

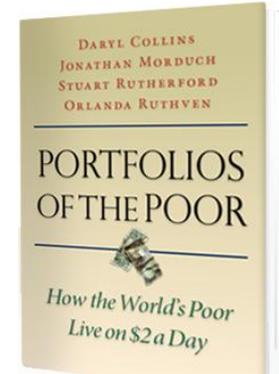
Bottom 10%, up to
£14,009

Median pay
£25,882

Top 10%, from
£46,433



UK income inequality. Click image to view graphic



ICRPS 2012

Addressing inequalities in rural areas

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Overview

Provide an interactive learning opportunity to explore definitions, measurements, and policies related to inequalities from your country perspective

- **Introduction**
- **Defining inequality**
- **Measuring inequality**
- **Inequality policy**

Defining inequality

Individual exercise

- *What is an important inequality from your country's perspective? Place, people*
- **Country?**
- **Inequality?**

Inequalities

People



Places



Measuring inequality

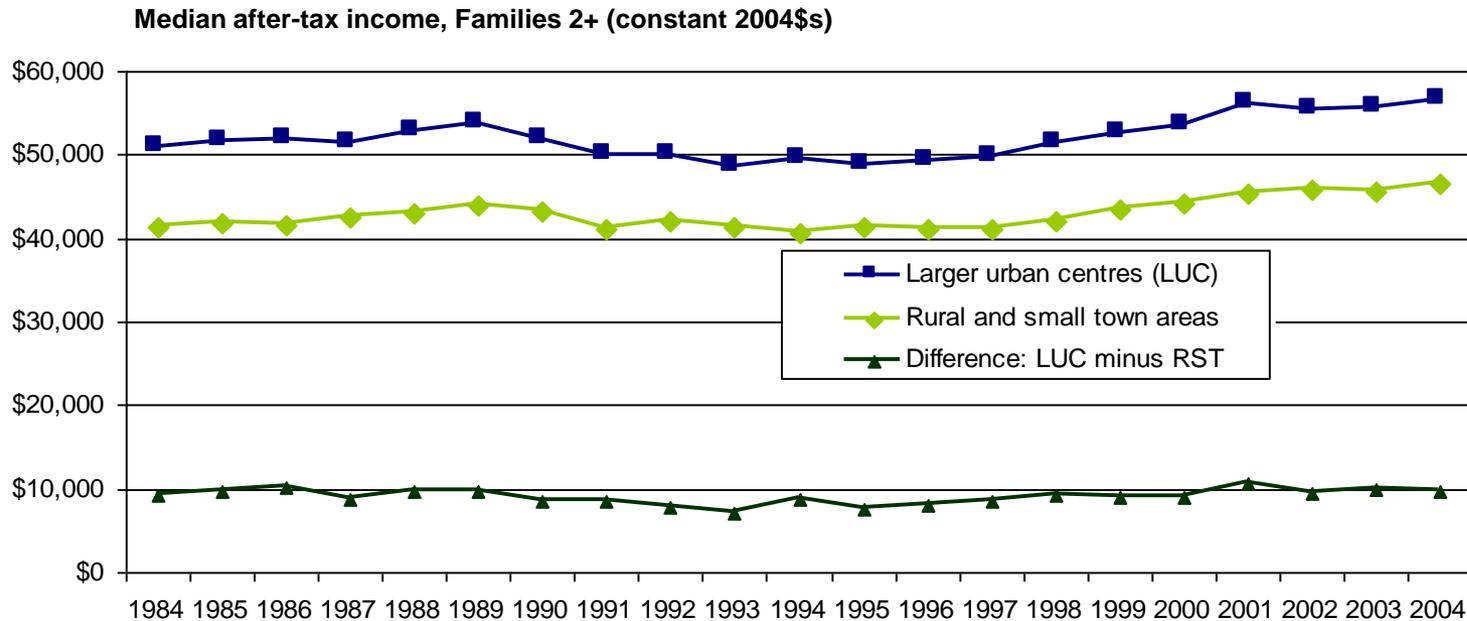
- Dimensions of Inequality: Income example
 - *Gap measures (differences in levels)*: What is the difference in average levels of income between two groups?
 - *Distributional measures (differences in shares)*: What shares of income go to different groups?
 - *Rate measures (percent of population below some minimum acceptable standard or cut-off line)*: What is percent of the population in poverty (with incomes below the poverty threshold – the income level below which a person or household is considered “poor”)?

