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Dragana Avramov

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Introduction

The Council of Europe has a long tradition of producing population studies and the work of the European Population Committee contributes to the understanding of the relationship between social policy and demographic issues in Europe. The findings of this work are published in the series "Population studies" where topics covered include migratory flows, national minorities, demographic changes and the labour markets, the ageing of European populations and the demographic consequences of economic transitions. These publications provide the essential background information for the implementation of the Council of Europe's strategy for social cohesion: an integrated policy approach aimed at combating poverty and social exclusion through the promotion of access to social rights in areas such as employment and training, health, social protection, housing, education and social services.

Throughout Europe exposure to risks of material poverty and social exclusion is related to demographic behaviour. To introduce appropriate policy measures, policy makers need accurate information on the demographic factors likely to have an impact on social exclusion. These include patterns of young adults leaving the parental home, household dynamics, couple formation and dissolution, reproductive behaviour, morbidity and mortality of individuals and groups at risk of social exclusion or already excluded. With this in mind, in 1998 the European Population Committee commissioned a Group of Specialists from ten Council of Europe member States to carry out an international study which would provide exhaustive information on the complex relationship between demography and social exclusion.

The present work offers important insights into these areas, and it is with great pleasure that I present you the most recent volume in the "Population studies" series on *People, demography and social exclusion*.

Gabriella Battaini-Dragoni
Director General of Social Cohesion

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I. Foreword

Richard Gisser

Introduction

In 1998 the European Population Committee (now the CAHP) included in its work programme a project called "Demographic implications of social exclusion". A Group of Specialists (PO-S-ES) from ten member States was set up to carry out the study with the assistance of a consultant expert, Dr Dragana Avramov from PSPC, Brussels.

The motivation was to react on new forms of poverty, often related to non-material deprivation, and widening or persistent gaps in the safety net of the social welfare systems. Through the way demographers approach problems, both specific information and better understanding of the underlying processes in the population were expected. As it is CAHP's intention to link its work to that of the European Committee for Social Cohesion (CDCS), the explicit element of social exclusion implies that the final report of PO-S-ES should be considered as a potential input to the work of the CDCS.

For several specific activities at European level targeted at social exclusion, the work of PO-S-ES may be considered to be complementary :

- the Council of Europe's activity on Social Exclusion and Human Dignity in Europe which led to proposals for action adopted by the Committee of Ministers in 1998 ;
- the Council of Europe's activities on Analysis of Trends in Social Cohesion and Development of Social Cohesion Indicators ;
- the work on indicators in the field of poverty and social exclusion carried out by the Social Protection Committee of the Council of the European Union ;
- the work on statistics on social exclusion and poverty done at the Statistical Office of the European Communities (EUROSTAT) ;

Several other recent activities of the CAHP should be taken into account when dealing with poverty and social exclusion as their topics are partly related to PO-S-ES's work :

- the demographic situation of national minorities (PO-S-MIN), particularly the demographic characteristics of Roma/Gypsies ;

- the demographic situation of immigrant populations (PO-S-MIG), especially with respect to non-EU-foreigners in EU-countries;
- the demographic consequences of economic transition in the countries of Central and Eastern Europe (PO-S-TEC), given the presently high degree of pauperisation;
- trends in mortality and differential mortality (PO-S-MT), with reference to the existence and persistence of above average mortality levels in lower social classes.

The members of the Group of Specialists were nominated by the members of the European Population Committee and appointed by the then Committee's Bureau. The working methods applied during the activity were: two meetings between the Chair and the Consultant in which the outline of the Consultant's report was developed and discussed; four meetings of the Group in which the concept and the various stages of the Consultant's report were discussed and the report finalised and adopted; and voluntary contributions (topical studies) from members of the European Population Committee and the Group of Specialists.

As information on demographic processes and structures is not readily available by criteria relating to social exclusion, it was decided to study these interrelationships by applying the concept of social vulnerability. Properly defined vulnerable groups facing the risk of material and non-material deprivations were selected for detailed analysis of their demographic profiles. It was essential to base the vulnerable groups on households as material deprivation is to be measured by equivalence scales applied to household income. Furthermore, from the onset it was not intended to carry out an analysis of cause-effect-interactions between demographic structure and behaviour on the one hand and social vulnerability on the other, simply because the presently available data as a rule cannot be interpreted in only one direction.

The study was designed as a transnational study, based on uniform data sources for a number of European countries and thus allowing for cross-national comparisons at a given point of time. In addition it had the merits to explicitly take into account the social policy context for which a wealth of literature and empirical data exist.

It was agreed that the transnational study be based on data analyses at micro level, the sources for which are the European Community Household Panel (ECHP), administered by EUROSTAT for 14 EU member states (i.e. without Sweden), and the Fertility and Family Surveys (FFS), administered by the UN-ECE for both EU and non-EU countries. It must be borne in mind, however, that neither survey was designed to meet the combined data requirements of the topic, demography and social exclusion. While focussing on demo-

graphic issues, the FFS in most countries lacks information on poverty, and vice versa for the ECHP.

Due to the coverage of countries in the surveys, the report reflects the situation of the Western European countries which have provided data from the two data sources used by the consultant. Data availability for Central and Eastern Europe does not permit an inclusion of these countries at this point of time. It should also be noted that difficulties arose as regards availability and acquisition of existing data.

The activity was nevertheless finished in time. Its outcomes are the following:

- the consultant's report is ready for publication;
- the consultant's executive summary available for separate publication as well;
- the final activity report;
- the afore-mentioned topic studies, namely: (i) Maryse Marpsat (France): *Les personnes sans domicile à Paris; les résultats du programme de recherche de l'INED*; (ii) Raimondo Cagiano de Azevedo and Giorgia Capacci (Italy): *The relationship between demography and social exclusion: the study of "Commissione d'Indagine sulla Povertà e l'Emarginazione" in Italy*; (iii) National Statistics Institute Portugal: *Country case study Portugal: Annotated bibliography*.

The consultant's report

The report by Dr Dragana Avramov consists of two parts: (i) the transnational study with five chapters, a glossary of concepts, and annotations and references, and (ii) the executive summary covering the main report and policy implications developed by the Consultant.

Chapter 1 lays the foundations for analysing the interaction between demography and social vulnerability by summarizing both the deep demographic change in Europe since the 1960s and the social policy context, in particular the development of social protection and social inclusion policies in the 1990s. Welfare regimes are converging while there are still variations between countries in the financial commitment, choice of priority areas, rating of target groups and in the realisation of social rights. Social protection expenditures vary in levels and in shares of functions. As a major framework for analysing social policy the patterning of welfare regimes is discussed. Three challenges to amelioration are observed: effectiveness and efficiency of social policies; globalisation, deregulation and competition of economies; and the socio-economic and demographic processes, bringing about fast changing facets of social vulnerability.

Chapter 2 deals in particular with the measurement of poverty and social exclusion. Income precariousness (below 40%, 50% or 60% of the median equivalised personal income) is just one element; it has to be extended to take into account non-material deprivation. The author constructed three composite indicators to address multiple deprivations, one on means (CIM), referring to income, education and housing, one on satisfaction (CIS), based on self-appraisal of the financial situation, work or main activity and housing, and one on the self-perception of the ability to afford certain goods, services and activities (CIF).

The interrelationships between demographic dynamics and social exclusion are hypothesised as follows: Socially deprived groups are often characterised by simultaneous presence and mutual reinforcement of several unfavourable features. Demographic effects of vulnerability and social exclusion may manifest themselves via: household composition, partnership formation/ dissolution, fertility, migration, morbidity/ mortality. These demographic features can act as a feedback on vulnerability by increasing risks or reinforcing the condition of social exclusion. Demographic antecedents such as the parental home characteristics, start of the demographic career (age at leaving the parental home, first partnership, first marriage, and first birth), and demographic events such as divorce, death of a relative or excess fertility may contribute to reinforcing the presence of social risk factors for deprivation or exclusion.

In **chapter 3** (demography and social vulnerability) first the key demographic characteristics age, sex and household composition are analysed with regard to poverty and risk of social exclusion. Both the youngest adults and the oldest people are most exposed to income precariousness, and women and female-headed households are more vulnerable than men. One-person households and one-parent families are more at risk than other household types. These basic results are followed by a combined analysis of the key characteristics.

Elderly households and their social disadvantages: Welfare regimes are important for reducing the risks of poverty and social vulnerability of the elderly people. Despite needs-based transfers, the proportions living in precarious income remain high in some countries. Dual income elderly couples are better off than those with only one income. Elderly are over-represented in terms of poor non-material means and bad health. Women are poorer, in worse health and less satisfied than men at all ages. The social vulnerability of sub-groups of elderly has to do with the life courses and can be expected to decrease as new generations move into retirement age.

One-person households and their social disadvantages: Most of the persistent disadvantages experienced by one-person households are associated with age. The risk of income precariousness is increased at young ages when unemployment or availability of only casual jobs is high, and in the late phase

of working age when unemployment increases. For elderly people living alone, the type of country-specific welfare regime affects the degree of poverty. Large proportions of one-person households depend on social transfer payments. The overlapping disadvantages of low income, high dependence on public support, high unemployment and bad health peak for people living alone at ages 40 to 55 years.

One-parent households and their social disadvantages: The vast majority of one-parent families are women-headed. They face a higher than average risk of poverty and are more than average dependent on public support for their livelihood. Not participating in the labour force is high among lone parents/mothers. Private non-work related income or maintenance from a former spouse appears to be inadequate. Hence, the welfare payments account for half of the household income of lone mothers. One-parent families are the worst-off household type, and they are also the least satisfied. The social condition of lone parents is associated with the welfare regime. In terms of demographic behaviour lone parents start their family career somewhat earlier than couples with children. Also the proportions of never married and of divorced women are high. Lone parents report persistently worse health than couples with children.

Two-parent households with children and their social disadvantages: Two-parent families are less exposed to poverty and less dependent on public support. The presence of children, however, influences both the income situation and the general satisfaction (couples without co-residing children are the best off). Despite growing female labour force participation almost one out of every three two-parent families has one income only. One-income two-parent families are at considerably higher risk of deprivation with one quarter living in income precarious conditions. Social protection benefits transferred to low-earning couples with children do make a positive difference and reduce risks of income poverty for large numbers of parents. The highest risk for couples with children is unemployment of the father or of both parents simultaneously. While poor means is not so widespread, almost one of four two-parent families is not satisfied with their work, financial situation and housing. Large families (which have high proportions of fathers and mothers with low educational attainment) are clearly exposed to multiple deprivations more often than couples with one or two children. The higher the number of children in the household the lower is the equalised income. Of all couples with children, parents with many children are the least satisfied with their income and their leisure time. Under the prevailing welfare regimes they appear not well protected from risks of poverty.

In **chapter 4** – multivariate analysis of poverty risks – the attempt is made to isolate the most important risk factors without overlapping. For the equiv-

alised household income the largest effects come from occupation, education and country; also the number of children has an appreciable effect. Consumer durables are likewise considerably affected, mostly from income, country and education. Satisfaction as a composite indicator is also explained to a high degree, above all by equivalised household income, housing problems, main activity, and health status.

The study shows several groups at risk of social deprivation: *Non-EU nationals* score highest on unemployment (15 percent), high on poverty and on housing problems, and express much dissatisfaction with their general living conditions. *Unemployed* belong to the highest risk groups: high scores on financial and housing problems, very dissatisfied. *Poor people* (with income below the poverty threshold) have low education, high unemployment, and multiple deprivation. *Elderly* have the highest prevalence of bad health and less consumer durables. *Adults (15-64) in bad health* are worse off because of severe hampering in daily activities, high unemployment and economic inactivity, housing problems, financial deprivation and very high dissatisfaction. *Large families* as well as *One-parent families* have a high risk of poverty and unemployment. *People with low education* show higher risks of deprivation than the average, but do not exceed the other high-risk groups.

Chapter 5 – poverty, generalised deprivation and social exclusion – is dedicated to severely vulnerable minorities that were not treated in the foregoing chapters.

Children: The prevalence of children in poverty is only marginally higher than for all persons. In the EU-14 13.1 to 14.3 million children below the age of 16 years live in income precarious households (of which one third each severely poor, in poverty and in low-income). Young families and their very young children are more at risk of poverty. For them the incompatibility between paid work and parenthood is most pronounced; public policies obviously do not sufficiently address the needs of young families.

People in Bad Health: Bad health consistently appears as a significant risk factor for poverty and social vulnerability, a phenomenon increasing with age. However, about 6 to 7 percent of people in working age (15-64 years) also report to be in bad or very bad health. They show a high degree of financial distress and have even higher deprivation than the elderly in bad health.

Non-nationals: The less favourable educational profile of non-EU citizens is not sufficient to explain the high unemployment. Non-EU nationals of working age are particularly vulnerable to income poverty (34 percent), bad housing, lack of consumer durables, are dissatisfied with their living circumstances and perceive their financial situation as that of deprivation.

Socially Excluded: The combined indicator of generalised deprivation (low income, education and level of satisfaction, bad housing, few household durables) relates to less than 1 percent of households in the 14 EU countries. Social exclusion affects more women, elderly, retired and widowed, persons living alone, one-parent families, and large families. Deprived people are much more frequently in (very) bad health, in elementary occupations, and unemployed. As to living conditions and life chances, this small minority may unequivocally be defined as socially excluded. They have no money to save and cannot afford annual holidays. Eight out of ten cannot keep the home adequately warm, five consider housing costs a heavy burden and four lack an adequate diet. Lack of money is also experienced as an obstacle to sociability as two thirds cannot afford to have guests (among all households only one tenth).

Homeless People are the smallest albeit most visible group encountering obstacles in accessing affordable housing, welfare protection and care. People who become homeless have two or more handicaps and severely stressful life experiences. They lack resources and ability to utilise social institutions. Their exclusion is associated with social stigmatisation, isolation, low self-esteem, and the feeling of no chance to be included in the society. In the EU an estimated 1.8 million people pass each year through services for homeless people. On an average day about 1.1 million people may be dependent for their shelter and food on such services.

