

**Measuring Poverty in Israel**  
**by a Basic Needs Approach – 1997 to 2009<sup>1</sup>**  
**An Application of the Market Basket Measure (MBM) and the**  
**US National Research Council’s Approach (NRC)**

*Daniel Gottlieb<sup>2</sup> and Alexander Fruman<sup>3</sup>*

The measurement of poverty is a controversial topic that raises theoretical and practical issues concerning its definition and calculation. We suggest a feasible measure, which may also shed light on the concept of a ‘decent standard of living’. This concept is essential for any society interested in maintaining a social safety net of last resort for those people who have difficulties in providing income for themselves and their families. The suggested index combines the Canadian MBM and the American NRC approach and further extends the definition, implementing it on Israeli expenditure survey data. The suggested index includes a poverty line defined in terms of a basic needs basket, answering the question “what is poverty?” It also includes a resource constraint, answering the question “who is poor?” In contrast to the official cash income poverty measure, the present measure is based on an income definition that includes all sources of income, i.e. monetary, quasi-monetary and non-monetary income, such as benefits in kind (for example long-term care), school meals, dwelling in one’s own home, subsidies in medical services and prescriptions etc.– to the extent that data are available. Furthermore, the suggested measure accounts for the costs of getting to work and back (transportation and caretaking of small children when all potential workers in the family work away from home). The calculations presented here show that there are important differences in poverty incidence and poverty severity between the suggested definition and the official one.

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2 Daniel Gottlieb, Research and Planning, National Insurance Institute, Israel, and The Paul Baerwald School of Social Work and Social Welfare, The Hebrew University of Jerusalem

3 Alexander Fruman, Research and Planning, National Insurance Institute, Israel.