Gap measures

- Differences in average income?
 - What groups might you think had different income levels
 - What other measures of well-being might be important

Measuring Inequality: Gaps

Median incomes in rural and small town areas are about 10,000\$ less than in larger urban centres



Source: Statistics Canada, Survey of Labour and Income Dynamics / Survey of Consumer Finances, Custom Tabulation

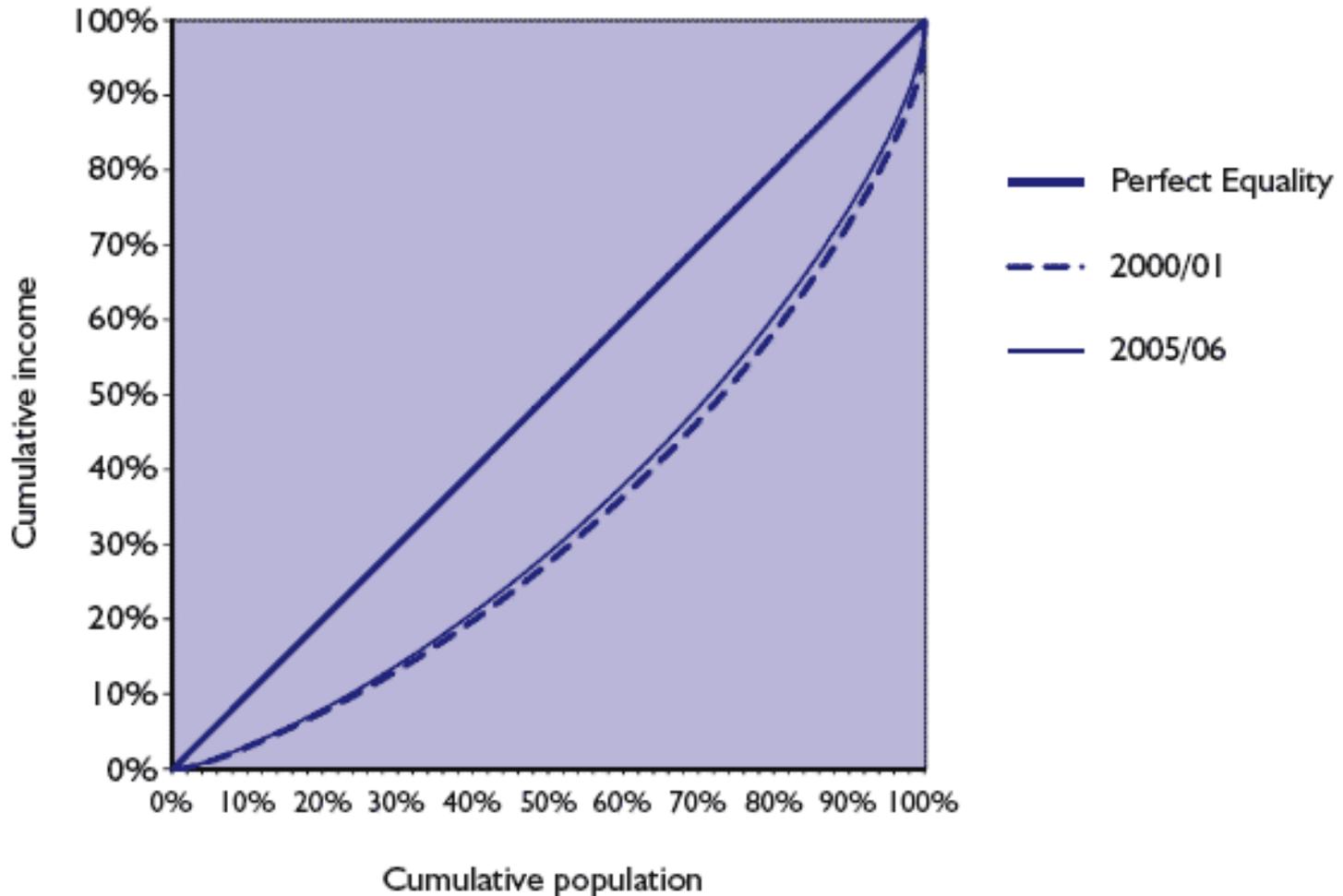
Note: Larger urban centres = CMAs (Census Metropolitan Areas) and CAs (Census Agglomerations)
Rural and small town areas = areas outside CMAs and CAs