Conclusions by the group of specialists

Follow-up of the activity

The CAHP should come back on the topic of social exclusion in the not too distant future, depending when the new data, planned both in EU and transition countries, will be ready for evaluation by researchers, i.e. the EU-SILC (Survey of Income and Living Conditions) – to be carried out also in the accession countries – and the GGS (Generations and Gender Survey).

Recommendations for statistics

The organisations developing the surveys (EUROSTAT, UN-ECE) are invited to consider enriching the questionnaires in such a way that both the demographic and the dimensions of poverty and social exclusion can be analysed together. This would be possible by adding a question on birth history (and maybe one on partnership history) in the EU-SILC which has information on poverty, morbidity and social exclusion. In the essentially demographic GGS it would be very valuable to include income and a few items of social exclusion.

It would be of great help to select and propagate a short standard list of items for measuring social exclusion. By such a relatively small investment other specialised instruments too, such as Health Interview Surveys and Crime Victimization Surveys, could benefit a lot.

In statistical systems where common identifiers allow for linkage of (anonymous) individual data records from different sources, the possibilities for creating value-added information on the topic should be examined. Thus the demographic characteristics and events (data from population registers and vital statistics) could be assigned to the people living in households at risk of poverty or to the recipients of social assistance (defined on the basis of data from taxation or social protection) and then compared to those not in poverty or social assistance.

Recommendations for indicators on social exclusion

Enriched statistics could serve well to improve indicators. In addition to mere information about the total population (e.g. long-term unemployment, homelessness, life expectancy, probability of marital disruption) one could show the gaps existing in these and other properties between the households in risk of social exclusion and the better off. Beyond the size and structure of the population in or near poverty and social exclusion, the differentials between the subpopulations affected or not are also relevant, and even more the persistence of these differentials over time. Like social class it is now also pertinent to distinguish between people in risk of exclusion and those securely included in society.

Recommendations for studies

During its work the Group became aware of a number of issues that need clarification or in-depth studies. There is an obvious need to carry out research of various kinds:

- on methodological issues such as the concept of “persistence” of social exclusion and as a process affecting people differently during their life course, and the cause-effect-interrelationships between demographic behaviour and social exclusion;
- on specific topics such as the demographic reproduction of poverty and social exclusion;
- on specific population groups facing the risk of social exclusion (in particular children);
- on specific countries, in particular the countries with new welfare regimes in the making;
- on applications of scientific results concerning demographic aspects of poverty and social exclusion in social policy concepts and practice.

Preface

This report has been prepared for the Council of Europe. The project was implemented for the European Population Committee (CDPO) chaired by Mr Robert Cliquet and carried out within the framework of the activity of the Group of Specialists on Demographic Implications of Social Exclusion in Europe (PO-S-ES). The origin of the study lies in the CDPO decision to address forms of poverty across Europe that are associated with the demographic characteristics and behaviour of groups exposed to risks of deprivation and those who find themselves socially excluded.

In drafting this report the researcher has considered the Terms of Reference (99), summary reports of the meetings between the Chairman of the Group of Specialists and the consultant, and recommendations of the members of the Group of Specialists on Demographic Implications of Social Exclusion in Europe.

Grateful acknowledgement is made to the Chairman of the Groups of Specialists on Demographic Implications of Social Exclusion in Europe Mr Richard Gisser, for his skilful intellectual leadership and convivial atmosphere which he built and maintained over two years of work. Special thanks go to the Vice-Chairman Mr Reno Camilleri, Mr Raimondo Cagiano de Azevedo and Ms Charlotte Höhn for their original and constructive suggestions, and to the entire group of experts for support and assistance.

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Dragana Avramov

Executive summary

I. Origin of the study

The study *People, demography and social exclusion* has been prepared for the Council of Europe and is based on research launched by the European Population Committee (CDPO) and implemented within the framework of the activity of the Group of Specialists on Demographic Implications of Social Exclusion in Europe (PO-S-ES). The origin of the study lies in the CDPO decision to address forms of poverty across Europe that are associated with the demographic characteristics and behaviour of groups exposed to risks of deprivation together with those who find themselves socially excluded.

The study deals with the implications of risks conducive to social exclusion, and thereby addresses questions relating to the interweaving of demographic with social phenomena. It builds on the analysis of data for the advanced market economies of the European Union, namely Belgium, Denmark, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom. This choice of countries is justified on three interdependent grounds: availability of internationally comparable data; ability to focus on examples of best practice; and comprehension of the benefits of policy-building based on reliable data.

More specifically, these countries:

- offer comparable, micro-level data necessary to link poverty and social exclusion with demographic characteristics, family formation and partner relations;
- provide lessons that can be learned from advanced social protection systems, both in terms of their success and shortcomings, that are also relevant for the less developed market economies and countries in transition;
- allow the 43 Member States of the Council of Europe to draw pertinent conclusions from the findings and identify common interests in working towards the building of all-European socio-demographic databases that will enhance the capacity for research and policy development.

The study builds mainly on the analysis of micro-level data from the European Community Household Panel (ECHP) collated by EUROSTAT and Fertility and Family Surveys (FFS) collated by the Population Activities Unit (PAU) of the United Nations Economic Commission for Europe (UN ECE).

II. Demography and social protection

Changes that occur in partnership, fertility, mortality, ageing and migration have profound implications for social protection, welfare policies and the well being of citizens. At the societal level they have relevance for the scope of state intervention measured in terms of coverage, and also for its focus measured in terms of state commitment to specific social security functions.

Many of the key policy implications arising from population and family trends are associated with: the increasing number of single person households comprised of young adults; the rise in different forms of cohabitation; the increase in the mean age at first birth and the average age of childbearing; the decrease in fertility below the level necessary to guarantee long term generational replacement; the increase of the proportion of births outside marriage; changing gender roles regarding the family; the growing incompatibility between parenthood and the work environment; persistent immigration particularly through family formation and reunification; increasing numbers of one-parent families most of which are headed by women; increasing life expectancy at birth; the reduction of mortality and increase in disability-free years at older ages; the declining age of retirement; the increase in the numbers and proportions of elderly, most particularly the oldest old aged 75 and over.

For integrated policy building, it is relevant to have information about how the processes of family building, ageing and migration occur in a life course perspective and intergenerational time dimension. Knowledge about the allocation and use of individual and societal resources during different stages of the life course of individuals and the life cycle of families is a requirement for the elaboration of alternative policy measures designed to harmonise the relations between family building, work patterns, migration, use of services, needs for care and access to social protection during different stages of life and over subsequent generations.

Challenges in the field of social protection are deeply rooted in demographic dynamics, particularly population ageing and family formation and dissolution, while social vulnerabilities are strongly connected to the combined effects of age, gender and family composition.

Living as a single person, lone parent, having many children or being aged are chances and choices that are the outcome of unforeseen or foreseeable events – they should not be viewed as handicaps. But, in a socially insecure environment characterised by disruptive live course events that are beyond the control of individuals, for example, employment insecurity associated with macro-economic change or changes in social protection paradigms, particular households may find themselves in risk situations more often than

others. Individuals having overlapping problems – being a single parent, having bad health, having inadequate means or poor social capital – may become more dependent on social transfer payments and publicly funded services than others.

The fast changing face of social vulnerability may be partly determined by demographic behaviour but may also partially be an outcome of demographic dynamics. Demography provides a complex 'early warning system' regarding requirements for social adaptation and reform based on the expected, probable and possible population scenarios. Changes in income distribution policy related to welfare reforms should build on knowledge about the processes and instruments that currently foster social cohesion. But at the same time, social adaptations and reform also require a long-term perspective that builds on demography and takes into account life-course dynamics, intergenerational relationships and intergenerational equity as elements in policy building.

Monitoring behavioural changes in family formation and dissolution are particularly relevant because family dynamics entail adaptations in social cohesion strategies and more particularly in redistributive resource policies. From the public policy viewpoint, one must gain insight into the effectiveness of social protection systems for reducing the risks of social deprivation associated with current and expected socio-demographic trends. From the viewpoint of individuals and families, it is important to know how demography affects the life chances of individuals.

The chances/choices nexus is addressed in this report by means of the demographic profiling of households at risk of social exclusion and those who experience multiple deprivations with the aim of identifying the best policies and practices for promoting well being and the social inclusion of all citizens.

III. Social policy context

The existence of policies, programmes and services that strive to enhance the standard of living for all citizens through social protection is a distinct feature of all European countries. The main pillar of contemporary welfare states is the achievement of the widespread distribution of prosperity throughout the population by means of public policies, with a marked acceleration in the development of welfare functions occurring in most European countries in the 1960s and 1970s. Systems of social protection have progressively expanded the domain of protection, have increased the number of beneficiaries and have transformed parts of needs-based assistance into a set of social rights. This is well documented in the evolution of the cost of social protection, the development of a broad range of collective social services and

the assertion and strengthening of fundamental social rights that are protected by law.

Today, the standard instruments of social protection address a broad range of risks associated with sickness, old age, maternity, family dynamics, unemployment and general neediness by means of income transfers and social services. Accordingly, public policy aims at reducing risks and redistributing the cost of risk situations over the life course of individuals as well as between population sub-groups and intergenerationally.

Benefits in cash and in kind aim at compensating, in full or in part, the financial costs or loss of income incurred by households due to sickness, invalidity, disability, occupational accidents and disease, old age, and the death of the main earner (survivor's pension). They also, in part, cover the financial costs of maternity and childrearing, provide partial compensation for unemployment, and include social assistance aimed at social inclusion/re-integration through vocational guidance, housing subsidies, placing in institutions, resettlement, and welfare transfers for general neediness.

The rights dimension of contemporary social protection is encapsulated in legislation and administrative practice that extends general social protection to all legally resident citizens irrespective of expected, current or past participation in the work force, payment of work-related contributions, or nationality.

While these standard-setting policies have gained ground at the European, national and regional level, our study reveals that there are still considerable differences among even the most advanced welfare states in the scope and effectiveness of policy implementation. Social protection and welfare provisions in Europe are based on varying degrees of generosity in terms of levels of assistance provided and a diversity of normative practices underlying group targeting. Both of these affect the quality of life of citizens and also delimit the space for free choice regarding family formation and dissolution, thereby helping to shape the demographic future.

IV. The challenges for social protection

Four key dimensions define the normative basis of social policy at the dawn of the 21st century; these are universalism, a rights-based approach, the strengthening of the preventative function and strong entitlements. While most of those standard-setting norms build on a long history of social emancipation movements, philosophy, political economy and legislation, it was only during the 1990s that they were translated into standards of provision and social practice at an accelerating pace in a growing number of countries.

The universal principle implies that social protection addresses the entire population. Social benefits are accessed as a matter of right, which stem from citizenship and are relatively independent of an individual's position in the labour market. An increasing number of risk-reducing entitlements have been set in place as social protection systems strive to strengthen preventative functions. Strong benefits imply that welfare provisions are expected to ensure a decent standard of living for all and not just provide basic poor-relief to the destitute.

While this set of fundamental principles is reiterated in numerous international protocols and charters and have *de facto* been translated into practice in many European countries, albeit at a varying pace, several challenges to the fuller implementation of these standard-setting principles may be observed. These pertain to the commitment to implementation, adaptation to fast changing needs, and the transparency of normative standards underlying ongoing or planned reforms to social security systems.

Firstly, there is a need to ensure that existing policies, programmes and services are actually effective and efficient – effective in terms of achievement of the identified goals, and efficient in terms of the best quality/price relationship. This requires continuous monitoring and evaluation of inputs, outputs and outcomes.

Secondly, the socio-economic and demographic environment is fast changing and brings with it fast changing facets of vulnerability. The frequent recombination of factors leading to the social disadvantage of those at risk of social exclusion as well as those who fall through the system of standard social protection require the constant adaptation of policies, measures and services.

Thirdly, macro processes related to globalisation are associated with calls for economic deregulation to deal with international competition. Deregulation inherently entails changes in income redistribution policies and identifying and targeting vulnerable groups, rather than the generalised upgrading of protection, is frequently evoked as the key instrument of proposed reform. Targeting welfare benefits requires technical solutions but choices are inherently rooted in the normative standards against which the needs and merits of disadvantaged people are assessed.

It is apparent that social protection reforms entail the redrawing of boundaries between the state, markets, the family, civil society and individual citizens. Monitoring the effectiveness and efficiency of social protection has to be matched to both current social needs and the demographic momentum. It is only in this way that social inputs can be planned long-term and policy

choices made taking into account expected changes in demographic structures and dynamics.

Considerable differences in social strategies continue to persist both between countries and between regions and local communities within states. They are, however, less visible at the normative level as it relates to statements of intent and legislation, than at the level of policy commitment as it relates to the allocation of adequate material and non-material resources, administrative practice and monitoring of the effectiveness of social practices.

V. Social cohesion and social inclusion

Social cohesion builds on the social ties established through economic, cultural, political and civil institutions, and organisations. The weakening of social ties as a consequence of the non-participation of large numbers of citizens – be it due to lack of opportunity or individuals' inability to use social institutions – has led to national governments and the Council of Europe engaging more effectively in identifying and promoting social cohesion strategies for the 21st century.

Access to resources, the opportunity and ability to make use of public institutions together with the family and informal networks are the three pillars of social inclusion in contemporary society. The erosion of one or more of these pillars – due to insufficient material and non-material means available to households or individuals, social barriers which prevent particular population sub-groups from accessing employment or other activities, legal or administrative obstacles to access to welfare benefits and social institutions for care and support in situations of vulnerability, and/or cognitive or emotional personality features which prevent people from establishing and maintaining social bonds – are all factors associated with deprivation and social exclusion.

