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Advanced Methodology for the European Laeken Indicators - AMELI

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The AMELI Project

"Advanced Methodology for Laeken Indicators"
is a research project on the statistical methodology for social inclusion indicators, under the 7th framework programme of the European Union.

- ▶ Duration: 1.04.2008 - 31.03.2011.
- ▶ Main emphasis on monetary indicators,
- ▶ but should be transposable to other indicator areas.
- ▶ Aim(s): Improved estimation; visualization; simulations.
- ▶ Database: EU-SILC (social and living conditions) survey.
- ▶ Delivery of open source codes in R.

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Main Themes

Several lines of research are ongoing.

- ▶ Setting the scene and state-of-the-art (SFSO)
- ▶ Small area estimation (U. Helsinki) and parametric estimation (SFSO)
- ▶ Variance estimation (U. Trier)
- ▶ Robustness (Fachhochschule NW Schweiz)
- ▶ Data Quality (SFSO)
- ▶ Simulation (U. Wien)
- ▶ Analysis (all)

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Description of the state of the art

One SFSO's contribution is a panorama of the context in which social cohesion indicators have been developed:

- ▶ the rationale for the Laeken indicators,
- ▶ the need for a harmonized definition of income permitting well founded international comparisons,
- ▶ the technical difficulties related to skew distributions and the existence of extreme values,
- ▶ the way they were addressed in the past,
- ▶ the studies based on former databases like the European Household Panel.

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Open Method of Coordination (OMC)

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▶ OMC rests on soft law mechanisms such as guidelines and indicators, benchmarking and sharing of best practice.

▶ There are no official sanctions.

▶ It relies on a form of peer pressure.

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Open Method of Coordination II

The OMC works in stages

- ▶ The Council of Ministers agrees on (often very broad) policy goals.
- ▶ Member states then transpose guidelines into national and regional policies.
- ▶ Specific benchmarks and indicators to measure best practice are agreed upon.
- ▶ Results are monitored and evaluated.

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The OMC in social inclusion

The Social Protection Committee was made official in the Nice Treaty.

▶ Each member state was asked to benchmark its situation by producing a two year national action plan.

▶ Community Action Programme to combat poverty and social exclusion was set up.

▶ In the social inclusion OMC some funds were made available for NGOs and consequently its' "inclusive" approach to civil society has been favourably commented upon.

▶ According to FEANTSA (2005), the Pensions OMC is more closed and involves mainly the Commission and national civil servants.

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OMC in social inclusion vs European Employment strategy (ESS)

Pochet (2005) compares the two OMC

- ► ESS OMC → centralization, naming and shaming (top-down approach)
- ► Social inclusion OMC → experimental dynamic with the involvement of local and regional actors (bottom-up).

Ferrera and Sacchi (2004) analyze the impact of the EES and the Social Inclusion OMC's in Italy.

- ► relatively significant in the case of employment
- ► relatively insignificant in the case of social inclusion

One key difference: treaty status of the employment OMC which forced the Italian authorities to comply - this component was lacking for social inclusion.

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Optimistic views on the OMC

- ▶ OMC's potential for achieving common objectives in sensitive issue areas, via its mechanisms (i.e. benchmarking, target-setting, best practice sharing, and multi-level surveillance) intended to enhance deliberative problem-solving, the pooling of knowledge, transparency, accountability and peer pressure, while leaving the decision-making authority with the states.

- ▶ Evidence that the diffusion of the Lisbon-OMC network is gradually nudging the logic of social interaction in the direction of what some call "argumentative rationality", and accelerated the social selection processes required for the emergence of consensual knowledge.

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The politician's word

Le Ministre belge des Affaires sociales Vandenbroucke (2001)
"Une méthode ouverte de coordination efficace est plus qu'un
processus d'apprentissage intelligemment géré et plus qu'un
instrument de défense. Si nous l'utilisons judicieusement, la
coordination ouverte constitue une méthode offensive qui
nous permet de définir concrètement une "Europe sociale" et
de l'ancrer fermement dans le processus européen de
coopération comme un bien commun."

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Canberra group

One key element of social cohesion is the income concept.

- ▶ The initiative to organize an International Expert Group on Household Income Statistics was taken by the Australian Bureau of Statistics in order to work on the development of statistics on household economic well-being and particularly on household income.

- ▶ The International Expert Group met for the first time in December 1996 in Canberra, Australia under the auspices of the United Nations Statistical Commission.

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Canberra group

The primary objective of the Canberra Group was to enhance national household income statistics:

- ▶ by developing standards on conceptual and practical issues related to the production of income distribution statistics
- ▶ in support of a revision of international guidelines on income distribution statistics.

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Canberra group

The Group would address collectively

- ▶ the common conceptual, definitional and practical problems faced by national and international statistical agencies in this subject area

- ▶ and would act as a forum for expert opinions on conceptual and methodological issues and for obtaining endorsement for guidelines

- ▶ the improvement of not only the methodology, but also the data for international comparisons on household income distribution.