Share measures

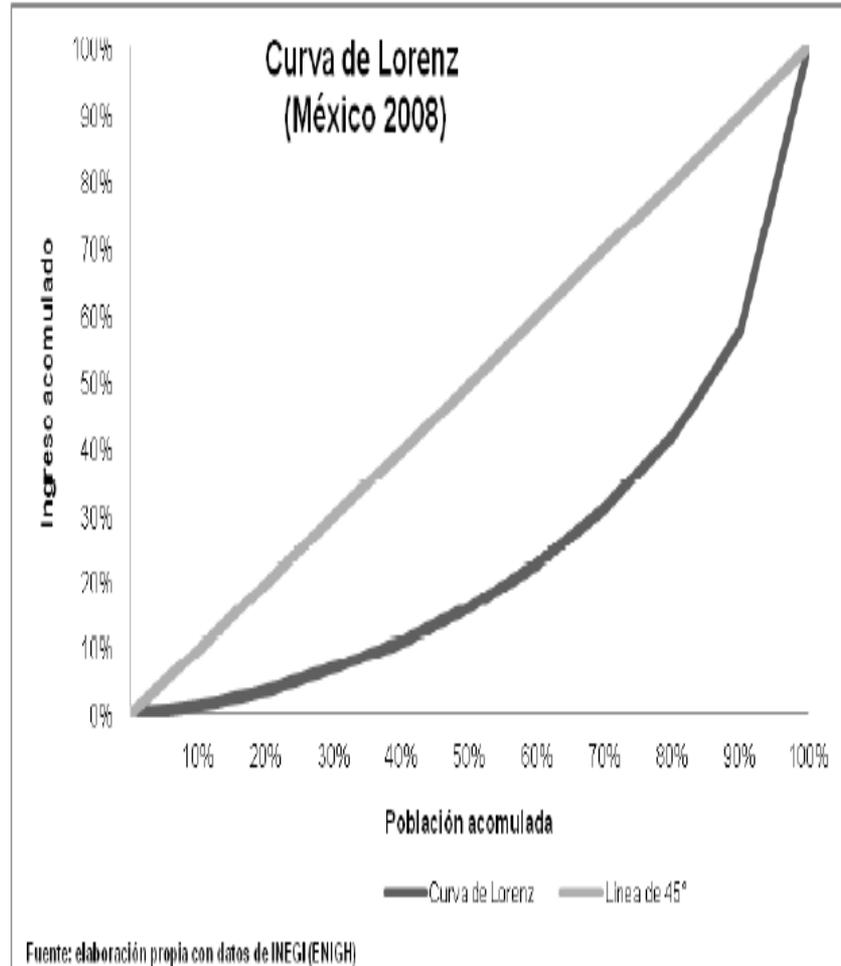
- Measuring shares of income going to
 - Top 1 percent?
 - Top 20 percent?
 - More comprehensive measure: different shares of the population ranked on income
 - Lorenz curves:
 - Gini coefficients:

Measuring Inequality: Shares

Lorenz Curve: Scotland 2000/01 and 2005/06



Measuring Inequality: Shares



Rate Measures

- Setting a minimum threshold of income to meet basic needs
 - Absolute?
 - Relative?
- Determining what populations to analyze
- Determining the percent of the relevant populations below this minimum threshold

Measures of poverty in the world

- No international definition of poverty
 - Depends on the country
 - Depends on the theoretical framework (basic needs, capability)
 - Absolute or relative measure?
 - Based on income or consumption?

