Poverty and its dynamics in Italy: comparing results by using absolute and relative poverty thresholds

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Abstract

The Italian National Institute of Statistics, along with relative poverty measures, is providing since 2005 absolute poverty thresholds based on consumptions data. Istat also publishes measures of poverty based on income, harmonized at the European level. The data comes from the EU-SILC survey, which provides extended information on income, living arrangements and household characteristics.

In this paper we compare, by using both cross-sectional and longitudinal EU-SILC Italian data, the effects of adopting absolute or relative poverty thresholds in estimating poverty incidence and in analysing poverty dynamics. We apply relative (RPT) and absolute poverty thresholds (APT) to equivalised household income, including the value of own production and imputed rents, to gain poverty incidence. The stratification of such indices by family composition, geographical area and other socio-economic characteristics allow us to show and discuss the differences between the two approaches to poverty measurement. The same reasoning is applied to longitudinal data, to focus on poverty dynamics.

Our analyses show that using APT the differences (in terms of poverty incidence) across regions are lower than those we get by using RPT. Conversely, using APT differences across living arrangements are stronger than those we get by using RPT. We also found differences in terms of poverty persistence (i.e. being poor for at least three years out of four). To conclude, despite APT and RPT generally provides consistent estimates of association between household characteristics and poverty incidence/persistence rates, some differences arise. In particular, APT takes into account the different purchasing power in Italian regions and does not depend on the average income level, so it is more sensible to economic recessions effects.

Keywords: relative poverty, absolute poverty, poverty incidence, poverty dynamics

Jel Codes: C20, C81, I32

1. Introduction

The Italian National Institute of Statistics (Istat) is providing since 2005 absolute poverty thresholds based on consumptions data. On the basis of these absolute thresholds Istat publishes yearly estimates of the incidence of absolute consumption poverty for Italian households as well as incidence of relative consumption poverty (Istat, 2015a). Istat also publishes measures of poverty based on income, harmonized at the European level (Istat, 2015b), using the Italian sample of EU-SILC survey, which provides extended information on income, living arrangements and household characteristics. The longitudinal component of EU-SILC permits to deepen the understanding of the phenomenon obtaining measures of the dynamics of poverty.

Italy is one of the few countries in the world that publishes regularly an official measure of absolute poverty. Absolute poverty is defined as the condition of an individual who does not own the minimal requirement necessary to afford minimal standards of food, clothing, health care and shelter. These minimal requirements have been evaluated defining the basic needs, i.e., a minimum basket of goods and services representing the whole goods and services considered essential for life. The monetary value of the basket is the absolute poverty threshold (Istat, 2009). The basket could vary with respect to household composition; therefore, according to household size and composition are defined various basket. Moreover, the monetary evaluation of the basket depends on geographical location and municipality size, to correctly take into account the different purchasing parity existing in the country. Relative poverty instead, is the condition of an individual whose consumption/income is below a certain specified threshold of the consumption/income distribution of the population.

The two measures of poverty, absolute and relative, answer two different information needs. On one side absolute poverty measures the amounts of individual/households who lack the fundamental resources for living a decent life; on the other side relative poverty determines the percentage of individuals/households that have less than the rest of the individuals/households of the country. Their income/consumption could be even quite sizable if the general level of income/consumption of the country is high.

In general, comparing absolute and relative measures of poverty is not appropriate, because they measure different things. Nevertheless, defining a suitable framework, their comparison could be a useful tool to understand more deeply poor' characteristics.

In this work we study, using both cross-sectional and longitudinal EU-SILC data, the effects of using absolute (APT) or relative poverty thresholds (RPT) in analysing poverty

incidence and poverty dynamics. Differently from Istat official data on relative and absolute poverty based on consumption (Istat, 2015a), we will consider income poverty, following Eurostat approach.

The paper is organized as follows. Section 2 introduces the EU-SILC data and gives definition of RPT and APT. Section 3 compares APT with RPT conditioning on some household characteristics and comments the results. Some measures of poverty persistence, following the two approaches, are provided; then the estimates of the probability of being poor and persistent poor conditional to some household characteristics are computed. Section 4 concludes discussing on the advantages and caveats in using APT rather than RPT to analyse poverty incidence and poverty dynamics.

