

# **The implications of intra-household inequality for adult material deprivation in Europe**

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## **Extended abstract**

In most research on living standards, material deprivation is also usually measured using household level material deprivation indicators. However, if resources are not shared equally within households, conventional material deprivation indicators may mask important variations in individual living standards. In this paper we make use of individual-level deprivation data included in the 2014 European Union Statistics on Incomes and Living Conditions (EU-SILC) ad-hoc material deprivation module which include a series of personal level deprivation indicators to examine the implications of intra-household inequality on material deprivation measurement. We find significant differences in the proportion of adults identified as deprived according to the conventional EU household level material deprivation indicator and our alternative deprivation indicator based on the enforced lack of personal deprivation items. The groups identified at high deprivation risk in terms of the two indicators are also different, with the most pronounced differences for couples and people in complex households. Results from a series of regression models which examine how adult deprivation indicators vary by various household and individual characteristics suggest that individual income shares (which can be seen as proxy of the distribution of the relative power within households) has a significant negative effect on the personal deprivation risk, pointing to the incomplete pooling of household resources, especially in multi-family households. Using the Alkire-Foster methodology we then construct an index of multi-dimensional deprivation by treating household and personal deprivation indicators as two separate dimensions of one overall measure. Our results suggest that in the majority of countries the personal deprivation dimension contributes over 50 percent of the overall multi-dimensional deprivation index. This suggest that personal deprivation indicators can provide additional information about individual deprivation risk over and above the household level deprivation indicators and should be used as a separate dimension in the overall assessment of individual's deprivation risks.

**Keywords:** material deprivation, intra-household inequality, multidimensional poverty

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