Measures of poverty in the world

- Millennium Development goals
 - Extreme poverty \$1/day
 - Poverty \$2/day
- US: Orshansky poverty thresholds
 - Based on the income after-tax needed to buy a basket of food (multiplied by 3)
 - the price of the basket is indexed through inflation

Measures of poverty in the world

- Europe: Laeken indicators
 - Relative low income measure (60% of adjusted income)
 - Other indicators such as persistence of low-income, long term unemployment
- UK: 3 indicators
 - Absolute, relative income and Index of multiple deprivation \
- Mexico: 3 indicators
 - Extreme; Basic; capacities and assets

Low income measures in Canada

- Do not have an official measure of poverty
- Two measures by Statistics Canada
 - Low Income Cut-Offs (LICO)
 - Low Income Measures (LIM)
- One measure currently released by HRSDC :
 - Market Basket Measure (MBM) of low income

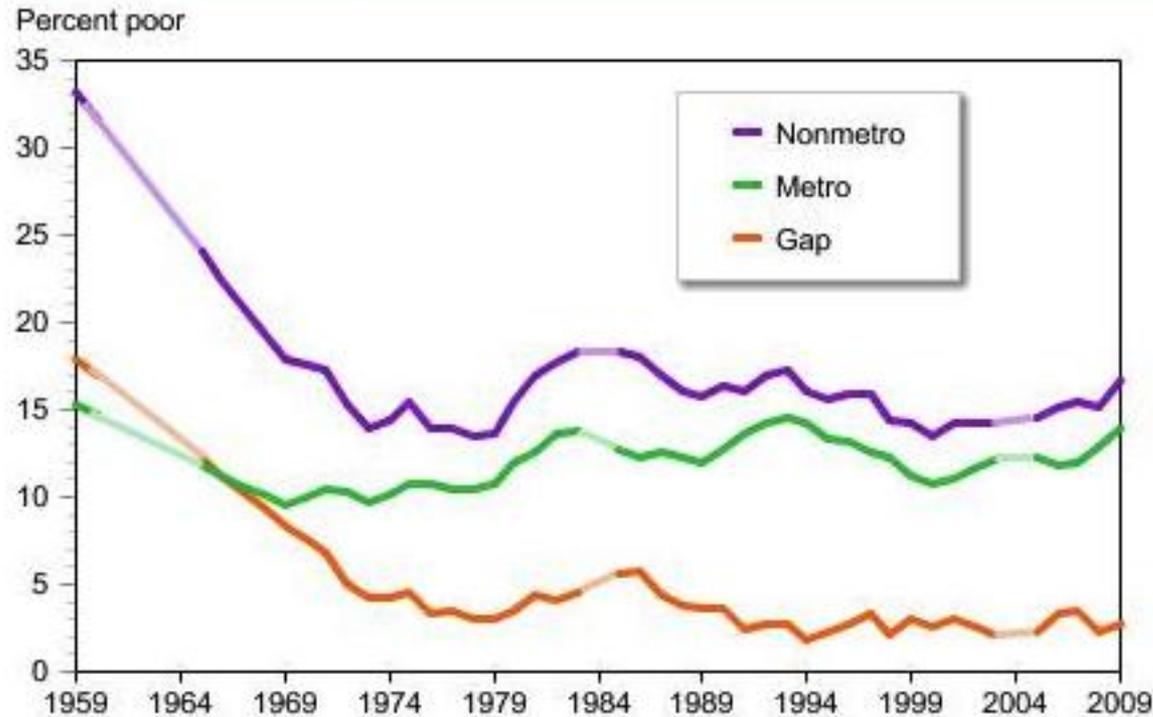
Low Income Cut-Offs (LICOs)

- Income level at which a family may be in strained circumstances because they have to spend 20% more of their income on necessities (food, shelter, clothing)
- 35 cut-offs to represent 7 family sizes and 5 sizes of area of residence
- Calculated on income before-tax and income after-tax

Measuring Inequality: Rates

Poverty rates by residence, 1959-2009

Nonmetro poverty has been higher than metro in every year since 1959



Note: Metro status of some counties changed in 1984, 1994, and 2004. Metro and nonmetro rates are imputed for 1960-1966, 1984, and 2004.

Source: Calculated by ERS using data from the U.S. Census Bureau's Current Population Survey, March Supplements.