2. Data, definitions and methods

The EU-SILC is a European rotational sample survey in which individuals are interviewed yearly during 4 years. The survey collects detailed information, harmonised at the European level, on household and individual characteristics such as income, living arrangements, employment, education and health. Individual and household characteristics refer to the moment of the interview, while the income reference period is the previous calendar year. We consider the Italian cross-sectional samples from 2007 to 2013 and the four 4-wave balanced panels from 2007-2010, to 2010-2013.

According to Eurostat and on the basis of EU-SILC data, individuals are at risk of poverty if their equivalised income is lower than a given threshold. This is defined as the 60% of the median of the equivalised national household income distribution. The equivalised household income is computed dividing the household disposable income by the equivalised household size according to the OECD scale (Istat, 2015b).

In our analysis, we compare relative and absolute incidence of income poverty. We apply to the equivalised household disposable income distribution (i) the Eurostat poverty line defined above, (ii) a relative poverty line defined as the 40% of the median and (iii) the Istat absolute threshold, that varies according to household composition, geographical location and municipality dimension. The definition of income we consider is quite different from Eurostat definition, to be closer to the concept of consumption expenditure, i.e., the sum of household disposable income, imputed rents, values of goods for own consumptions and fringe benefits. For this reason our poverty incidences differ from those published by Eurostat.

Taking advantage of the longitudinal structure of the EU-SILC data, we introduce two simple measures of poverty dynamics. The first one is the Eurostat "at persistent risk of poverty" definition that states that individuals who are poor in the last wave and in two out of the previous three ones are persistent poor. This means that poor during the first three waves, but not the last one, are not considered persistently poor. The second measure of persistence we introduce is a broader one and defines an individual as persistent poor if he/she is in poverty in three out of four years (irrespective of his/her state in the last wave).

In section 3 we present estimates of poverty incidence and persistence conditional to several household characteristics. In order to control for spurious relationship and provide a more detailed picture of the absolute and relative poverty in Italy, we then apply logistic regression to both cross-sectional poverty and longitudinal persistent poverty. Poor and persistent poor are regressed against the rest of population. We run our estimates on the pooled datasets, either cross-sectional or longitudinal, and we use the same covariates in the models. For longitudinal models, characteristics at first wave are selected.

In both univariate estimates and models, sample units are individuals instead of households, for two reasons: (i) according to Eurostat, income poverty measures the share of individuals living in at risk of poverty households; (ii) longitudinal weights are defined at individual level, to correct for selective non-response. As a consequence, household and main earner characteristics are applied to all household members. In the models, robust standard errors are estimated, and normalised weights are used.

3. Results

3.1. Poverty incidences

In table 1, using the cross-sectional EU-SILC data from 2007 to 2013, we present three measures of the incidence of poverty using the three poverty lines presented above: the two relative poverty lines (60% and 40% of the median of the equivalised household income) and the absolute poverty line produced by Istat.

The variation in time of the poverty incidence calculated in the three ways shows the same pattern, although different sizes. The poverty lines based on 40% of the median (RPL) and the absolute poverty line (APL) give closer incidence estimates; for this reason, from now on, we decide to consider and comment only these two measures. RPT is always higher than APL, but it increases at a lower pace in the period of observation: RPT in fact shows a

1.5 percentage points increase, while APL increase is of 2.1 between 2007 and 2013. As a consequence, the difference between the two measures of poverty decreases in time, from about 2 percentage points in 2007-2008, to 1.3 in 2012-2013.

Table 1: Poverty incidence 2007-2013 using three poverty lines based on last year households' income (EU-SILC, weighted).

Poverty line	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
60% of the median HH income	17.50	16.85	16.36	17.04	17.79	17.56	18.11
40% of the median HH income	5.91	5.53	5.65	6.04	7.16	6.72	7.43
Absolute poverty line	3.95	3.36	3.99	4.26	5.24	5.34	6.10
Sample size	52,772	52,433	51,196	47,551	47,841	47,365	44,622

In table 2 we report cross sectional estimates of poverty incidence for the years 2007-2013 using APL and RPT for different characteristics of the households. Some differences, but also some similarities, between the two poverty lines emerge from these figures.

Poverty incidence rates by household characteristics, with APT and RPT are relatively consistent (see table 2). Both measures show higher poverty incidence for households whose main earner is young (especially in the case of those younger than 34), female, and unemployed. When household types are considered, single parent households, young adult households and households composed by two or more families, experience higher levels of poverty incidence. Finally, households living in Southern Italy are more likely poor than others.