Social exclusion is a condition of deprivation that is manifested through the generalised disadvantages facing individuals and social groups due to accumulated social handicaps. It is experienced by people as the overlapping of objective deprivation with their subjective dissatisfaction with life chances due to inadequate means and limited access or poor participation in several of the most important domains of human activity – education, paid labour, family and informal networks, consumption of goods and services, communication, community and general public institutions, political life, leisure and recreation. Exclusion is as a rule associated with social stigmatisation, blame and isolation, which translate into low self-esteem, a feeling of not belonging and not having been given a chance to be included in society.

Exclusion as a social process is the denial of access to opportunity and social rights to particular individuals or groups of individuals. Social inclusion as

positive praxis, on the other hand, is the process of opportunity enhancement for building or re-establishing social bonds by facilitating the access of all citizens to social activity, income, public institutions, social protection and programmes and services for assistance and care.

Social vulnerability is a condition of exposure to risk of social exclusion due to some weakness in the means that people can make use of: inadequate income, low education, low activity status, high dependence on public support, and particular demographic features, typically form a cluster for risk. Being at risk is experienced and articulated by individuals as dissatisfaction with the main domain of their activity or living circumstances and is characterised by an inability to afford basic goods, services and activities accessible to the majority of the population. Due to high levels of unemployment, particularly long-term joblessness, the decrease of job security and the emergence of new forms of so-called 'atypical' work, and changes in family composition, increasing numbers of citizens are exposed to such risks. Moreover, partial exclusion due to an episode of unemployment in conjunction with the new demography tends to multiply the risk factors.

Our analysis shows that the population at risk and those experiencing deprivation over the course of one year is larger than is indicated by survey data on people in long-term income poverty. It also shows that the subjective experience of deprivation measured in terms of dissatisfaction and individuals' awareness that they cannot afford some basic goods, services and activities creates higher stress levels than suggested by objective measurements of income poverty. It is particularly in the younger generations that the perception of being deprived is greater than their incomes would indicate.

This has important implications for both preventative and palliative social and demographic policies. Awareness of risks of income poverty, even when these risks do not materialise, affects peoples' choices in all life domains and in particular regarding family formation. Furthermore, it appears that poverty relief is expected to go hand in hand with a reduction of the excessive disparities in the distribution of life chances.

VI. Poverty and demography

While the overwhelming majority of people in advanced market economies in Europe are well protected from income poverty, there is still a sizeable proportion of the population living on low incomes.

In the 15 countries of the European Union, an average of 17 out of every 100 households are exposed to income precariousness (Table I), which ranges from 9 percent in Finland, at the lower end of the scale, to 23 percent in Greece and Portugal, at the upper end of the scale.

Households experiencing income precarious conditions are exposed to varying degrees of deprivation. This is illustrated in Table I where the percentage of the population living below three income levels based on purchasing power parities (PPP) as expressed in standard purchasing units (PPS) is given for each country and for the 15 countries as a whole. These data show both the differences in income levels between countries as well as the prevalence of severely poor, the poor and low-income households in each individual country. On average, 6 percent of EU households may be described as severely poor, another 5 percent are poor and another 6 percent live from low incomes.

Table I – Percentage of households exposed to income precariousness (EHP 1996-1998)

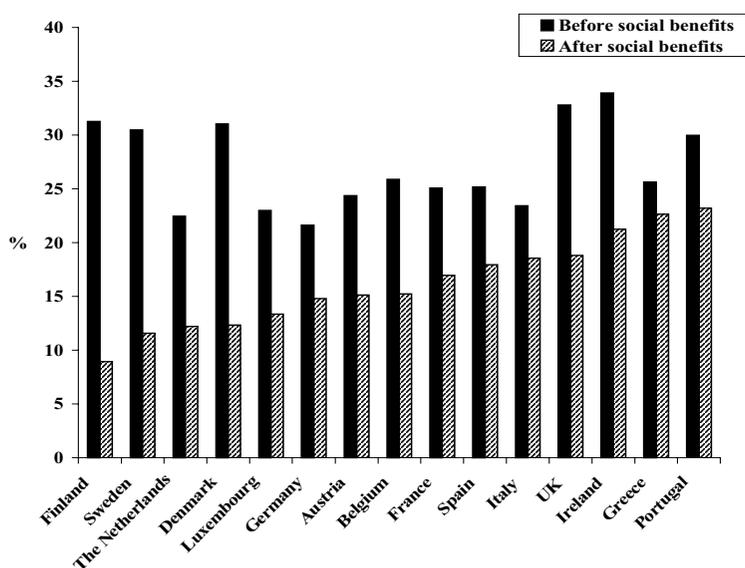
| Country | Households exposed to income precariousness (%) | | | |
|-------------|---|--|--|---|
| | Severely poor (less than 40% of the median income) | Poor (between 40% and 50% of the median income) | Low income (between 50% and 60% of the median income) | All households below 60% of the median equivalised income |
| Belgium | 3.8 | 4.9 | 6.6 | 15.3 |
| Denmark | 3.3 | 3.4 | 5.6 | 12.3 |
| Germany | 5.3 | 3.7 | 5.7 | 14.8 |
| Greece | 11.7 | 4.6 | 6.2 | 22.6 |
| Spain | 7.4 | 4.3 | 6.1 | 17.8 |
| France | 5.3 | 4.8 | 6.8 | 16.9 |
| Ireland | 2.7 | 6.9 | 8.7 | 18.2 |
| Italy | 7.2 | 4.4 | 6.9 | 18.5 |
| Luxembourg | 3.2 | 3.4 | 6.7 | 13.3 |
| Netherlands | 4.3 | 2.4 | 5.5 | 12.2 |
| Austria | 4.3 | 4.2 | 6.7 | 15.1 |
| Portugal | 8.9 | 7.4 | 6.8 | 23.1 |
| Finland | 2.6 | 2.1 | 4.3 | 8.9 |
| Sweden | 4.9 | 2.7 | 4.0 | 11.6 |
| UK | 6.1 | 6.1 | 6.6 | 18.8 |
| Total 15-EU | 5.9 | 4.5 | 6.3 | 16.6 |

Source: own calculations (Avramov, 2002).

Extrapolating the figures from ECHP to the entire population in the 15-EU suggests (at the 95 percent probability level) that a total of between 60.3 and 62.4 million adults and children are living in income precarious conditions.

The history of the development of welfare regimes and the current systems of social prioritisation are reflected in the cross-country differences in the proportions of households that are below the low-income threshold before and after social benefits have been taken into account. The capacity of the social protection system to lift households out of income precariousness by supplementing inadequate incomes from work or pension with additional social benefits is shown in Figure I and indicates that many more people would be living in poverty were it not for the payment of social benefits. Furthermore, the social protection system lifts considerable proportions of people out of poverty at all ages.

Figure I. – Percent of households exposed to income precariousness before and after social benefits to supplement income from work, pension and non-work related private income by country (ECHP 1996-1998)



Source : own calculations (Avramov, 2002).

The most effective countries in alleviating poverty by means of public transfer payments are Finland, Sweden, the Netherlands, Denmark and Luxembourg, while the least successful are Portugal, Greece and Ireland.

Income poverty affects peoples' lives in conjunction with other disadvantages. In order to illustrate the complexity of deprivation we have constructed composite indicators, which measure the presence of simultaneous disadvantages thereby enabling us to identify the population suffering from overlapping material and non-material deprivation together with the self-appraisal of their life chances.

Our findings show that the proportion of people experiencing simultaneous social handicaps in terms of inadequate incomes, poor education and bad housing is lower than that experiencing income poverty alone. Some 13 percent of households suffer the simultaneous disadvantage of being poor, badly housed and headed by a breadwinner with low educational attainment. However our findings show that the objective measurement of overlapping disadvantage (measured by the composite indicator of means, CIM) gives a somewhat more favourable picture than the subjective index of self-perceived deprivation (measured by the composite indicator of low satisfaction, CIS). The latter suggests that 17 percent of heads of household are simultaneously dissatisfied with their financial situation, work or main activity and housing.

The objective measurement of income precariousness and the subjective experience that a household cannot afford the basic goods, services and activities accessible to the majority of the population confirms the centrality of income in market economies. Indeed, one out of every three households in income precarious conditions cannot afford a cluster of goods, services and activities measured by the composite indicator of being in a poor financial situation, CIF compared with one out of every ten households in the general population (Table II). In addition, the data indicate that considerably higher proportions of households in income precarious conditions cannot afford each of the items identified in the ECHP as relevant indicators of consumption patterns. Furthermore, income level is not only relevant in the context of basic comfort and security but also affects sociability, with as many as one out of every three households in income precarious conditions being unable to afford to invite friends or family for drinks or dinner once a month.

Poverty and deprivation are sensitive to the key demographic characteristics of age, sex and household composition. The propensity to generate income or become eligible for public transfer payments varies according to age. Average incomes are lowest in households headed by adults aged 15 to 24, reach a high plateau among the middle aged (with a slight increase from 25 to 59), and then gradually decrease within the oldest age group. Young adults between the ages of 15 and 19 who are active in the labour market and are the main household earners have exceptionally low incomes.

Table II. – Percentage of households that cannot afford basic goods, services and activities by income, 15-EU pooled data (ECHP 1996-1998)

| Difficulty | Households in income precarious conditions (%) | All households (%) |
|--|---|---------------------------|
| Cannot save money | 81 | 52 |
| Make ends meet with difficulty | 70 | 46 |
| Cannot afford replacing worn-out furniture | 65 | 33 |
| Cannot afford paying for a week's annual holiday away from home | 58 | 23 |
| Cannot afford having friends or family for drink/dinner once a month | 28 | 10 |
| Cannot afford buying new, rather than second hand, clothes | 29 | 9 |
| Cannot afford to keep home adequately warm | 26 | 13 |
| Cannot afford eating meat, chicken or fish every second day, if wanted | 14 | 4 |
| Cannot afford to repay debts other than mortgage | 13 | 14 |
| Unable to pay scheduled utility bills during the past 12 months | 11 | 3 |
| Unable to pay scheduled rent for the accommodation during the past 12 months | 6 | 2 |
| Unable to pay purchase hire instalments or other loan repayments during the past 12 months | 4 | 2 |
| Composite indicator of subjective appreciation of poor financial situation (CIF) | 33 | 10 |

Source : own calculations (Avramov, 2002).

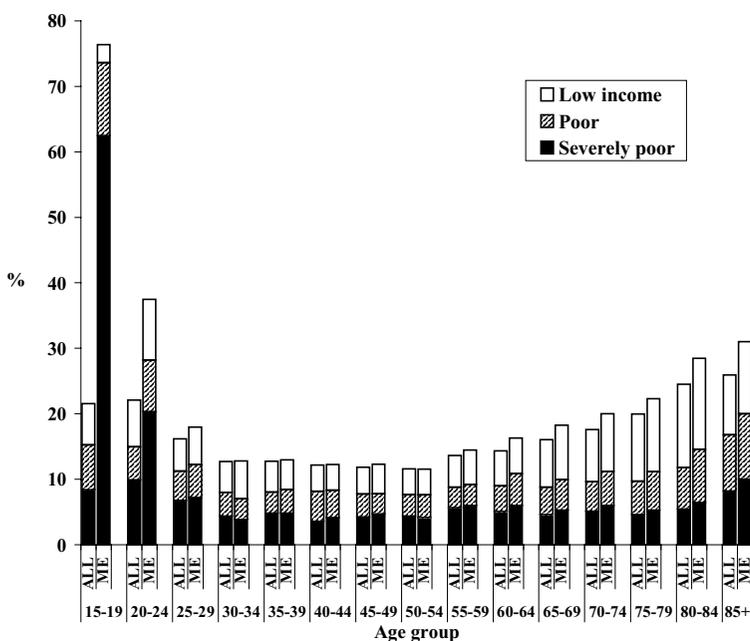
The ability to generate income varies by gender and households where males are the main earners have systematically higher incomes than female headed households at all ages. The disparity is least pronounced among young adults aged 20 to 29.

Regarding the prevalence of income precariousness by age, we observe that the highest percentages with low incomes and living in poverty are found among the youngest age groups (15 to 24) whereas the lowest percentages

prevail among those between the ages of 40 to 59. From age 60 onward the proportions of low income and poor households increase.

The importance of the complete family as a buffer to income poverty and the relevance of within family transfers between co-residing kin, particularly at younger and older ages, is also demonstrated by the data (Figure II).

Figure II. – Breakdown of all respondents (ALL) and main earners (ME) living in households exposed to income precariousness by age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Income poverty is exceptionally high among young adults who have set up independent households before they have acquired adequate skills to compete in the economy and where it is associated with their weak position in the labour market, difficult access to social benefits and personality traits which may prevent them from making use of social institutions. However, it should be stressed that young adults living alone and generating their own income are not representative of 15 to 24 year olds in the population, most of whom are still inactive.

The majority of young adults who leave the parental home or a care institution to set up an independent household at early age tend to live in income precarious conditions. In other words, continuing to cohabit within the family environment is the best protection for young adults against deprivation. Indeed, individual level data for respondents aged 15 to 24 shows that the overall proportion of young people experiencing poverty is relatively low because most are protected by the income of their parents. It may be noted that income precariousness among the elderly is also ameliorated by cohabitation with other family members. It remains the case, however, that the importance of co-residence and within-family transfers is most significant for young adults. Hence, among main earners aged 15 to 19, 75 percent live in income precarious conditions, compared with only 21 percent in the age group as a whole. For main earners aged 20 to 24, the corresponding figures are 40 and 20 per cent respectively.

Older people who are no longer active in the labour market are also more likely to experience inadequate material resources. This particularly applies to people above the age of 60 where poverty rises with increasing age.