Measuring Inequality

- We have examined “people” measures of inequality for a particular place
- Two other dimensions of measuring inequality are:
 - Inequalities across places (bar charts of poverty rates in metro and nonmetro counties; maps of county poverty rates)
 - Inequalities over time: how inequality of people or place change over time (line graphs of changes in levels of Gini coefficients between 1984-2004)

Measuring inequality

- Project group exercise- using at least two countries represented in your group:
- **Identify at least 1 issue around which to measure inequality? (may vary by country)**
- **What kinds of measures would you use in your country to address the issue ?**

Inequality policy

People (poor)

- Tax/cash transfer
- Welfare state
- Social safety net
(Ed, health, housing, employment...)
- Training
- Equalities laws

Places (devitalized)

- Job creation
- Industrial/sectoral subsidies, incentives
- Land ownership
- Land planning
- Infrastructure investment (Broadband)

Wrap up

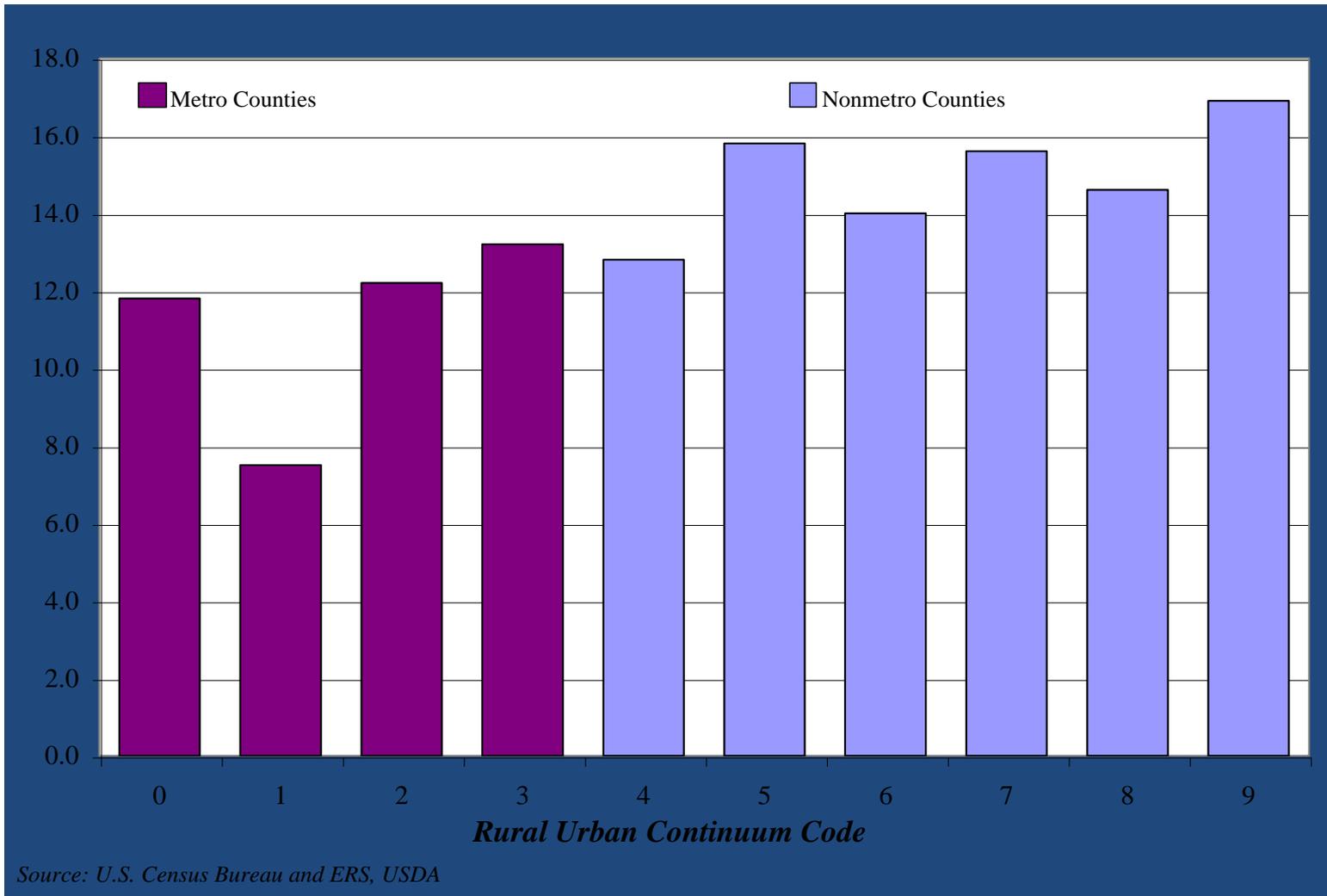


- What is your take away learning from this session about inequity?