We also notice some differences between the estimates obtained with the two measures. First, RPT shows wider geographical differences than APT does. Second, the difference between relative and absolute poverty is higher for most disadvantaged households (see figures for main earners conditions). Third, the trend over time of some figures also changes between the two measures and, generally speaking, we find a reducing difference between the two measures over time.

Table 2: Poverty incidence for different characteristics of the households according to two poverty lines (EU-SILC, weighted).

Poverty line	Age of main earner	2007	2008	2009	2010	2011	2012	2013
APL	Up to 34 years old	7.15	7.79	8.28	9.42	13.37	11.75	13.31
	From 35 to 44 years old	5.08	3.56	5.09	5.36	6.42	7.35	7.85
	From 45 to 54 years old	3.15	2.42	2.63	3.36	4.65	4.77	6.11
	From 55 to 64 years old	2.38	1.98	2.80	2.88	2.84	3.20	3.77
	65 years old and more	1.82	1.52	1.72	1.28	0.74	1.10	1.70
RPL 40%	Up to 34 years old	10.49	10.52	10.45	12.44	16.37	14.20	15.09
	From 35 to 44 years old	6.77	5.93	6.58	7.32	7.80	8.19	8.95
	From 45 to 54 years old	5.00	3.98	4.38	5.22	7.03	6.53	7.94
	From 55 to 64 years old	3.93	3.89	4.36	4.15	4.28	4.70	5.04
	65 years old and more	3.42	3.85	3.09	2.21	2.38	1.87	2.51
Poverty line	**Sex of main earner**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
APL	Male	3.09	2.42	2.96	3.32	4.33	4.51	5.09
	Female	6.26	5.78	6.59	6.58	7.58	7.41	8.61
RPL 40%	Male	5.10	4.66	4.82	5.25	6.29	5.83	6.42
	Female	8.10	7.79	7.70	7.98	9.37	8.93	9.94
Poverty line	**Geographic Area**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
APL	North-East	2.79	2.36	2.76	3.11	3.92	3.65	4.02
	North-West	2.22	1.60	1.61	2.53	2.07	2.93	3.24
	Centre	3.02	2.39	2.87	3.10	3.86	3.40	4.14
	South	6.26	5.60	6.87	6.77	8.81	9.09	10.46
RPL 40%	North-East	2.77	2.67	2.69	2.86	3.71	3.19	3.40
	North-West	2.30	1.98	1.60	2.35	2.12	2.82	2.95
	Centre	3.42	2.84	2.90	3.32	4.10	4.13	3.99
	South	11.59	11.11	11.64	12.05	14.36	13.09	15.07
Poverty line	**Employment status of main earner**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
APL	Self-employed	2.14	1.61	2.48	2.52	3.35	3.10	3.09
	Employed	5.22	3.98	4.41	5.07	7.92	7.96	9.74
	Unemployed	32.17	25.68	22.09	25.54	22.87	24.42	30.55
	Retired	1.59	0.93	1.18	1.00	0.65	0.98	1.54
	Not in the labour force	11.82	12.62	12.02	13.01	15.01	15.26	14.38
RPL 40%	Self-employed	3.82	3.35	3.93	3.93	4.65	4.37	4.19
	Employed	7.63	6.78	6.22	7.90	9.60	9.54	11.46
	Unemployed	38.52	33.84	25.71	33.73	29.94	27.89	34.01
	Retired	2.64	2.25	2.31	1.73	1.98	1.63	2.25
	Not in the labour force	15.88	16.70	14.98	15.33	19.97	17.73	16.75
Poverty line	**Household type**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
APL	Young age single	10.25	9.00	9.79	12.59	12.03	16.42	12.92