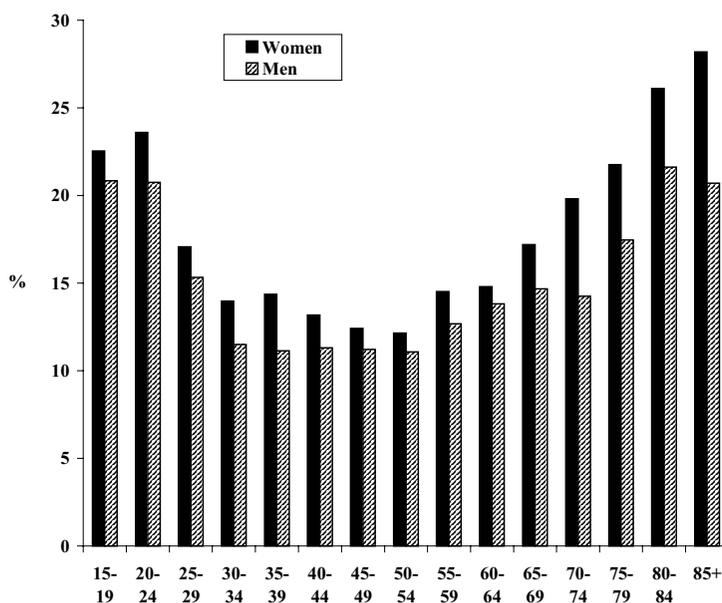
Age related differences in the average income of households, in which an elderly person is the main earner or the partner of the main earner, are present in all countries. On the other hand, inter-country differences in income disparities between the generations who are active today and those who have exited the labour market are considerable. Comparing average incomes in the active age group 15 to 64 with those among the population aged 65 and over, the largest disparities, to the detriment of the elderly, are found in Ireland and the UK.

Self-appraisal of the financial situation of households in terms of the goods, services and activities that they cannot afford shows that the worst-off are headed by very young adults or where the elderly are the main earners. While it may be argued that only small numbers of very young people set up their own households at ages 15 to 19, it must be underlined that elderly households are much more numerous and are, moreover, expected to continue to grow in numbers. It is within this group that we find both high proportions and large numbers of households that cannot afford goods and services accessible to the majority of the population.

Poverty is gender sensitive. Women not only display a higher propensity to live in low income or poor households at all ages, but the gender disparity also tends to increase with age (Figure III). The pertinent measurement of gender related poverty is the number of female-headed households living in poverty as compared to male-headed households and this unequivocally shows that households in which women are the main earners are more at risk of income poverty. Women at all ages are also less satisfied with their finan-

cial situation, activity and housing and feel more deprived in terms of access to goods, services and activities and suffer from worse health.

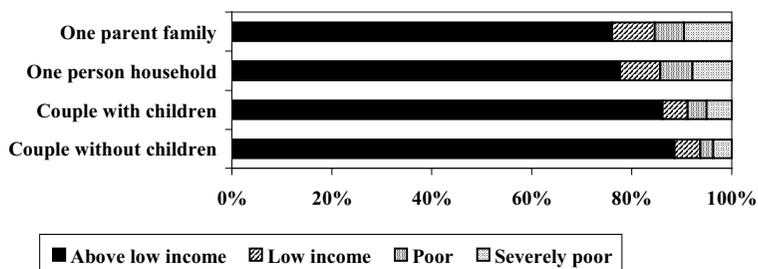
Figure III. – Percent of women and men exposed to income precariousness by age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Poverty is associated with partner relations and living arrangements and some household types are more at risk of income related vulnerabilities than others (Figure IV). It is particularly one-parent and single person households dependent on one income that are least well equipped to buffer the risks associated with rapid or unexpected changes in the labour market as well as being more vulnerable to changes in public policies aimed at limiting transfer payments. When the labour market fails to provide job opportunities or sufficient income from work, one-parent families and one-person households clearly have a higher than average risk of poverty. Comparative figures reveal that whereas the proportion of one-parent households exposed to income precariousness stands at 23 percent and comprises 22 per cent of one-person households, it drops to 14 per cent for couples with children and affects only 11 percent of couples without children.

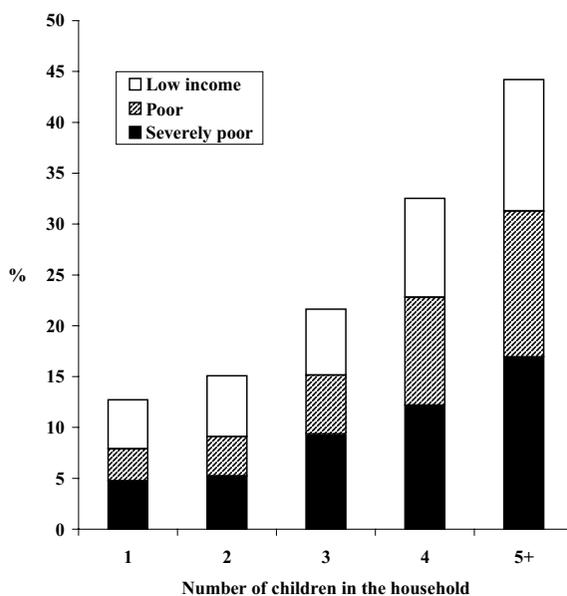
Figure IV. – Household types broken down by income categories (non-poor, low income, poor and severely poor), 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Poverty is also associated with the number of children in the household, i.e. the higher the number of children the higher is the proportion of families that find themselves in income precarious conditions (Figure V). Indeed, as many as 44 percent of families with five and more children live on low incomes or are in poverty.

Figure V. – Percent of households exposed to income precariousness according to the number of children in the household, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

VII. Work, the family and the welfare state

Due to the centrality of the labour market in advanced market economies, employment status or employment history are the main guarantors of income and key buffers against social exclusion. In addition, because of its role as the main private network, the family operates as the first, and in some cases the only buffer against social exclusion when employment opportunities are not available or when income is low. Complementing this is the welfare regime that through legal measures and the redistribution of resources provides assistance during various phases of an individual's life course thereby securing intergenerational solidarity and relieving demands on families.

In this study, we focus on work and the family and the mediating role of the welfare state in the social inclusion/exclusion nexus. The specifically demographic approach is pursued through the analysis of the combined effect of age, sex and household type. The results of our research about the relationships between demography and social vulnerability are presented for four household types: the elderly, people living alone, lone parents and couples with children.

VII.I. Elderly and social disadvantage

Under the prevailing system of social protection, which includes a variety of needs-based transfers to complement insurance based benefits, welfare regimes play an important role in decreasing the risks of poverty and poverty related social vulnerability among elderly people. The proportion of elderly households in income precarious conditions would stand at 30 percent were it not for the benefits that supplement pensions and inadequate incomes from work and private sources. But once social benefits are included, income precariousness among the elderly falls to 22 percent.

In relative terms, the most effective countries in lifting the elderly out of poverty by means of transfer payments are Sweden, Finland, Denmark and UK while the least effective are Greece and Portugal where the proportions of elderly living in income precarious conditions after the receipt of social benefits remain excessively high – 45 and 39 percent respectively. It may also be noted that while the supplementary benefits system is quite effective in relative terms in the UK, the proportion of elderly who remain in income precarious conditions affects as many as three out of 10 elderly households.

In spite of considerable achievements in poverty relief, the elderly are over-represented among low income and poor households. Regarding the disadvantages experienced in respect of housing and household durables, we can observe both age and generational-based changes in the perception of needs

and expectations, with the elderly generally being more satisfied even when they own visibly less than younger people.

In terms of non-material deprivation, the elderly are over represented among poorly educated groups while substantial proportions are also hampered in their daily activity by poor health. Given the social protection reforms proposed in many countries that aim to keep the elderly active, it is apparent that this is likely to encounter considerable difficulties due to the weak potential competitiveness of the bulk of the present day elderly in the regular labour market. Those with low educational attainment and health difficulties are likely to be fragile runners in the global economy.

The self-perception of the elderly appears to indicate that they are more satisfied with their activity status, income, housing conditions and leisure than the active age population. In terms of sociability, they have as many casual contacts with neighbours and friends although they are over represented among one-person households and are more prone to isolation in their daily lives. We are unable to address the more complex dimensions of social relationships and degrees of loneliness due to a lack of the necessary data.

The objective and subjective indicators of social vulnerability, poverty and dissatisfaction, only increase among the very old, i.e. among those generations who were economically active during the 1930s recession and the Second World War. It is reasonable to assume that these generations had less opportunity to earn insurance based benefits and/or accumulate personal wealth. In addition, due to their lower educational attainment and other age related impediments, they were poor competitors in the labour market at a time of technological acceleration. The generational disparities in life chances associated with these historical circumstances have only partially been alleviated by social benefits to supplement low pensions in a limited number of countries.

It is the overlapping of income precariousness with bad health and bad housing, both in terms of quality and adaptability to age-specific needs that increases the risks of exclusion, especially the of oldest old, from the prosperity experienced by other age groups.

The worst-off, in terms of income and housing conditions, and the least satisfied with their situation in society are the elderly living in countries with less generous welfare regimes, more particularly the countries of southern Europe.

Women are poorer, in worse health and less satisfied than men at all ages, but particular when they are old.

Regarding increased longevity, the issues at stake, in terms of the quality of life of all citizens, are gender equity and choices regarding personal autonomy that are largely a function of the existence of public provision to supplement insurance-based benefits. The more advanced welfare regimes clearly manage to lift large numbers of people out of poverty and the elderly in these countries are better off both in terms of the objective socio-economic situation and their subjective satisfaction with this.

The social vulnerability of particular sub-groups of the elderly is associated with the inter-relationships between a number of general socio-demographic tendencies, viz:

- Generational disparities in educational attainment characterised by lower attainment among the elderly in comparison with younger generations;
- Generational disparities in the level of insurance based benefits that could be secured over the life course of the present day elderly;
- Life-course disparities in the propensity to generate work-related income;
- Deterioration of health at older ages, particularly among people with low incomes and the poor;
- The prevalence of women among older people coupled with the fact that elderly women generally have much lower pensions;
- A high proportion of elderly women who have not acquired work-related pensions but are dependent on survivor's pensions which are less generous than personal pensions;
- The prevalence of one-person households among the oldest old women (75 and over) and high proportions among oldest old men who have only one pension and have narrow margins for exercising economies of scale.

VII.1.1. Implications for policy

Mainstream European policy discourse aims to promote social inclusion by alleviating poverty and poverty-related disadvantages of the aged and by activating the elderly. This is expected to be achieved by raising minimum or non-contributory pensions, particularly in the southern European countries, and reducing excessive income disparities via supplementary social transfers. Working lives may have to be longer while pensions should be made safe and pension systems sustainable. In this context, the results from our analyses of micro-level data are quite illuminating, viz:

- Work-based insurance schemes have so far proved to be insufficient to secure a decent standard of living for elderly people and supplementary social transfer payments are needed to pull a considerable proportion of pensioners out of poverty.

- Welfare regimes in many of the countries examined have been effective in reducing the risks of deprivation associated with old age and ill health, albeit with the persistence of variations between countries.
- In countries with weak welfare regimes be it because governments rely heavily on the family to ensure adequate support or seek a greater role for the market, the elderly are worse off both in terms of material disadvantage and subjective dissatisfaction.

Regarding the policy discourse on active ageing it is pertinent to note that :

- The overwhelming majority of today's elderly are satisfied with their retirement and considerable changes in public policy and public opinion may be needed to promote longer working lives and later and more gradual retirement.
- Keeping the elderly economically active may require considerable public funding for skill enhancement, given the generational disparities in educational attainment and labour market requirements.
- A considerable proportion of the elderly report the bad health and health problems hamper them in their daily activities.

Participation of the present day elderly in the regular labour market can be envisioned only for a minority and it is difficult to imagine how those elderly with health problems and low education could be competitive in this sphere of economic activity. Increasing the employability of the majority of elderly may therefore need to be linked with the promotion of innovative forms of sheltered employment. In all cases, policy actors will need to take both the macro economic cost/benefits of skill enhancement and sheltered employment into consideration as well as needs and preferences of the elderly.

This does not imply that welfare regimes could not or should not be improved and reformed so as to activate the elderly who are willing and able to work. The aim of making pensions secure and pension systems sustainable in the longer term needs to be pursued, particularly in view of further demographic ageing. The quality of life and general well being of those elderly able and willing to work after statutory retirement could readily be enhanced by minor changes in labour and pension laws.

Reforms, however, should be build on the knowledge that the 'invisible hand of the labour market' has, to date, proved an insufficient provider of a "minimum acceptable way of life" for the entirety of elderly people. Reforms also need to address the sustainability and acceptability of proposed reforms from the point of view of all actors : the state, the market, the family and individual citizens. To date, the trend towards early retirement well below the statutory limit has coincided with such factors as the disenchantment of older people with work, the self-interest of employers in removing from the labour

market the elderly who are less skilled or more expensive than younger workers, and the needs of families to use the pool of early retired relatives to provide informal care both to (grand) children and elderly parents.

Our findings point to the conclusion that targeted policies, measures and services to address the specific needs of the elderly are necessary to overcome life-course risks associated with ageing and ill health. They are also needed to reduce the impact of generational disparities in life chances and the cumulative effect of differential opportunities in education and labour market participation together with normative standards regarding work and the family that separate successive generations.

However, palliative measures targeted only on low-income pensioners are likely to be insufficient because they may be too narrowly conceptualised. Integrated policies that address work, the family and gender aspects from a life-course perspective are needed if the problems that social policies pretend to address are to be solved.

VII.II. People living alone and social disadvantage

Our analysis shows that most of the social disadvantages experienced by single person households are associated with age-related vulnerabilities.

Among the working-age population, it is young adults and elderly workers who are at highest risk of income poverty when living alone. The fact that there is only one potential earner is a vulnerability factor particularly for very young people dependent on casual jobs and affected by episodes of unemployment. The same applies equally to lone adults in the latter phase of their working lives when they encounter health problems and face demands for new skills in the work place and risks of redundancy. The majority of retired people are dependent almost entirely on social protection and it is the type of country specific pension and welfare regime that largely determines the proportions with low incomes or living in poverty.