Thank you

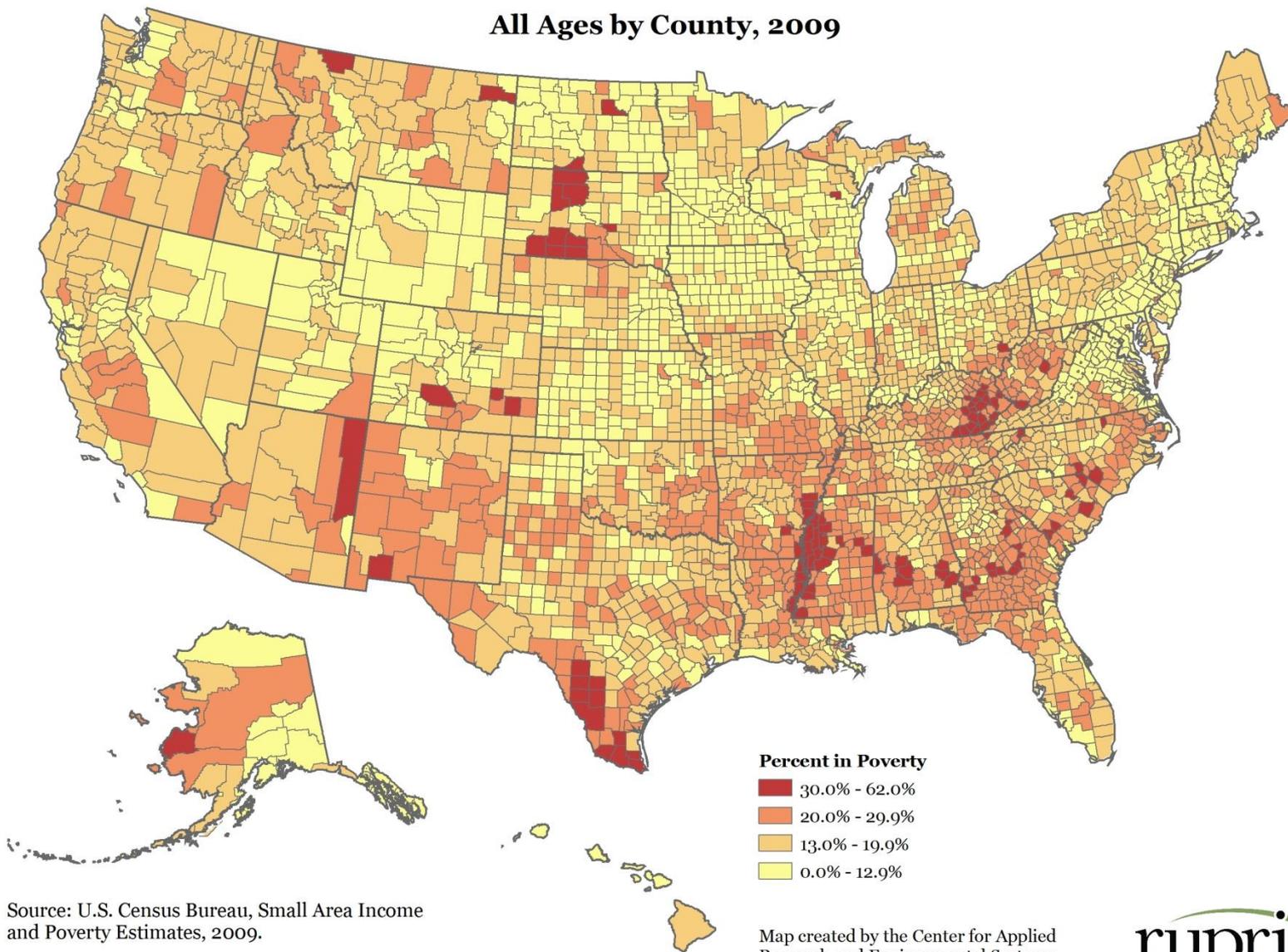


Poverty Rates Along the Rural Urban Continuum



Percent of Population in Poverty

All Ages by County, 2009



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates, 2009.

