditions) and it has origins in positive psychology rather than in the more critical and social problem oriented social disciplines (Sociology, Social Policy and Social Work). In particular, the well-being approach promotes the older years as an active and participative stage in life – the idea of capabilities and achievements are emphasised over consumption and possessions. The Canadian Index of Well-being is among the most developed of these indices.[3] It covers living standards, healthy populations, community vitality, democratic engagement, time use, and leisure and culture.

If one wanted to focus more specifically on older people but not have the focus too much on poverty and deprivation, work at the European Centre in Vienna has been developing indicators to implement the Madrid International Plan of Action on Ageing (Marin and Zaidi 2007). This emphasises a range of domains including demography, income and wealth, labour market and labour market participation, social protection and financial sustainability. Closer to home, the NESC (2009) uses the concept of well-being to discuss the situation of older people across domains such as economic resources, work and participation, relationships and care, democracy and values.

There is also the Senior Financial Stability Index, developed by Thomas Shapiro of Brandeis University in the US and applied in Meschede et al (2009). This measures five components of senior economic security:

- Housing costs
- Healthcare expenses
- Household budgets
- Home equity
- Household assets.

For each component, the Senior Financial Stability Index defines what makes a senior household secure and what makes it financially vulnerable (but this too is normative or values-based). The Index combines these definitions to come up with an overall assessment of financial security and vulnerability among retirees. For example, it is suggested that when housing consumes

3 See http://www.ciw.ca/en/TheCanadianIndexOfWellbeing.aspx.

more than 30% of income or healthcare more than 15% the household is at risk or financially unstable. An overall assessment is offered on the asset security/insecurity of older persons' households. In some key respects this is similar to the budget standards approach which has been developed in Ireland by the Vincentian Partnership for Social Justice. It is an extension of it to other areas. I believe that it has potential if applied to Ireland.

Recommendations

1. A debate needs to be initiated about the matter of poverty measurement and its continued development. Organisations working with older people could well take a leading role in this respect. The measurement of poverty and deprivation and its continued improvement is too important not to be debated publicly.
2. A programme of research on older people and poverty/social exclusion and the efficacy of different approaches for that sector of the population would be welcome. This could consist of a number of different 'parcels' of research which use both quantitative and qualitative methodologies.
    - i) One piece of research should investigate how deprivation on particular items is linked to variations in income among older people. There is also a case for extending this kind of research into the earlier life course as research in the UK has found that there is a change in lifestyle and deprivation levels from 50 years onwards (Berthoud et al 2006).
    - ii) A second possible component is to investigate the situation of sub-groups of older people, specifically those who live alone, the very elderly, those living in remote rural areas, and women.
    - iii) A third element would undertake qualitative research among older people to probe their reactions and responses to the items and mode of questioning in the EU-SILC survey and to enquire as to whether there are items and lifestyle factors that are specific to this sector of the population that should be included among the items listed.

iv) A fourth important question to explore is the matter of how older persons' households with different kinds of need manage and how the relative level of need (for example in relation to health and mobility) affects level of income, how it is expended and general resource levels. This would be best explored through qualitative research which would consider also how older people's situation is mediated by factors such as the availability of services and family-related considerations.

3. The possibility of including an older people-specific indicator in the deprivation items should also be considered. 'Access to services' is a possibility here as is level of healthiness. Self-reported unmet need for medical care[4] and the number of visits to the GP in the last 12 months are in fact among the common indicators used by the EU under the Lisbon process (European Commission 2009). Other possibilities include the numbers of older people who lack regular social interaction with others including relatives.

4. The possibility of a feasibility study on the application of the US-developed Senior Financial Stability Index to Ireland should be considered. This is a very interesting approach which avoids the pigeon-holing of the low-income sector and focuses on vulnerability and financial stability over time. Furthermore, it can be applied to any sector of the population.

5. If one wanted to step away from a sole focus on poverty or deprivation, there is the quality of life approach which is much more focused on the population at large and covers domains beyond those included in poverty measurement. This approach, which has recently been endorsed by the National Economic and Social Council (NESC 2009), could lead to a general social reporting mechanism on the well-being of different sectors of the population – along the lines of the *Social Portrait of Older People* produced by the Office for Social Inclusion in 2007 (Fahey et al 2007). Broadening the compass further, the approach to mainstreaming ageing indicators developed by the European Centre in Vienna provides a very extensive and ageing-sensitive set of indicators which pertain to the whole of society rather than those who are currently in their older years (Marin and Zaidi 2007).

4 For the following three reasons: financial barriers, waiting times and too far to travel.

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Appendix

Table 1 Income Poverty over Time in Ireland

	1994	1998	2004	2008
Poverty line (€ weekly)	98.60	139.45	185.51	239.50
% of persons income poor	15.60	22.60	19.40	14.40
% of people aged 65+ income poor	5.90	32.90	27.10	11.00
Contributory pension (€ weekly)	90.17	105.41	167.30	230.30

Sources: Table 5.3 McCashin (2007) and CSO (2009).

Table 2 Poverty and Deprivation Rates (2008)

	All	65-74	75+
Income poverty	14.4	12.1	9.9
Deprivation	13.8	9.9	8.5
Consistent poverty	4.2	1.7	1.0

Source: CSO (2009)

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