Relatively large numbers of people living alone depend for their livelihood on social transfer payments. At younger ages, these take the form of unemployment replacement income and, at older ages, pensions and other social benefits that ensure the means of subsistence. If we discount supplementary social benefits, one out of every three single-person households is in an income precarious condition and it follows that supplementary transfer payments are a safety belt for considerable proportions of one-person households. But even so, 24 percent of all people living alone still find themselves in a position of income precariousness. In addition, women living alone are worse off than men in virtually all countries.

Relatively large numbers of people living alone in the latter phase of their working lives are in bad or very bad health, precisely at that stage when dependence on supplementary benefits skyrockets. It is also at this stage that social protection is most effective in lifting single person households out of income precariousness. The overlapping disadvantages of low income, high dependence on public support, high unemployment and bad health are most pronounced among people living alone who are between the ages of 40 and 55.

For people living alone, the risks associated with the labour market, ill health and old age are only buffered to a limited extent – moreso at younger than older ages – by family members. When unemployment or bad health materialise, especially in middle age, one-person households are more dependent than other household types on public transfer payments.

Regarding sociability and social relations, people living in single person households appear to be no different to people in other household types in terms of the frequency of casual contacts with friends and relatives. Furthermore, at younger ages many have partners and the majority are sexually active. Analysis of the subjective feelings of loneliness as it might affect people living alone is not possible from the available data.

On average, people living alone appear to be less dissatisfied with their financial situation, work or activity status and housing than one-parent families and couples with children. This is largely due to the high prevalence of elderly single persons in that the elderly express lower stress levels regarding activity and income. The only household type that scores higher on the satisfaction scale than people living alone is couples without children. The least satisfied are people living alone in the countries of southern Europe.

VII.II.I. Implications for policy

The policy implications in respect of the social vulnerabilities of people living alone vary as between the population of active age and the elderly retired, and may be summarised as follows.

- Public policies need to enhance opportunities for the acquisition of skills so that young adults living alone can be competitive in regular employment and not just in casual work. Policy should also promote access to minimum subsistence benefits to supplement income from casual jobs and help families provide financial support for children living alone who are in transition to economic autonomy.
- For the middle aged living alone, it is the enhancement of those skills that will enable them to remain in the labour market together with benefits to supplement inadequate incomes from work that can be effective in reducing the risks of social disadvantage especially given the deteriorating

health of older workers. Health problems are frequently associated with stress at work in face of a fast changing technological environment.

- For the elderly living alone, the pension system should compensate them for the life-long accumulation of social disparities associated with inadequate educational opportunities, lower female participation in the labour force and a history of work performance in less lucrative branches of the economy.

It is sometimes said in administrative circles that the poverty of the elderly will largely disappear as the number of agricultural workers declines, particularly elderly women who started being active in agriculture when there were few insurance based pension rights. What, however, is not taken sufficiently into account when policies assume that mortality will decrease generational inequities is that there is no linear all-encompassing spontaneous progress. There may always be less fortunate generations and groups working in less rewarding branches of economy in a fast changing global environment.

VII.III. Lone parents and social disadvantage

As marital separation and non-marital births have increased there has been a substantial raise in the number of lone-parent families in Europe, especially during the last decades of the 20th century.

The vast majority of one-parent families are headed by a woman. These face a higher than average risk of poverty and are more dependent on public support for their livelihood than any other household type. One out of two lone mothers would be living in poverty were it not for public support but, however generous such transfer payments, one in three lone mothers still lives in poverty. In some countries lone parents depend mainly on the state for their income.

Economic inactivity is exceptionally high among single parents, particularly among lone mothers. Private non-work related income or maintenance from a former spouse or partner is generally inadequate and, as a consequence, welfare payments account for half the average household income of this group.

The composite indicator of means shows that one-parent families are at a higher risk of multiple deprivation than any other household type, while the composite indicator of satisfaction shows that they are also the least satisfied.

The worst-off in terms of objective measurements of deprivation and the subjective reporting of bad health and dissatisfaction are lone parents in southern Europe and the UK. The social condition of lone parents is clearly associated with the specific welfare regimes of individual countries and the types of preventative and palliative measures they apply. Both in terms of

poverty prevention and alleviation, the Nordic welfare system is shown to be the most effective in lifting lone parents out of poverty.

In terms of demographic behaviour, lone parents generally started their demographic careers (age at leaving the parental home, first partnership, first marriage and first birth) somewhat earlier than couples with children. Also the proportion of never married women is high, as is obviously the share of divorced. Lone parents report persistently worse health than couples with children.

VII.III.1. Implications for policy

Our findings indicate that large proportions of lone parents are not well off, are dissatisfied and draw heavily on the state for their income and various social benefits and services.

The implications regarding public policy may be summarised as follows. In order to prevent life-long dependency on public support, it may be necessary to encourage lone mothers to enter the labour market by providing them with access to acquire new and better skills. However, not all lone mothers exhibit educational profiles that differ from other women of similar age and it may be the lack of child-friendly work environments and affordable child-care facilities that constitute the key obstacles to their taking up employment.

A review of the legislation underpinning child maintenance payments by parents regardless of their partnership status may also be necessary, although it should be acknowledged that there will always be parents whose own financial situations are precarious. This arises as a result of risk situations associated with unemployment, ill health or age related problems with the result that they may not be able to provide maintenance for their children on an adequate and reliable basis.

Given the ongoing changes in family dynamics, especially regarding the high frequency of divorce and growing proportions of non-marital births:

- Women may need to acknowledge that being economically inactive is a high-risk choice and being dependent for income on a spouse or partner is high-risk behaviour.
- Adaptation and reform of the work environment may be necessary to make it more family friendly, and better and more affordable services are needed to assist working mothers and their children.
- Public policies are needed that invest more in people in general and lone parents in particular in order to create the capacity for autonomous living.

- Policies targeted only on socially disadvantaged one-parent families should be seen as an out-dated form of poverty-relief that operates as a revolving door of dependence on transfer payments and social services.

VII.IV. Two-parent families and social disadvantage

Two-parent families are less exposed to income precariousness than lone parents or people living alone, largely due to the dual income that can be generated in the one household. Couples can also share and buffer poverty risks associated with unemployment, casual employment and low-paid work, and are therefore less dependent on public support through the benefits system. On average, they generate the bulk of their income from work, with only minor supplements through transfer payments.

Two-parent families with children have a lower than average likelihood of low income or living in poverty. If there were no supplementary benefits one in five two-parent families would be living in income precarious conditions. Transfer payments do lift considerable numbers of couples with children out of poverty and after receiving supplementary benefits, some 14 percent of two-parent families remain in income precarious conditions. The most effective countries in reducing the risks of income related deprivation among couples with children are Denmark, Finland and Sweden, while the least effective are Spain and Italy. Indeed, the highest percentages of parents with children in income precarious conditions are found in the countries of southern Europe.

Although female labour force participation has been increasing persistently, it is still the case today that almost one out of every three two-parent families only has one income. It is precisely these one-income two-parent families that are at a considerably higher risk of deprivation and one out of every four such households lives in income precarious conditions.

Of two-parent families, those with incomes that are below the low-income threshold are most dependent on supplementary social benefits. In other words, social protection benefits transferred to low-earning couples with children make a positive difference and reduce the severity of income poverty for large numbers of parents and their children.

Like other household types, the low educational attainment of the main breadwinner increases the risk of income precariousness. An even greater risk, however, is that of unemployment and the worst-off are couples with co-residing children where both parents are unemployed. Families are more at risk of low income and poverty when it is the father that is unemployed than when unemployment affects the mother.

In general, two-parent families and their children are well housed and possess most modern household durables. However, as would be expected, the

proportion of low-income parents that experience housing stress and deprivation is double in those two-parent families with incomes below the 60 per cent population median.

While it may appear that complete families are not so badly off the information on the subjective appreciation of their life chances suggests that they suffer from high stress levels. Although the composite indicator of poor means, which measures the combined effect of low income, poor education and bad housing, shows that only one out of 10 two-parent families have poor means, the composite indicator of dissatisfaction suggests that almost one in five main breadwinners in two-parent families is dissatisfied with their work or main activity, financial situation and housing. The highest levels of dissatisfaction among couples with children are found in the United Kingdom and the countries of southern Europe.

Our findings also indicate that the presence of children impacts on both the income situation and general satisfaction of couples. The presence of children in a household entails pressure on income, time and opportunity and emerges as greater dissatisfaction among parents with their life chances. If we compare couples with co-residing children with those without co-residing children, we clearly observe that couples without children, especially those of prime working age are better off. On both the composite indicator of means and the composite indicator of satisfaction, this group contains the lowest proportions exposed to or experiencing multiple deprivation and dissatisfaction.

Large families are exposed to multiple deprivation more often than couples with one or two children and the higher the number of children in a household the lower is the equalised household income. The well-known correlation between low educational attainment and large family size is also confirmed by the ECHP data and as many as 55 percent of mothers with five or more children have only primary or incomplete secondary schooling. Among women with no co-residing children the proportion with the lowest attainment is half that of high parity mothers, where some 30 percent have the lowest educational attainment. The percentage of unemployed main earners is highest among parents with four or more children and is again probably due to the high prevalence of fathers with low educational achievement, poor qualifications and inadequate skills. Expressing overall living conditions in terms of housing and the possession of household durables shows that large families are more likely to be of poor means than couples with one or two children.

In summary, the main breadwinners in households with the largest numbers of children are the least satisfied with their work or main activity, financial situation, housing and leisure. They are also the most dissatisfied with their incomes and amount of leisure time at their disposal.

VII.IV.1. Implications for policy

Couples with co-residing children are, as a rule, of prime working age and cope better with risks associated with loss of a job or the ill health of one of the potential income earners than other household types. It is thus the minority of two-parent families with only one income earner that have disproportionately higher risks of poverty, particularly when the breadwinner is of low educational attainment.

While couples with children are, on the average, at lower risk of income poverty than other households, the presence of children still impacts strongly on the stress experienced by parents. They express this as general dissatisfaction with their general living conditions, including their household income, work or main activity, housing, and leisure time.

It is impossible to determine the causal relationship between low educational attainment, inadequate income and family size. But what is evident is the fact that under prevailing welfare regimes large families are not well protected from the risks of poverty.

Enhancing the caring capacity of families with dependent children and decreasing the incompatibilities that exist between work and family life are needed and expected policy measures. The interplay of chances and choices regarding education, number of children, activity status, health, income and living conditions in general implies that targeting only those groups at particular risk, rather than addressing the life course needs of all parents and their dependent children, may become an 'administrative nightmare' with little positive effect.

The policy implications of our findings may be summarised as follows.

- Encouraging inactive mothers into work (which may require skill enhancement) is the best protection against poverty.
- Public policy need to address in a more effective and integrated way the social conditions of families in general and women and children in particular.
- Policies should be aimed at reducing the incompatibilities between paid work and parenthood by enhancing family friendly work environments and making available affordable services for parents and children.
- Child support benefits fall well below the basic costs of child rearing in all countries and preventing child poverty may require more generous transfer payments to all parents with dependent children.
- Targeting child support only on children living in poverty risks penalising parents who are generating personal work-related income that is only marginally above whatever threshold of poverty a government may wish

to choose. Also such targeting often reduces the willingness of better-off parents to contribute towards the cost of a measure from which their own children cannot benefit.

- Large families are more deprived than those with one, two or three children and child benefits may need to be adapted to take into account the higher costs experienced by parents of higher parity children.

Our analysis shows that large families may require more and better public support to enhance the education and qualifications of both mothers and fathers, reduce the incompatibilities between labour force participation and parenthood, and increase child-related benefits. However, it should also be acknowledged that large families are a minority, and family and fertility surveys suggest that further declines in their numbers may be expected. At present, the specific targeting of benefits only on high parity births if envisioned as a generalised measure would only reach a very small proportion of children – with one out of 10 children benefiting from it.

VIII. Risk groups and types of social vulnerability

Our study shows that several groups appear, on the basis of one or more indicators, to be at risk of social disadvantage – the elderly, one-parent families, large families, adults in bad health, people of low educational attainment, the unemployed, and low-income households. Some of those groups partially overlap, but it is appropriate to highlight the fact that the degree of risk varies between groups, and the type of risk can be group-specific. This can be documented from data on main earners in the household, and may be summarised as follows:

- Unemployed persons have the highest risk of poverty: they score highly on financial risk indicators, a high percentage experiences housing problems, and they are very dissatisfied.
- Non-EU nationals score highly on unemployment, belong to groups with high poverty levels (twice the average for main earners as a whole) and experience a high percentage of housing problems. They are also twice as likely to be dissatisfied with their general living conditions (work or main activity, finances and housing) as all main earners.
- People of working age in bad health are in many respects worse off than other risk groups and show a predictably high percentage of those who are severely handicapped in their daily activities. They experience relatively high unemployment rates and show particularly high inactivity rates. They score highly on financial deprivation and dissatisfaction indicators and face many housing problems.
- People living on low incomes or in poverty obviously score highly on financial risk indicators, are more likely to be of low educational attain-

ment, experience higher unemployment, and be at a significantly higher risk of multiple deprivation.

- The elderly have the highest prevalence of bad health, – twice as high as in the population of all main earners. They also stand out in terms of short-ages of household durables, although this is largely a generational phenomenon.
- Main earners in large families tend to be of low educational attainment, exhibit higher levels of poverty, are more likely to be unemployed and show a much higher level of dissatisfaction than the main earner population as a whole.
- Lone parents are more likely to be unemployed than main earners as whole; and while they face financial problems, they do not seem to be worse-off compared to other high-risk groups identified here.
- People of low educational attainment experience higher risks than main earners as a whole, but do not stand out on any of our high-risk indicators.