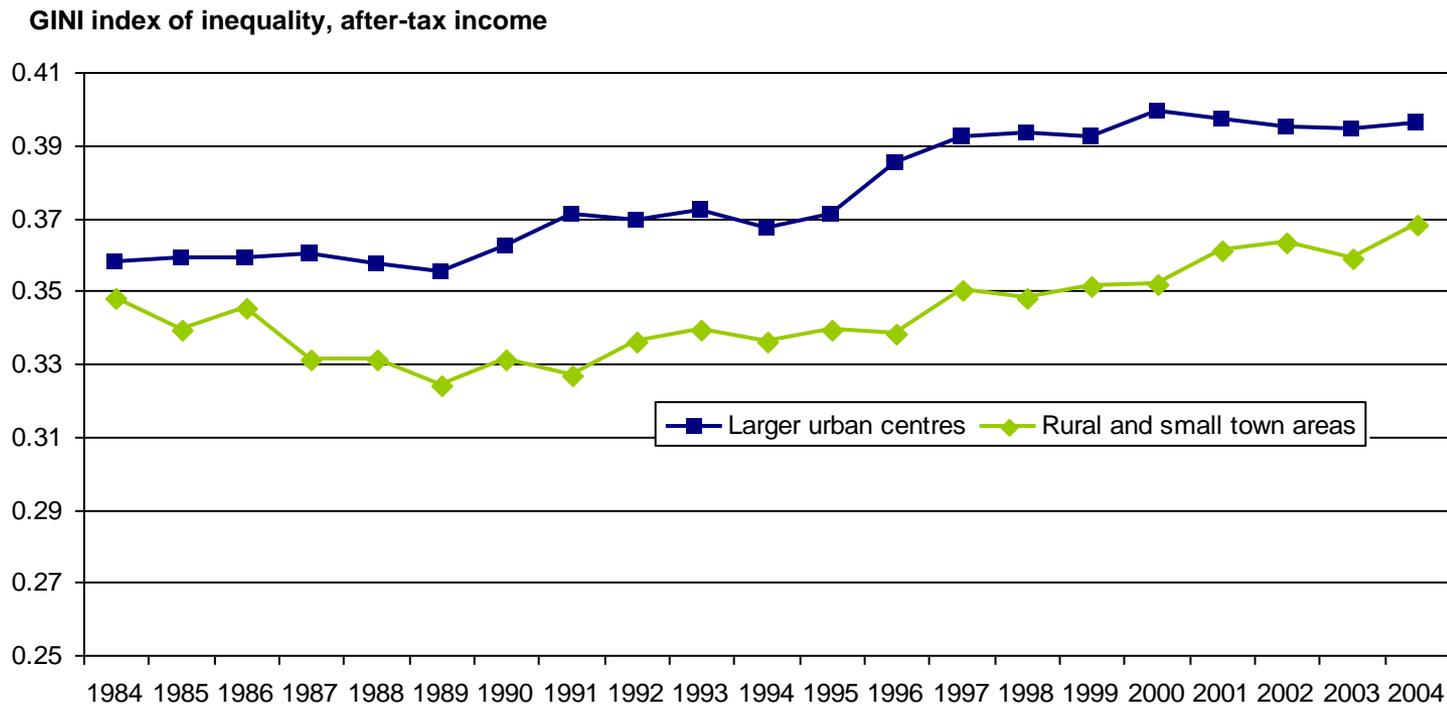
Note: Alaska and Hawaii not shown to scale

Map created by the Center for Applied Research and Environmental Systems, January 2011.



Within rural areas, there is relatively less inequality of incomes

- Rural
- Poverty
- Canada
- Income level
- Inequality**
- Low income
- Communities
- Persistency
- Determinants
- Farmers
- Français



Source: Statistics Canada, Survey of Labour and Income Dynamics / Survey of Consumer Finances, Custom Tabulation

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