	Middle age single	7.82	6.11	7.01	7.72	7.16	7.99	9.03
	Old age single	2.42	1.91	2.21	1.82	1.04	1.12	1.66
	Young age couple no kids	1.11	3.10	4.04	4.01	3.45	3.07	4.54
	Middle age couple no kids	2.06	1.77	1.97	2.79	2.13	3.71	4.29
	Old age couple no kids	0.57	0.41	0.42	0.34	0.31	0.29	1.23
	Couple with small kids	4.69	3.92	4.60	5.49	7.21	7.48	10.14
	Couple with adult kids	1.31	0.86	1.08	0.89	1.69	2.08	4.97
	Lone parent with small kids	17.85	16.86	19.08	16.93	21.35	19.56	22.61
	Lone parent with adult kids	3.19	2.94	4.26	2.72	3.92	3.95	5.58
	Two or more households	8.45	3.38	6.34	8.27	8.44	4.31	9.10
	Other household type	3.50	4.97	5.09	4.64	9.28	4.16	8.67
RPL 40%	Young age single	10.29	10.31	9.78	10.20	10.64	15.66	13.53
	Middle age single	8.34	6.62	7.11	7.93	7.51	7.68	9.23
	Old age single	2.86	2.75	2.61	1.89	1.40	1.00	1.54
	Young age couple no kids	3.47	3.55	4.07	4.69	3.55	3.79	4.62
	Middle age couple no kids	2.76	2.92	2.46	3.60	3.31	4.18	3.82
	Old age couple no kids	1.18	1.00	1.17	0.83	0.91	0.48	0.76
	Couple with small kids	7.50	6.77	7.01	8.58	10.01	9.27	8.33
	Couple with adult kids	2.95	2.84	2.40	2.02	3.78	3.70	2.50
	Lone parent with small kids	19.39	20.08	20.40	19.07	21.96	19.95	24.06
	Lone parent with adult kids	5.80	5.06	6.45	4.44	5.89	5.45	4.40
	Two or more households	13.49	12.69	14.00	15.03	13.69	12.50	6.83
	Other household type	6.80	6.70	5.79	4.90	12.51	8.87	5.19

3.2. Poverty dynamics (at persistent risk of poverty)

In table 3, we provide the estimates achieved using the two definitions of persistent poverty given above, using both absolute and relative poverty thresholds. Clearly, according to our definition, higher estimates of persistent poverty are achieved, but the two definitions provide a coherent picture of the national situation. In the following we refer to our definition only.

Although the persistent poverty shows an increase in the period of observation, we prefer to pool the different longitudinal sample available, to achieve more accurate estimates, because longitudinal samples are relatively small.

Table 3: At persistent risk of poverty (our definition and Eurostat definition) according to the two poverty lines (EU-SILC, weighted).

Panel	Sample size	APL – our definition	RTL – our definition	APL – Eurostat definition	RPL – Eurostat definition
panel 2007-2010	9,903	1.49	2.89	1.30	2.32
panel 2008-2011	8,986	2.14	3.34	1.65	2.90
panel 2009-2012	7,598	2.63	3.85	1.99	3.26
panel 2010-2013	6,608	2.97	3.86	2.86	3.76
pooled panel	33,095	2.23	3.43	1.87	2.98

Household and head of the household characteristics' (pooled panel)		APL our definition	RTL our definition
Age of main earner	Up to 34 years old	4.98	6.67
	From 35 to 44 years old	2.63	4.33
	From 45 to 54 years old	1.81	2.84
	From 55 to 64 years old	1.59	2.41
	65 years old and more	0.49	1.14
Sex of main earner	Male	1.67	2.94
	Female	3.67	4.70
Geographic Area	North-East	1.24	1.05
	North-West	0.64	0.56
	Centre	1.08	1.51
	South	4.48	7.86
Employment status of main earner	Self-employed	0.99	2.03
	Employed	2.40	4.07
	Unemployed	19.07	24.21
	Retired	0.52	0.91
	Not in the labour force	8.38	10.52
Household type	Young age single	3.80	3.61
	Middle age single	3.22	4.10
	Old age single	0.84	0.93
	Young age couple no kids	2.36	3.05
	Middle age couple no kids	0.99	1.76
	Old age couple no kids	0.27	0.76
	Couple with small kids	2.64	4.48
	Couple with adult kids	0.29	1.14
	Lone parent with small kids	12.49	13.64
	Lone parent with adult kids	1.30	2.30
	Two or more households	5.38	9.81
	Other household type	4.58	4.07

As observed for the poverty incidence, worse off households show much higher persistent poverty if the relative threshold is used. Most relevant differences are observed for households living in the South, those composed by two or more families, and those whose main earner is unemployed or not in the labour force for other reasons. Once again, the differences are driven mostly by the South.

Coherently with the poverty incidence, persistent poverty shows that most disadvantaged households are those whose main earner is young, or a woman, unemployed or inactive for other reasons. Households living in the South, lone parent households with small kids and households composed by two or more families show higher levels of persistent poverty as well.