VIII.I. Severely vulnerable groups

VIII.I.I. Children

Dependent children, as a rule, share the socio-economic conditions and the well being of their parents. In the advanced welfare context of Europe, being a child is not a cause for poverty, although families with young children do appear to be less well off than the general population. The prevalence of children below the age of 16 in poverty is higher than among individuals of all ages, with one in five children living in households exposed to income precariousness.

Extrapolating our survey data to the entire child population in the 15-EU suggests that – at the 95 percent probability level – between 15.4 and 16.1 million children below the age of 16 years live in households exposed to income precariousness. Between 5.5 and 5.9 million children below the age of 16 live in very poor households; another 4.8 to 5.2 million live in poverty and still another 4.9 to 5.3 million live in low-income households.

The income precariousness of young families may well imply that it is during the early stages of family formation that the incompatibility between labour force participation and parenthood is most pronounced and that mothers, in particular, opt out of the labour force or settle for low-paid, casual or part-time work. It also implies that the early phases of becoming established in the labour market are generally associated with lower income precisely at the peak childbearing ages.

VIII.I.II. People in bad health

Bad health consistently appears as a significant risk factor for income poverty and social vulnerability. Being in bad or very bad health, suffering from a chronic physical or mental health problem, illness or disability, or being hampered in one's daily activities by a physical or mental health problem, or having to cut down on the things one usually does about the house, at work or in one's free time because of illness or injury, are phenomena which increase considerably with age. However, our analysis shows that some 6 percent of people of working age also report bad or very bad health.

This last mentioned group not only displays a considerably higher level of financial distress than people in good health, but experiences even greater deprivation than the elderly in bad health. As many as seven out of every 10 working age people in bad health are not able to make ends meet, and one out of four are exposed to income precariousness.

VIII.I.III. Non-EU nationals

Some 19 percent of foreigners who are not nationals of the country where they reside or of any other EU country are unemployed. Since the educational profile of non-EU nationals is comparable with that of natives, the causes of their disadvantaged employment status do not stem from their formal educational attainment. According to the various indicators of deprivation, it is evident that non-EU nationals of working age are particularly vulnerable to income poverty (38 percent live in income precarious conditions compared to 15 percent of natives), bad housing, lack of household durables, and are both dissatisfied with their living circumstances and subjectively perceive their financial situation to be one of deprivation.

VIII.I.IV. The socially excluded

Social exclusion, characterised by a cluster of objectively measured social disadvantages and subjective appreciation of one's own life circumstances, affects a very small minority of people in advanced welfare states. The combined indicator of generalised deprivation that includes low income, low educational attainment, bad housing, a general lack of household durables and a low level of satisfaction, relates to less than 1 percent of households surveyed in the 15-EU countries.

When we compare households experiencing generalised deprivation and dissatisfaction with all other households, we clearly see that social exclusion is more likely to affect women, the elderly, the retired and widowed, single person and one-parent families as well as larger families. People experiencing generalised deprivation report higher levels of bad or very bad health and heads of household so affected are more likely to be in unskilled or semi-

skilled occupations, unemployed or retired. Generalised deprivation and dissatisfaction is most frequently reported by the youngest and oldest age groups.

In terms of living conditions and life chances, this small minority may unequivocally be defined as socially excluded. They all report that they are unable to save money, cannot afford to replace worn-out furniture or take annual holidays, while eight out of such 10 households cannot afford to heat the home adequately. Financial constraints are viewed as an obstacle to sociability and 60 per cent of such households cannot afford to invite friends or family for drinks or dinner once a month compared with 10 per cent of households as a whole. Five out of 10 socially excluded households also experience great difficulty in making ends meet, and consider housing costs to be a heavy burden. Moreover, as many as three out of 10 socially excluded households cannot afford an adequate diet.

VIII.I.V. Homeless people

Homeless people are the smallest, albeit the most visible group who encounter obstacles in accessing affordable housing and general welfare protection and care. Although they are excluded from household surveys by default because they do not have a permanent abode, targeted surveys clearly show that the composition of the homeless population varies among countries and over time. People who become homeless tend to experience a combination of handicaps as well as having stressful lives. Troubles in the family, dropping out of school, poor qualifications, casual income or no work-related earnings, a history of mental health problems, disabilities or personality disorders, alcohol and drug abuse, experiences of institutionalisation (psychiatric hospitalisation, jail, orphanage, foster care), chronic illness, sexual abuse and domestic violence all constitute a web of handicaps and traumatic events which are conducive to homelessness. As a rule, homeless people lack the resources, opportunities and ability to make use of social institutions. Their exclusion is also associated with social stigmatisation, isolation, and low self-esteem.

It is estimated that 1.8 million people make use of the services for homeless people or other social emergency reception centres in the EU each year. On an average day, as many as 1.1 million people may be dependent on public services, voluntary organisations or charities for their shelter and food.

VIII.II. Implications for policy

Regarding the mediating role of social protection in reducing risks and lifting people out of deprivation, all the severely vulnerable groups identified here appear to be better protected in the universalistic and generous welfare systems of the Nordic countries. There, a lower proportion of people fall

through the existing safety nets of standard social protection and assistance while the services provided to those in need are of a higher standard than elsewhere.

However, although the numbers are small, even in advanced welfare states some people who are both at risk and risk carriers of social exclusion, depend at some stage in their lives on the services made available for crisis intervention. The provision of such services is necessary in all countries, particularly in view of the fast changing nature of problems associated with domestic violence and substance abuse, and the behavioural and cognitive characteristics of risk carriers. Emergency help, however, is an efficient instrument of social inclusion only when there is a continuum between universal social protection and crisis intervention.

IX. Towards more population-friendly policies

The exclusion of large numbers of people, who lack employment and the opportunity to generate personal income, entails not only economic but also social costs. Social disadvantage is perceived as both a collective and individual crisis of identity and the policy response in many countries has been to assist the unemployed in acquiring new skills and improving those that they already possess. In addition to skill enhancement, the social protection systems of many countries include generous public transfer payments to assure the minimum well being of the unemployed that go well beyond just poor-relief. In addition, there is a growing awareness that social inclusion relates not only to paid labour but also to other domains of human activity.

- Our study shows that high standards of welfare provisions lift large numbers of adults and children out of income poverty and also help reduce generational disparities in life chances. In countries with a weaker financial commitment to welfare provision, considerably higher proportions of people appear to be both deprived and dissatisfied.

Much has been written about the benefits of ‘familism’ and the existence of stronger family support in southern European countries than in western and northern Europe. As a consequence of this, it is often concluded that the Mediterranean countries are more likely to rely on family support and embrace family-care solutions in their policies for the needy.

- Our research shows that families in southern Europe do, in fact, more often support and care for their less able and needy members. However, it also shows that this support may largely be a result of a ‘no-choice situation’ due to the weakness of public transfer payments in terms of scope, level of support and targeting. It is in these countries that we find the highest proportions of people reporting dissatisfaction with their life

chances and the highest proportions who consider themselves to be in bad or very bad health.

There appears to be much space for the enhancement of gender-friendly policies.

- Women are found to be systematically worse off than men and are more likely to be income poor, in bad health and less satisfied with their living conditions. This is particularly the case in Mediterranean countries.

There is much scope for the setting of standards and mainstreaming social progress at the European level, not so much in terms of how well countries are doing on macro-economic indicators but rather in terms of how secure, protected and satisfied people feel when they find themselves in risk situations.

- The social consequences of changes in family dynamics associated with the increasing number of lone parents and single person households are better dealt with in those countries that were first faced with the marked increase in the prevalence of these household types. At the same time, however, country-specific structures and the history of the welfare state also seem to influence the capacity for reform and the creation of more secure social environments.

Our study shows that just as there is great diversity in standards of living, life chances, social capital, health and the subjective appreciation of one's position in society among the general population, there are also great variations within each household type.

- The elderly, lone persons, single parents and couples with children are not homogeneous groups. However, particular household types do share specific risks more particularly regarding their ability to buffer labour market insecurity and in terms of their dependence on social solidarity.

There is much scope for the development of family-friendly policies.

- Social protection systems need to pursue more effective ways of spreading the risks associated with competition in the labour market, the low-income/high needs nexus, and high demands on time in the workplace and family over the entire life-course. This is particularly so for young adults during the early stages of family formation, as well as for families with children in general. At present, of the various household types, families with co-residing children are least satisfied with their work or main activity, income, housing condition and leisure.
- Women have traditionally benefited from earlier statutory retirement than men. Giving both parents the opportunity to choose whether they prefer to spend time with the family when the children are young rather than

having more leisure time when they become elderly seems to be a family-friendly option.

- The awareness of risks is an important component of responsibility sharing between the individual and the state. Individuals need to be aware of the life-course risks for which they may have to prepare themselves, especially in view of the high prevalence of divorce, single parenthood and the increasing probability that large proportions of people will spend a considerable number of years living alone.
- Policy makers should acknowledge how important a complete family still is as a buffer against poverty and provider of assistance and care to the needy. Enhancement of the role of the family by public provision of means and services so that families can better, and over longer time periods, protect and care for the needy is not an alternative to the enhancement of individual rights or capacity-building for autonomous living, but a complementary family-friendly dimension of an integrated population policy.

There is much room for the prevention of extreme deprivation and amelioration of the living conditions of people who require support in crisis situations.

- Regarding the small minority of socially excluded people who lack adequate incomes, and access to the housing, non-material resources, opportunities, services and activities available to the majority of the population, the way forward may imply better use of public resources for the enhancement of personal autonomy rather than increased investment in 'social emergency' services, which often operate as the revolving-door of social exclusion.

The implications for research policies may be summarised as follows.

In recent years, numerous activities have been undertaken with a view to producing a comprehensive list of social indicators to capture the essence and complexity of social exclusion, while researchers in many countries have addressed the various issues pertaining to social exclusion. Yet, however complex the requirements for the construction of social indicators for monitoring national performance may be, they are but the first step towards establishing a European research and policy agenda. The systems needed to collate consistent data for the documentation of the different dimensions and fast changing aspects of social exclusion are still in the making.

- As important as the monitoring of national performance in terms of ranking countries according to how well they include their citizens or how many homeless people they register is, the really vital issues concern our understanding of the transitions into and out of poverty and social exclusion, the capacity of socially excluded people for reflexivity and their ability to adapt to fast changing social circumstances.

- An important measurement of well being is the subjective appreciation of satisfaction with living circumstances. Equally important is the subjective feeling of security that comes from being sufficiently well equipped to help oneself and turn to public institutions for support and care in circumstances when individuals lack the capacity to compete in the labour market, suffer from ill health or become elderly. Families need also to be assisted in providing support and care and the state should actively mediate in assuring support during the risk situations which occur at various stages in the life course.

Over the past two years or so, after revised ECHP data were released in 2000 on the three panel waves undertaken in 1994, 1995 and 1996, researchers began examining individuals and households that had been poor over longer periods of time. The first results of these investigations indicated that 7 per cent of the population of the European Union had lived for at least three consecutive years in low-income households, defined as being persistently poor. With the release of all five waves and the revised UDB version in December 2001, the definition of persistent poverty was revised and could relate to those living in low income households for five consecutive years. Obviously persistent income poverty over a five-year period encompasses an even smaller share of the population.

- The concept of persistent poverty needs to be developed on both the basis of available statistical data and the qualitative analysis of peoples' living conditions. It should build on studies of the causes and consequences of the duration of income-related deprivation as well as seeking to understand the paths into and out of poverty, which may be of short duration but repetitive over the life course. This is important from the point of view of identifying the main features of 'poverty entrapment' and for developing effective policies, measures and services to lift people out of deprivation.

Good data are a necessary prerequisite for informed policy choices.

- Our research shows that the introduction of key demographic variables into ongoing and prospective socio-economic surveys, co-ordinated at the European level, would greatly enhance the potential for research and policy building.
- The inclusion of questions on income and basic indicators of socio-economic status in future demographic surveys in order to link demography and social vulnerability would upgrade the capacity for research and policy impact analysis.
- Co-ordination between the major data collecting agencies and consultation with the Council of Europe in general, and its European Population Committee in particular, could contribute to better survey design and add value to existing databases.

Chapter 1

Setting the stage

1.1. Introduction

This study deals with the implications of risks that may lead to social exclusion, and addresses questions relating to the interweaving between demographic and social phenomena. It explores the interconnections between demography and social exclusion.

The study builds on the analysis of data for the fifteen advanced market economies of the European Union, namely Belgium, Denmark, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom. This choice is justified on three interdependent grounds: availability of internationally comparable data; feasibility of focusing on examples of best practice; and the knowledge gained about the benefits of basing policy building on reliable data.

More specifically, these countries:

- offer comparable, micro-level data necessary to link poverty and social exclusion with demographic characteristics, family formation and partner relations;
- provide lessons that can be learned from advanced social protection systems, both in terms of their success and shortcomings, that are also relevant for the less developed market economies and countries in transition;
- allow the 43 Member States of the Council of Europe to draw pertinent conclusions from the findings and identify common interests in working towards the building of all-European socio-demographic databases that will enhance the capacity for research and policy development.

1.2. Problems addressed

Chapter 1 sets the stage for the analysis of the interaction between demographic behaviour and social vulnerability. The main features of recent population dynamics and changes in the demographic behaviour of individuals and families are first summarised before moving on to a discussion of the key features of mainstream social protection and social inclusion policies.

Chapter 2 deals with methodology, including the research baseline, hypotheses, concepts, definitions, databases and tools used for the analyses. Definitions developed for the study include social integration, social inclusion, social exclusion, and the concept of risk.

Chapter 3 provides quantitative information on poverty and social disadvantage and addresses the link between social vulnerability and the demographic characteristics of age, sex and household composition.

Chapters 4, 5, 6 and 7 comprise the findings of the analysis of the socio-demographic profiles of four households at risk of material and non-material deprivation based on micro-level data, namely: elderly households, one-person households, single-parent households and two-parent households. For each household type, those experiencing social disadvantage are identified and their living conditions and demographic features are compared with other population sub-groups. Each chapter concludes with a summary of the findings and the identification of the policy implications of the research.

