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Intensity of Time and Income Interdependent Multidimensional Poverty: Well-Being and Minimum 2DGAP – German Evidence

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Abstract:

Extending the traditional income poverty concept by multidimensional poverty has been of growing interest within the last years. This paper contributes with an analysis of interdependent multidimensional (IMD) poverty intensity of time and income, which in particular restricts social participation. The interdependency of the multiple poverty dimensions under a strong (union approach) and weak focus axiom (compensation approach) are regarded in particular when measuring the intensity of multidimensional poverty. In addition to various poverty gap measures including the multidimensional well-being gap, for the first time we propose a minimum multidimensional poverty gap (2DGAP). To respect Sen's capability approach with its social participation aspects we define the time dimension as genuine personal leisure time. Based on a CES well-being function and a multidimensional poverty line evaluated by the German population (estimated with the German Socio-Economic Panel) the individual poverty intensity of the active population is analysed for various regimes of multiple poverty. For this purpose the German Time Use Surveys 1991/92 and 2001/02 and its time use diary data are used. Analysing the active population this paper contributes too to the poverty situation of the working poor. All the empirical results, including the microeconomic Heckman type estimation of the IMD poverty intensity (2DGAP) and the IMD poverty risk, indicate the overall importance of the time dimension with its social participation aspect incorporated within an interdependent multidimensional time and income poverty approach. An important dimension would be neglected in the poverty analysis and in targeted poverty policies if time additional to income is not respected.

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