3.3 Modelling poverty incidences and persistence

Table 4 shows the odds ratios and significance level for the logistic regression of poverty and persistent poverty, measured according to the absolute and relative thresholds. In order to make easier the comment on multivariate analysis, we calculated also the predicted poverty incidence and persistence rates for a set of household profiles. These figures are reported in table 5.

We notice generally consistent results of APT and RPT results, however some differences emerge. First, the geographic gradient is reduced when APT is used, and the effect of living in the South is much lower. Second, the risk associated with not in labour force or unemployed main earner is much higher when APT is used. Tenure status effects on poverty persistence also differs between the two measures, and the trend over time (year effect) is more pronounced for APT estimates.

These differences bring about some differences in the predicted poverty incidence/persistence rates reported in table 5: lone mothers in North-West Italy and single women have a higher poverty incidence/persistence rate if APT is used – while couples generally have higher rates with RPT. Noticeably, both measures provide for all profiles, increasing rates over time, but the increase associated with APT is higher. Finally, as already noted, the geographical gradient is smaller for APT.

Table 4: Modelling incidence and persistence of poverty, two poverty lines, pooled data, odds ratio (EU-SILC, weighted)

	Absolute poverty		Relative poverty	
Parameters	**Incidence Odds ratio**	**Persistence Odds ratio**	**Incidence Odds ratio**	**Persistence Odds ratio**
Intercept	0.010 *	0.001 *	0.013 *	0.007 *
Geographical location (ref.=Centre)				
North-East	1.038	1.354	0.889 *	0.770
North-West	0.791 *	0.733	0.711 *	0.420 *
South	1.970 *	3.474 *	3.449 *	4.675 *
Gender (ref.=Male)				
Female	1.606 *	1.286	1.504 *	1.198
Age (ref. <35)				
35-44	0.580 *	0.683 *	0.526 *	0.796
45-54	0.556 *	0.684 *	0.581 *	0.687 *
55-64	0.432 *	0.625 *	0.502 *	0.625 *
65 or more	0.089 *	0.080 *	0.169 *	0.163 *
Education (ref.=Low)				
Medium	0.611 *	0.510 *	0.536 *	0.428 *
High	0.326 *	0.363 *	0.244 *	0.300 *
Employment status (ref.=Employed)				
Self-employed	3.035 *	2.714 *	2.631 *	2.182 *
Unemployed	8.194 *	13.071 *	6.817 *	8.944 *
Retired	2.585 *	2.444 *	2.227 *	1.501 *
Not in the labour force	7.765 *	8.898 *	5.620 *	5.457 *
Number of kids (ref.=0)				
1	2.809 *	2.249 *	2.309 *	1.784 *
2	3.940 *	2.992 *	3.152 *	2.034 *
3 or more	7.028 *	7.875 *	5.509 *	5.235 *
Household type (ref.=Couple no kids)				
Single	1.778 *	1.208	1.353 *	0.816
Couple with kids	0.513 *	0.598 *	0.814 *	0.729 *
Lone parent	1.214 *	1.799 *	1.548 *	1.631 *
Others	0.700 *	1.118	1.337 *	1.166
Tenure status (ref.=Owner)				
Not owner	3.883 *	6.454 *	3.540 *	3.354 *
Year (ref.=2007)				
2008	0.811 *	1.847 *	0.902 *	1.329 *
2009	0.981	1.945 *	0.919 *	1.408 *
2010	1.075	1.043	1.020	0.781
2011	1.396 *		1.273 *	
2012	1.500 *		1.243 *	
2013	1.745 *		1.385 *	
Pseudo R^2	0.2741	0.3231	0.2729	0.2859
Obs.	343,780	33,095	343,780	33,095

*<0.05

Table 5: Probability for selected profiles, standard errors in brackets, pooled data (EU-SILC, weighted).

