DETERMINANTS OF POVERTY IN THE CZECH REPUBLIC

Abstract

In this thesis we present the determinants and the current state of poverty in the Czech Republic in 2014. We clearly set out the definition of poverty and delimit various concepts of poverty, that is the old and the new concept of poverty, the subjective versus the objective one, the absolute versus the relative concept, as well as the direct and the indirect plus the prescriptive and the consensual poverty. We also introduce various ways to measure poverty. A substantial part of the theoretical section focuses on the introduced methods and definitions of particular indicators (the at risk of poverty rate, the relative median at risk of poverty gap, the Gini coefficient, the income quintile share ratio, the material deprivation rate). We have used the method of logistic regression and the processed data which were gained from the project Životní podmínky 2014 (The Living Conditions 2014) and EU-SILC 2014. At the same time, still in the theoretical part of the thesis, we also dealt with the causes of poverty and the attitudes towards the poor as sociology, psychology and ethics view them. The analysis has proved that, based on equivalised household income, persons living in households in villages with 2 000–4 999 inhabitants are susceptible to poverty most of all. Considering the gender differences, female headed households are 1.4 times more at risk than male headed households. As far as education is concerned, the inverse proportion shows clearly – the lower the education, the higher the chance to become poor. Depending on the family status, the households headed by divorced individuals and singles have a higher chance to get poor in comparison with households headed by married and widowed persons. The position of a household on the labour market plays an important role, since the households headed by the unemployed as well as the households headed by persons belonging to the category other economically inactive have been at the highest risk of poverty. Taking age into consideration we have proved that the category 18–24 represents the most endangered age group of all. On the other hand, members of complete households are the least threatened ones in comparison with single female households. Non-family households form a relatively new category at hazard. With the growing number of children in a household in the fourth model of logistic regression we decided for the material deprivation of the household as the dependent variable. The most materially deprived households depending on the size of the municipality are represented by those living in towns and the households in cities with 100 000 inhabitants and larger. When we focused on the two categories gender and education, we found correspondence between the models one and two, which means that female headed households and the households headed by a person with lower education are at a higher risk of material deprivation. Depending on the family status, the chances to become materially deprived get higher if a household is headed by a person who is divorced or single. If we take economic activity into account, the highest risk of material deprivation is typical for the households headed by other economically inactive and the unemployed. We can also observe high danger of material deprivation concerning households headed by persons of the age 35–44, the non family households and the households with 3 and more dependent children.

Keywords: poverty, material deprivation, the Czech Republic, living conditions, EU-SILC, determinants, income inequality.