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The link between children and poverty transitions in Europe: the choice of the equivalence scale does matter

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Abstract

Authors dealing with questions related to relative income poverty usually define poverty as the result of a ratio: the household total income is divided by some factor that takes into account the economies of scale that can be done due to sharing the resources among household members. Two conventional choices are usually made: the household total income is defined as the sum of the household members' personal incomes; and all household members get the same share of this household total income. However, one point is more prone to the discussion: the choice of the factor (or number of consumption units, calculated via an equivalence scale) that takes the household composition into account. Analyses show here that the role of the presence of children aged 0-12 on individuals poverty transitions depends in half of the EU countries on the choice of the equivalence scale. This calls for interpreting results with hindsight, and even for basing interpretations on robustness checks.

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