Profiles	Incidence		Persistence	
	APT	**RPT**	**APT**	**RPT**
Couple, age >65, no kids, ME retired, low education, South, 2007	.0046 (.0004)	.0170 (.000946)	.0012 (.0005)	.0081 (.0020)
Couple, age >65, no kids, ME retired, low education, North-West, 2007	.0019 (.0002)	.0036 (.0002)	.0003 (.0001)	.0008 (.0002)
Couple, age >65, no kids, ME retired, low education, South, 2013 (2010 for persistence)	.0081 (.0006)	.0234 (.0013)	.0026 (.0010)	.0112 (.0027)
Couple, age >65, no kids, ME retired, low education, North-West, 2013 (2010 for persistence)	.0032 (.0003)	.0049 (.0003)	.0006 (.0002)	.0011 (.0003)
Couple, age (45-54), 2 kids, ME employed, high education, owner, South, 2007	.0074 (.0005)	.0165 (.0010)	.0026 (.0009)	.0010 (.0026)
Couple, age (45-54), 2 kids, ME employed, high education, owner, North-West, 2007	.0030 (.0002)	.0034 (.0002)	.0006 (.0002)	.0009 (.0003)
Couple, age (45-54), 2 kids, ME employed, high education, owner, South, 2013 (2010 for persistence)	.0128 (.0009)	.0227 (.0014)	.0058 (.0020)	.0137 (.0038)
Couple, age (45-54), 2 kids, ME employed, high education, owner, North-West, 2013 (2010 for persistence)	.0052 (.0004)	.0048 (.0003)	.0013 (.0005)	.0013 (.0004)
Couple, age (45-54), 3 or more kids, ME employed, high education, owner, South, 2007	.0131 (.0010)	.0285 (.0019)	.0063 (.0023)	.0239 (.0072)
Couple, age (45-54), 3 or more kids, ME employed, high education, owner, North-West, 2007	.0053 (.0004)	.0060 (.0005)	.0014 (.0006)	.0023 (.0008)
Couple, age (45-54), 3 or more kids, ME employed, high education, owner, South, 2013 (2010 for persistence)	.0226 (.0016)	.0390 (.0026)	.0138 (.0053)	.0328 (.0101)
Couple, age (45-54), 3 or more kids, ME employed, high education, owner, North-West, 2013 (2010 for persistence)	.0092 (.0007)	.0083 (.0006)	.0031 (.0013)	.0032 (.0011)
Female lone parent, age (35-44), 2 kids, employed, high education, not owner, South, 2007	.1027 (.0067)	.1332 (.0077)	.0569 (.0165)	.0959 (.0216)
Female lone parent, age (35-44), 2 kids, employed, high education, not owner, North-West, 2007	.0439 (.0033)	.0307 (.0022)	.0134 (.0046)	.0098 (.0030)
Female lone parent, age (35-44), 2 kids, employed, high education, not owner, South, 2013 (2010 for persistence)	.1664 (.0098)	.1754 (.0097)	.1171 (.0335)	.1283 (.0298)
Female lone parent, age (35-44), 2 kids, employed, high education, not owner, North-West, 2013 (2010 for persistence)	.0742 (.0053) 16	.0420 (.0030)	.0290 (.0100) 0	.0136 (.0042)
Female single, age (<35), employed, high education, not owner, South, 2007	.1285 (.0080)	.1247 (.0075)	.0174 (.0053)	.0300 (.0077)
Female single, age (<35), employed, high education, not owner, North-West, 2007	.0578 (.0043)	.0295 (.0022)	.0040 (.0014)	.0029 (.0009)
Female single, age (<35), employed, high education, not owner, South, 2013 (2010 for persistence)	.1991 (.0109)	.1630 (.0094)	.0376 (.0117)	.0411 (.0109)
Female single, age (<35), employed, high education, not owner, North-West, 2013 (2010 for persistence)	.0951 (.0065)	.0403 (.0030)	.0087 (.0031)	.0040 (.0013)

4. Conclusions

Despite APT and RPT generally provides consistent indications on association between household characteristics and poverty incidence/persistence rates, some divergence arises, which we can briefly comment on.

First, the fact that APT takes into account the different purchasing power in Italian regions is reflected by the weaker geographic gradient we estimate using this threshold. Therefore, if we believe to APT, we should conclude household in the South of Italy are less worse off than what RPT shows. Second, the most disadvantaged households (single, lone parents, unemployed) show a higher risk of persistent poverty if APT is used. Third, APT is more sensible to economic recession: this might be explained by the fact that APT does not depend on the average income level, so if national average (median) income decreases, relative poverty threshold becomes lower while the absolute poverty does not.

Therefore, we conclude that the absolute poverty threshold gives different insights to poverty analysis with respect to relative one, and thus constitute a useful tool for inspection of poverty dynamics of individuals and households.

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