Chapter 4 places population ageing in the social policy context, identifies the main features of elderly households and addresses the social disadvantages of the aged.

Chapter 5 reports on the prevalence of one-person households, their socio-demographic profile and presents an analysis of the social disadvantages experienced by people living alone.

Chapter 6 addresses the growth in single-parent families and identifies the social disadvantages that lone parents face.

Chapter 7 provides an overview of recent changes in family patterns and fertility and focuses on the socio-demographic profiling of couples with children and their social disadvantages.

Chapter 8 presents the analysis of poverty risks, with the aim of providing a more comprehensive picture of the relative weight of the effects of each of the important risk factors of poverty and other social disadvantages. Groups most at risk are identified and compared according to the specific type of risk experienced. The chapter also provides a synthesis of the findings of research targeted at groups particularly vulnerable to the risk of poverty and those who have fallen through the various safety nets of standard social protection. Findings are presented for children in poverty, people in bad health, immigrants, households experiencing generalised deprivation and dissatisfaction, people in housing need, and the homeless.

A glossary of concepts, methodological annotations and references follows chapter 8.

1.3. Demographic context

While acknowledging that demographic differences continue to persist among the countries of Europe, more particularly regarding partner relations, the key common features of the dynamics in the last decades of the 20th century may be summarised as follows.

Partnership. Regarding relational and reproductive behaviour during the 1990s, we observe that age at first sexual intercourse further decreased – women aged between 20 and 24 experienced their first intercourse around the age of 18 whereas among those aged 40 to 44 the first encounter occurred at the age of 20 (FFS database). Otherwise, first marriage continued to be postponed as did age at first birth, while age at first marriage for women below 50 now stands at 27 years.

After decreasing during the 1970s and 1980s, the average age leaving the parental home increased in some countries during the 1990s. More young people now leave the parental home to live alone before cohabiting or marrying, which results in increasing numbers of single person households of young adults.

The postponement of marriage is replaced or preceded by increasing 'living-apart-together' (LAT) relations or cohabitation. These types of living arrangements do, however, vary strongly between countries, with the highest proportions occurring in Scandinavia, France and the Netherlands and low, but increasing proportions being found in southern Europe.

In many countries the decline in nuptiality, measured by the total first marriage rate, has now slowed down and in some cases has even stabilised.

By contrast, divorce rates were still on the increase during the 1990s, although in northern Europe and the UK, where high levels had been recorded over previous decades, a slowdown or even a slight decrease can now be observed. At present, between 40 and 50 percent of those who marry may be expected to divorce in the Nordic countries and the UK. Increasing divorce rates have clearly contributed to the increasing numbers of one-parent families, mostly headed by women.

Fertility. After the strong declines of the 1960s, 1970s and in some countries the 1980s, total fertility rates now seem to have stabilised at below replacement level. This stabilisation was already apparent in most northern and western countries in the 1980s, but is now also observed in southern Europe and Ireland. However, fertility still shows considerable variability between countries, with some of the countries of Scandinavia having levels close to replacement, while throughout most of southern Europe it is almost 60 percent below the value needed for long term replacement. Otherwise, fertility

differentials according to socio-economic characteristics are greatly reduced, but nevertheless fertility remains higher among the non-European immigrant populations.

Concerning the timing of births, we observe that both the mean age at first birth and the average age at childbearing have increased continuously since the mid-1970s and, in most countries, age at first birth now lies between 25 and 29 years.

One of the consequences of the rise in different forms of cohabitation has been a considerable increase in the proportion of births born outside marriage in many countries. In parts of northern Europe, one out of two first births now occur out of wedlock, although in most of southern European it is no more than one in 10.

The contraceptive profile in advanced market economies continues to modernise and abortion rates continue to decline.

Migration. Most advanced welfare states experienced moderate positive net migration in the 1990s, the major exceptions being Germany, Austria and Luxembourg where the inflows were much higher but with a tendency to tail off during the second half of the 1990s.

Notwithstanding the introduction of new immigration laws and stricter border controls, migrant populations continue to increase via family reunification or formation, asylum, temporary work/tourism and undocumented migration. Contrary to some expectations that strong migration pressure would come from the countries of central and eastern Europe, movements from east to west had now slowed down and the major inflows are from non-European countries.

Mortality. Mortality indicators continued to decrease linearly during the 1990s, including infant mortality but especially mortality at higher ages. Life expectancy at birth now exceeds 80 years for women and is more than 75 years for men in several countries.

Ageing. The combination of persistent low fertility and increases in longevity resulted in further population ageing in the 1990s. The process will become even more pronounced in the next two decades or so as the post-war 'baby boom' cohorts reach the age of retirement and the 'baby bust' cohorts of the 1970s and following years reach the middle age. The elderly, and more particularly the oldest old aged 75 and over, are expected to steadily increase in number and proportion. The combined effect of increasing longevity, sex differences in life expectancy, low fertility, raising proportions of divorced people and the increasing desire or custom among the aged to remain in their

own households, will result in growing numbers and proportions of the single person elderly, more particularly lone women.

Although life expectancy, in terms of disability free years, has increased considerably for the younger old during past decades, policies have none the less fostered early retirement in many countries. Notwithstanding the fact that in recent years some countries have attempted to restrict early retirement because of the imbalances it creates in pension systems, men still show a tendency to retire early from the labour force. Women, by contrast are still increasing their participation in the labour force at higher ages, although they continue to retire earlier than men.

Population size. In most countries population continued to grow slowly in the 1990s, due to a combination of positive natural increase and/or the positive net migration. On average, the number and proportion of children decreased slightly, whereas the population of working age and the elderly increased somewhat.

Demographic developments during the last decade of the 20th century were characterised partly by the prolongation of the trends of the 1960s and 1970s and partly by the stabilisation of some processes¹.

It is generally recognised that the outcomes of population change in the domain of partnership, fertility, mortality, ageing and migration have profound implications for social protection, welfare policies and the well being of citizens. At the societal level, they influence the scope of state intervention measured in terms of coverage, and also its focus measured in terms of state commitment to specific social security functions.

The key policy implications of current and recent population and family trends are associated with:

- Increasing numbers of single person households of young adults;
- The rise in different forms of cohabitation;
- Increasing mean age at first birth and average age at childbearing;
- The decline of fertility to levels below those necessary to guarantee long term generational replacement;
- Increasing proportions of births outside marriage;
- Changing gender roles regarding the family;

1. A detailed description of demographic characteristics and general population trends as well as quantitative indicators for European sub-regions and all Council of Europe countries are systematically prepared and publicised by the European Population Committee. The most recent data are available in the Council of Europe publication 'Recent Demographic Developments in Europe, 2001'

- Partial incompatibilities between parenthood and the work environment;
- Persistent immigration particularly for reasons of family formation and reunification;
- Increasing numbers of one-parent families, the majority of which are headed by women;
- Increasing life expectancy at birth;
- Reductions in mortality and increasing disability free years at higher ages;
- Decreasing age at retirement;
- Increasing numbers and proportions of elderly persons, particularly the oldest old.

These socio-demographic changes may be considered from a variety of viewpoints. One that was particularly appealing in the later decades of the 20th century relates to the theory of free-choice. Demographic behaviour is measured against the preferences and trade-offs which individuals and families make in order to reconcile their choices. In an international comparative perspective, however, this approach proved to have inherent limitations. Research has shown that the way people describe and perceive their difficulties and the strategies they adopt to overcome them are closely linked to the dominant societal values and opportunities made available within the national social protection system. Furthermore, for a growing number of people the coping strategies to avert deprivation associated with unemployment and insecurity in the labour market are dependent on family support. Much of this support comes from a gender-based division of labour, both within the family and the labour market, and is more likely to reflect a 'no-choice' situation than a clear preference. At times of growing social risks in the labour market and instability in the rights and social benefits systems, the adaptations made by individuals and families reflect a lowering of aspirations regarding living conditions and a decreasing willingness and ability to be active participants in shaping their own future and that of the community (see for example: Chamberlayne and Rustin, 1999; Hammer, 1999; Heady, 2000; Pilgram and Steinert, 2001).

The approach that we adopt in this study relates to the public policy viewpoint. We focus on the analysis of the effectiveness of social protection systems in reducing risks of social deprivation that stem from current socio-demographic trends. The monitoring of behavioural changes in family formation and dissolution is particularly relevant because family dynamics entail adaptations to social cohesion strategies and more particularly public policies concerned with the redistribution of resources.

The combined effect of demographic trends and the behaviour of individuals regarding partner relations and family formation in advanced welfare states

with ageing environments is monitored through the analysis of household composition and the interaction between social vulnerability and demographic behaviour.

Living as a single person, lone parent, having many children or being aged are chances and choices – outcomes of unforeseen or foreseeable events – and should not be treated as handicaps. But, in a socially insecure environment characterised by disruptive live course events that are beyond the control of individuals (employment insecurity associated with macro-economic change or changes in social protection paradigms, for example) some households may find themselves in risk situations more often than others. Individuals experiencing overlapping problems – being a single parent, having bad health, being of poor means and having low social capital – may become more dependent on social transfer payments and publicly funded services than others.

In this study we document how welfare provision is based on varying degrees of generosity in terms of levels of assistance and the diversity of the normative systems underlying group targeting. These, in turn, affect the quality of life of citizens as well as delimiting the space for free choice.

The demographic setting, as it relates to each of the four selected household types analysed, is given at the beginning of each section in Chapters 4, 5, 6, and 7, where it serves to set the background to the analysis of their specific social vulnerabilities.

1.4. Social policy context

1.4.1. Welfare regimes : standard setting and divergences

Welfare regime refers to a system of public regulation that aims at assuring the well being of individuals and securing social cohesion by means of legal measures and the redistribution of resources. While it is possible to identify a convergence at the European level in the adoption of legal measures and administrative practices regarding social protection, policies concerned with the redistribution of resources are quite diverse.

1.4.1.1. Social protection and social inclusion at the turn of the 21st century

The existence of policies, programmes and services that strive to enhance a better standard of living for all citizens through social protection is a distinct feature of all European countries. The main pillar of contemporary welfare states has been the widespread distribution of prosperity throughout the population by means of public policies, which led to a marked acceleration in the development of welfare functions in most European countries in the 1960s and 1970s. These systems have tended towards the enlargement of

the domains of protection, the increase in the number of beneficiaries and the transformation of parts of needs-based assistance into a set of social rights. These trends can be seen in the evolution of costs of social protection, the development of a broad range of collective social services, and the assertion and strengthening of fundamental social rights that are protected by law (for data see: MISSCEO, 2000; European Commission, 2000a; MISSOC, 2000, EUROSTAT, 2000a; 2000b; 1998; United Nations, 2000).

Today, the standard instruments of social protection address a broad range of risks associated with sickness, old age, maternity, family dynamics, unemployment and general neediness, by means of income transfers and social services. The aim of public policy is to reduce risks and redistribute the cost of risk situations over the life course of individuals, as well as between population sub-groups and generations.

Benefits in cash and benefits in kind aim at compensating, in full or in part, the financial costs or losses of household income due to sickness, invalidity, disability, occupational accidents and disease, old age, and the death of the main wage earner (survivor's pension). They also cover, in part, the financial costs of maternity and childrearing. In addition to these, they compensate individuals for unemployment, and provide social assistance aimed at social inclusion/re-integration through vocational guidance, housing subsidies, placements in institutions, resettlement, and welfare transfers for general neediness.

The rights dimension of contemporary social protection can be identified through legislation and administrative practice that extends general social protection to all legally resident citizens irrespective of an individual's expected, current or past participation in the work force, payment of work-related contributions, or nationality.

Typically, health protection has a long history as a basic social right. The epidemiological transition associated with the control of infectious diseases (Omran, 1971) contributed to the perception of hygiene and health as domains of general public interest. This has led to the extension of public interest into health care policies, programmes and services accessible to all citizens as a matter of individual right.

The 'rediscovery' of poverty in Europe coincided with the rise in unemployment in advanced market economies during the 1970s. Then, uncertainties in the labour market brought to the fore policy concerns about the poor living conditions of the unemployed due to a lack of material resources and inadequate social participation. The exclusion of large numbers of citizens from professional and other forms of social participation became a matter of public concern because it raised perplexing questions about excessive dispar-

ities in the distribution of life chances, which appeared to be eroding the social cohesion of complex European societies.

Social cohesion builds on the social ties established through economic, cultural, political and civil institutions and organisations. The weakening of social ties as a consequence of the non-participation of large numbers of citizens – be it due to a lack of opportunity or the inability of individuals to utilise social institutions – led national and European organisations to engage more effectively in identifying and promoting social cohesion strategies.

Over the past three decades or so, one of the main policy commitments at national and European level has been the combating of unemployment and the promotion of re-entry into work. This objective is pursued under ambiguous conditions since it is undertaken in the context of capital-intensive and labour-saving economic growth policies, on the one hand, and rising numbers of unemployed people and vulnerable groups who are drawing benefits, on the other.

Between the 1970s and 1990s, economic change saw a major shift from manufacturing to service industries, the introduction of information technology, new management techniques and the quest for greater labour force flexibility. The passage from what was known as Keynesian macro-economic growth to a predominantly monetarist regime during the 1980s is associated with the subordination of the interests of labour to those of capital. This involved efforts to decrease labour costs by means of deregulation of the labour market relations and has resulted in a massive expansion of temporary, casual, and part-time contracts, non-standard working hours, reduced redundancy costs for employers and increasing and persistent unemployment.

Like the economy, social institutions have been undergoing constant adaptation to the changing socio-demographic environment. At the macro societal level, reforms have aimed at re-balancing the relationship between sustainable economic growth, labour law and the social protection system. At the level of implementation of policies fostering cohesion, innovative measures are being pursued to deal with social risks stemming from the growing insecurity of employment, the difficulties of entering into first employment and the barriers to re-entry into workforce after episodes of unemployment or inactivity.

