

## Poverty, inequalities and social exclusion: what do we know and what can we do?

Inequalities and social exclusion are in the spotlight. Local, national and international news attest to this. While this widespread mobilization may lead us to think otherwise, measuring, understanding and dealing with these issues is not simple and raises many questions that must be addressed to allow effective policy action.

This report summarizes the main lessons from recent research on poverty and social exclusion from Quebec, Canada and abroad and examines the role of public policies in reducing poverty, inequalities and social exclusion.

### Results

The poverty rate in a society can be measured in a variety of ways. The focus can be placed on the satisfaction of basic needs, on the fulfillment of individual potential, or on available income on an individual or family basis. Most often, income is favoured because it gives a good idea of the prevailing standards of living and because it is relatively easy to measure, understand, and compare.

Canada has never settled on an official measure of poverty, but Statistics Canada produces three distinct low-income measures often used to that end: the low-income cut-off (LICO), the low-income measure (LIM) and the market basket measure (MBM). Each has merits for certain purposes but intrinsic limits for others. When not properly used, a measure can actually be misleading, as is the case with LICO when used for interprovincial comparisons for instance. It is thus important to determine what it is that we want to measure before choosing an indicator.



#### About this CRDCN Research Highlight

This *Research Highlight* draws on Alain Noël, “Fighting Poverty, Inequalities and Social Exclusion: Conference Report,” Montreal: QICSS and CRDCN, 2012.

This report summarizes findings presented at the international conference on “Social Statistics, Poverty and Social Exclusion: Perspective from Quebec, Canada and abroad” organized by the Quebec Interuniversity Centre for Social Statistics (QICSS) and Quebec’s ministère de l’Emploi et de la Solidarité sociale (MESS) in Montreal in the fall 2011.

It was prepared in collaboration with the author by Sarah Fortin, Knowledge Transfer Coordinator at the Canadian Research Data Centre Network (CRDCN), an infrastructure created to improve researchers’ access to Statistics Canada detailed micro-data, to expand the pool of skilled quantitative researchers and to improve communication between social scientists and research users.

- Still, and although these measures are based on different foundations, they do not produce poverty rates that are radically different from one another. In fact, they seem to point out to an implicit but very widespread social standard in industrialized countries.
- Empirical evidence indicates that employment levels and the distribution of income play a preponderant role in the evolution of poverty and low-income rates, and that education always has a protective effect against poverty.
- Some groups do not benefit as much from existing opportunities, however, even at equivalent levels of education. In Canada, for instance, women, young people, people with disabilities, Aboriginal peoples, and recent immigrants are more likely to experience poverty. Children who grow up in poverty also have more chances of becoming impoverished adults.
- Most studies on the question focus on individual determinants of poverty and inequalities, such as family history, education and participation to the labour market. But these factors fail to explain why, at roughly equal wealth, some societies are characterized by more poverty and inequality than others. This is where comparative analysis is most useful. It helps bring to light the role played by institutions and public policies.

## Policy implications

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- Since no indicator is perfect on its own, governments should monitor a variety of indicator to obtain a more holistic, multidimensional understanding of poverty, inequality and social exclusion, as they now do in Europe for instance, where material deprivation and underemployment are considered in addition to low income.
- In Canada, the LICO is an obsolete measure on a number of grounds. Instead, the MBM should be used for interprovincial comparisons and the LIM for international comparisons.
- In order to fight poverty and inequalities, governments should adopt action plans with explicit, measurable objectives. Such action plans have the advantage of setting a direction and fostering the mobilization of all social actors. They also force governments to change their habitual ways of conducting policy.
- Three guidelines are proposed to mark out the seriousness of such an action plan: 1) priorities should be announced with some degree of precision; 2) political and institutional changes required to attain the established priorities should be identified; and 3) information and reporting mechanisms to guarantee the transparency and democratic vigilance necessary to attain the stated objectives should be introduced.
- Because it is a unique event, by far the most important moment of the year in the public policy universe, the budget speech could be used to take stock of poverty and inequalities each year.