The Group issued a report and recommendations that have been generally followed for EU-SILC.

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Definition of social cohesion

The Council of Europe published a Methodological guide
"Concerted development of social cohesion indicators"
In this Guide,
Social cohesion of a modern society is defined as
*the society's ability to secure the long term well-being of all
its members, including*

- ▶ *equitable access to available resources,*
- ▶ *respect for human dignity with due regard for diversity,*
- ▶ *personal and collective autonomy,*
- ▶ *responsible participation.*

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Definition of social cohesion

This definition is based on the four constituent dimensions of human well-being that are essential for the functioning of societies that recognise human rights and democracy as underpinning the way they are organised:

- ▶ fair and equal access [to fundamental rights, new information technology, to culture...],
- ▶ individual (and collective) dignity,
- ▶ the autonomy of the individual,
- ▶ the participation in community life.

These principles determine the "quality" of the bonds between individuals and between them and the community to which they belong.

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Other definitions of social cohesion

The Guide mentions other approaches to social cohesion, that are described as "mechanical":

- ▶ The etymological sense of cohesion
- ▶ The origins of the concept of social cohesion: the views of Emile Durkheim
- ▶ Definitions based on community bonds
- ▶ Definitions based on shared values and a sense of belonging
- ▶ Definitions based on the ability to work together

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"Mechanical" vs "organic" social cohesion

"Mechanical" conception of social cohesion tend to leave
aside the key question of the plurality of conditions, interests
and identities

social cohesion being regarded as *the absence of differences*.
These definitions are, moreover, based on bonds that appear
"natural", while in our societies social cohesion a concept
that covers a complex set of social relations involves
processes of "exposure" to a variety of different, and
occasionally contradictory, interests, views and insights.
Social cohesion is thus not a "scientific" or technical concept.
Rather, it results from "interpretative" exercises that the
institutional players and autonomous individuals carry out as
they shoulder their collective responsibilities in order to
resolve conflicts.

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Social cohesion indicators

Atkinson, Cantillon, Marlier and Nolan (2001) book "Indicators for Social Inclusion in the European Union" was a source of inspiration for the Laeken European Council in December 2001:

- ▶ European Union (EU) Heads of State and Government endorsed a first set of 18 common statistical indicators of social exclusion and poverty
- ▶ that were later refined by the Social Protection Committee.
- ▶ These indicators are an essential element in the Open Method of Coordination to monitor progress of Member States in the fight against poverty and social exclusion.

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Monetary vs non-monetary poverty

The usual monetary approach to poverty is compared to a non-monetary approach (e.g. Guio, 2005):

- ▶ Monetary approach is relative
  (i.e. based on a threshold defined in relation to the distribution of income within each country)

- ▶ Non-monetary approach is more "absolute"
  ("economic strain", enforced lack of durable goods and problems with housing).

- ▶ The relationship between the different dimensions has also been addressed on the basis of ECHP.

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Country profiles

Country profiles are good examples of the OMC.
The Commission presents country profiles (Joint Report on
Social Protection and Social Inclusion, Commission Staff
working document, 2007)

- ▶ based on the integrated National Strategies for social
  protection and social inclusion
- ▶ that Member States have presented in 2006 for the first
  time.
- ▶ They complement the 2007 Joint Report on social
  protection and social inclusion [COM(2007) 13 final].

It is the first release to be based on EU-SILC data for 25 EU
countries (2005).

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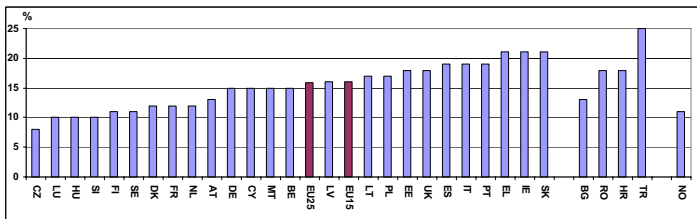**Federal Statistical Office FSO**

Comparisons

Guio (2005) "Income poverty and social exclusion in the EU25" gives for the general public:

▶ an interesting synthesis of the comparative Laeken indicators in the EU25 (2003) during the transition between ECHP and EU-SILC

▶ a concise exposition of the differences between ECHP and EU-SILC methodology.

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Example: At risk of poverty rate

Figure 1: At-risk-of-poverty rate, total population, 2003

Source: Eurostat. See Table 1 and methodological notes for more detail on the different sources used. The EU25 and EU15 averages are calculated as a population-weighted average of the available national values.

Ref: Anne-Catherine GUIO. Income Poverty and Social Exclusion in the EU25. *Statistics in focus: Population and Social Condition*, 13/2005.

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Back to AMELI

The AMELI project acts within the described framework.
Our main concern:

- ▶ the statistical properties of the indicators to be estimated.

Our tools:

- ▶ Mathematical models for better estimators
- ▶ Simulation database
- ▶ R programming

… but this is another story.