Labour-market policies are increasingly changing from passive to active promoters of integration. At the time of relatively low unemployment, prior to the first oil crisis in 1973, unemployment benefits were tailored to compensate for the loss of income that was expected to be temporary and of short duration. But with the spread of unemployment, the financial burden on wel-

fare states increased. Moreover, the loss of paid work was no longer considered as transitional but rather as a persistent condition for a growing number of people. In the 1980s, it was apparent that the passive unemployment policies limited to the traditional benefits paid to the unemployed were insufficient, and the 1990s brought about the implementation of policies designed to actively promote the participation of the inactive and unemployed in the labour market. These included training, education and skill-enhancement for the regular labour force, subsidised employment projects, a broadening of the scope of social enterprises with sheltered jobs, and various forms of incentives to work.

In addition to the economic costs, the exclusion of large numbers of people from employment and the ability to generate a personal income, also entails social costs (Avramov, 1999 ; Gallie and Paugam, 2000 ; Pilgram and Steinert, 2001). Social disadvantages are perceived as both a collective and individual crisis of identity. The policy response to the social cohesion challenge in many countries has been to assist the unemployed in acquiring new skills and improving those that they already have. In addition this, the social protection systems of many countries now also include more generous public transfer payments to assure the minimum well being of the unemployed that goes well beyond mere poor-relief.

Parallel to the promotion of employment policies, the refinement of unemployment insurance schemes and salary related unemployment benefits, some states have chosen to extend unemployment transfer payments to young persons who are looking for work following their training. In this way, social protection instruments, which include social insurance, social assistance and basic benefits, have been refined to combat poverty and the poverty-related social exclusion of individuals and families, who find themselves without paid work or who do not earn a sufficient work-related income.

The newest instrument of social protection, the so-called general non-contributory minimum income, has been integrated into the basic legislation of many European countries since the 1970s. As opposed to the traditional poor-relief or social assistance granted on a discretionary basis and often dependent upon the distinction between the deserving and undeserving poor, contemporary welfare allowances are based on the principle of universalism, i.e. a needs-based as opposed to a discretionary entitlement for all citizens. This implies that all citizens are eligible to receive sufficient means to meet their basic requirements and that the government has a legal duty to supply financial resources on the basis of uniform standard rates determined at the national or regional level.

Unlike insurance and contributory type benefits, the right to a non-contributory minimum is not subject to such conditions as a qualifying period, wait-

ing period or limited duration of assistance. Typically, the general non-contributory minimum (referred to in the national legislation of different countries as: 'income support', 'social aid', 'minimum social integration income', 'welfare allowance', 'minimum subsistence income', etc.) aims to ensure a minimum income to persons not disposing of sufficient resources for a reasonable standard of living and who are unable to procure them by personal effort.

Policies and measures provided as a matter of right, which aim to prevent poverty and the low-income/low-skill spiral towards social exclusion, and which also promote the reintegration of individuals and families that fall below the socially acceptable minima in terms of income, are currently standard instruments of social protection in almost half the member states of the Council of Europe. In addition, the basic legislation was amended in many countries during the 1990s in the direction of creating a more universal general scheme (for data see: MISSOC, 1998, 2000; Council of Europe Comparative Tables of Social Security Schemes, 1998; MISSCEO 2000). In 1999, the Council of Europe launched a country-by-country assistance programme (CS-CO, 2000) to promote standard-setting instruments for the implementation of the European Code of Social Security (1990) in those countries that were lagging behind in the conceptualisation and implementation of risk reducing policies.

Within the framework of social protection systems the status of citizen, as opposed to national, has been gaining in importance as far as policies about social inclusion and cohesion are concerned. This does not necessarily imply that there is a European consensus regarding the question of the relationship between citizenship and the nation-state. In many countries, the rights and duties that citizenship should entail and whether citizenship implies access to both social rights and political decision-making or whether the latter should be reserved for nationals only, are still being debated. These questions raise considerable public debate and often controversy, especially in view of the significant presence of immigrants in Europe. One mainstream contemporary conceptualisation of citizenship vs. nationality is that the development of "citizenship concepts and identities can rely on 'polity building' rather than on nationality or ethnicity" (European Commission, 2000b p. 7).

It is also apparent that the concept of social citizenship is gaining ground as a marker of group identity and an indicator of inclusion in society. Indeed, institutions of governance at supranational, regional and local level are more and more concerned with social citizenship. Social rights are increasingly seen as a measure of membership of a community that embraces all those who are legally resident in a country. In the European poverty debate, social exclusion is often referred to as non-citizenship or incomplete citizenship, implying

exclusion from access to social rights. At the level of European institutions, the status of citizenship which enhances social rights is seen as a more appropriate marker of collective identity than nationality which may operate as a factor limiting access to rights for all.

The new political geography entails the emergence of the concept 'the new abroad' and civic identities build on the enjoyment of rights beyond the level of the nation-state (Habermas, 1996; 1998). Indeed, when nationals of any one of the 15 European Union countries move between different member states, they enjoy citizens' rights that currently include social rights and some of the political rights of nationals of the host country¹.

Citizenship status has evolved in many European countries towards one that comprises nationals, foreigners legally residing in the country and in some cases asylum seekers. Across northern, western and parts of southern Europe, the general conditions for the entitlement to basic social rights (e.g. health care, family benefits, and guaranteed minimum benefits) are not restricted to nationals. In those European Union countries that have introduced replacement income as a basic benefit, there are no nationality conditions for the entitlement (MISSOC, 2000 pp. 591-671), while both nationals and legally resident foreigners are entitled to the minimum non-contributory income. Very few advanced market economies stipulate a minimum period of legal residence as a supplementary requirement, although Luxembourg, for instance, requires that applicants are current residents of the country and have resided there for at least 5 of the last 20 years. In most European Union countries, the conditions of eligibility are limited to legal residence and level of need.

Information about social benefits and the conditions that govern access to them for member states of the Council of Europe that are not part of the European Union shows great variation in their approach to the determination of need (MISSCEO, 2000). For instance, some states do not have a general scheme for guaranteeing a minimum income, in several countries the benefit is granted on discretionary basis, in others the amount granted is on a discretionary basis, while in yet others the duration of eligibility is limited to short term assistance. In most states that have a general scheme, individuals are not required to be a national of the country concerned – permanent and or legal residence may suffice. However, supplementary requirements for non-nationals may sometimes be required, e.g. in Albania non-nationals become eligible for social assistance after 10 years of permanent residence.

1. For information on freedom of movement, political rights and general commitment to social policy see Treaties and Protocols (Maastricht, 1992; Amsterdam 1997; Nice 2001). For administrative practice regarding social protection see MISSOC, 2000.

While mainstream policies set the standards at the European level, considerable differences between individual countries are still evident. One way of identifying these is by grouping countries according to their achievements in terms of the scope and focus of their policies. The realisation of social rights entails a process which runs from the statement of intent to the establishment of rights as legally enforceable claims, and from the provision of means to the monitoring of the implementation and affirmation and reaffirmation of principles to maintain the acquired rights. Differences between Council of Europe member states are now least pronounced at the level of the statement of intent but remain significant as regards the provision of material and non-material means to access rights.

In the study, we focus on the effect that social protection measures or their absence have on individuals and families. In order to illustrate the impact of the normative standards underlying the principles of social protection, we provide an overview of the financial commitments of selected European countries that have agreed on the common social agenda and collate comparable data on social protection in the next section.

1.4.2. Financial commitment to social policy aims

General social policy operates through a complex system of direct transfers to individuals and households and indirect subsidies.

Benefits granted within the framework of social protection, as recorded by most European countries and collated by EUROSTAT, include only direct benefits in the form of social transfer payments. These may be comprised of cash payments to protected households, reimbursement for expenditure made by protected households, or goods and services provided directly to protected persons or households (EUROSTAT, 1998). Some or all measures may be universal in scope while others are targeted specifically at low-income households and other vulnerable groups such as the disabled, elderly, immigrants, refugees and ethnic minorities.

Indirect subsidies operate by means of tax allowances and tax credits plus subsidised services and goods and remain largely invisible in the published statistics.

1.4.2.1. Allocation of resources for direct transfer payments

Differences in the financial commitment to policy goals are reflected inter alia in the share of gross domestic product (GDP) allocated to social protection, the share of the social protection budget designated to specific social protection functions, numbers of citizens receiving benefits and target groups.

The proportions of GDP spent on social protection in the EU in 1998 ranged from a low of 16 percent in Ireland to a high of 33 per cent in Sweden. Differences between countries are even more marked when expenditure is expressed per head of population in EUROS, although disparities in expenditure on social protection need to be interpreted with caution due to the variety of country specific taxation systems, social and fiscal deductions and differences in price levels. When the share of per capita GDP is calculated using purchasing power parity (PPP) – rates of conversion that equalise the purchasing power of different currencies, while differences remain, they are somewhat less pronounced. By way of example, when expressed in EUROS, there was four-fold disparity in the allocation of resources for social protection between Portugal and Luxembourg in 1998, while in standard purchasing power units (PPS) which eliminate differences in price levels between countries, this was reduced to a factor of three (Table 1.1).

Table 1.1. – Social protection expenditure as a proportion of GDP and per head of population in EURO and PPS in 15-EU – 1998

| Country | As a % of GDP | Per head of population in EURO | Per head of population in PPS |
|-------------|---------------|--------------------------------|-------------------------------|
| Belgium | 27.5 | 6 040 | 6 131 |
| Denmark | 30.0 | 8 784 | 7 098 |
| Germany | 29.3 | 6 865 | 6 459 |
| Greece | 24.5 | 2 516 | 3 139 |
| Spain | 21.6 | 2 707 | 3 224 |
| France | 30.5 | 6 696 | 6 418 |
| Ireland | 16.1 | 3 339 | 3 372 |
| Italy | 25.2 | 4 664 | 5 292 |
| Luxembourg | 24.1 | 9 395 | 9 258 |
| Netherlands | 28.5 | 6371 | 6 703 |
| Austria | 28.4 | 6 654 | 6 297 |
| Portugal | 23.4 | 2 239 | 3 110 |
| Finland | 27.2 | 6 092 | 5 171 |
| Sweden | 33.3 | 7 980 | 6 515 |
| UK | 26.8 | 5 717 | 5 306 |

Source: Collated by Avramov (2002) on the basis of data from EUROSTAT (2000a).

During the 1990s, real increases in total spending on social protection were common in many European countries, average annual expenditure in real-terms growing by around 4 percent between 1990 and 1993 but dropping to only 1 percent between 1993 and 1996. In particular, the volume of social protection expenditure per capita increased in those countries where the baseline was modest, notably in Portugal and Ireland, but the increases were also marked in Luxembourg and Denmark which had the highest baselines (EUROSTAT, 1998).

Differences in per capita social protection expenditure are determined by a complex interaction of socio-economic, demographic and political factors, which are dependent on levels of economic prosperity, population age structure, household dynamics, unemployment levels, and the normative standards determining conditions of eligibility, duration and level of transfer payments. The complexity of the determinants and policy choices is manifested in the different patterning of resource allocation for specific functions (Table 1.2).

Table 1.2. – Social protection benefits by functions in 15-EU – 1998 (as a percentage of the total social benefits)

| Country | Old age | Survivors | Sickness Health care | Disability | Family/ Children | Unem- ployment | Housing | Social exclusion |
|-------------|---------|-----------|----------------------|------------|------------------|----------------|---------|------------------|
| Belgium | 31.6 | 11.2 | 24.5 | 8.8 | 8.5 | 12.7 | : | 2.7 |
| Denmark | 38.3 | 0.1 | 19.3 | 11.6 | 13.0 | 11.7 | 2.5 | 3.7 |
| Germany | 40.4 | 1.9 | 28.1 | 7.9 | 10.1 | 8.7 | 0.7 | 2.2 |
| Greece | 43.9 | 8.7 | 24.1 | 6.2 | 8.1 | 4.8 | 3.1 | 1.1 |
| Spain | 41.9 | 4.3 | 29.2 | 8.1 | 2.1 | 13.5 | 0.3 | 0.7 |
| France | 37.9 | 6.1 | 29.2 | 4.9 | 9.8 | 7.6 | 3.2 | 1.4 |
| Ireland | 19.0 | 6.0 | 36.6 | 4.8 | 12.7 | 15.5 | 3.4 | 2.1 |
| Italy | 53.3 | 10.7 | 23.4 | 6.2 | 3.6 | 2.7 | 0.0 | 0.1 |
| Luxembourg | 39.9 | 4.3 | 24.6 | 12.1 | 14.1 | 3.5 | 0.3 | 1.1 |
| Netherlands | 35.8 | 5.3 | 28.5 | 11.8 | 4.5 | 7.3 | 1.6 | 5.2 |
| Austria | 37.9 | 10.3 | 26.2 | 8.6 | 10.0 | 5.5 | 0.3 | 1.1 |
| Portugal | 35.5 | 7.2 | 33.2 | 12.6 | 5.3 | 4.7 | 0.0 | 1.5 |
| Finland | 30.5 | 4.0 | 22.7 | 14.4 | 12.8 | 12.0 | 1.4 | 2.2 |
| Sweden | 37.2 | 2.3 | 23.4 | 11.6 | 10.0 | 9.3 | 2.5 | 3.0 |
| UK | 39.9 | 3.9 | 25.2 | 11.6 | 8.6 | 3.6 | 6.2 | 0.8 |

Source : Collated by Avramov (2002) on the basis of data from EUROSTAT (2000a).

Social protection benefits by groups of functions, expressed as a percentage of total social benefits, exhibited marked differences across Europe in the 1990s. Old age and survivors' pensions accounted everywhere for the largest proportion of expenditure on social benefits, with the share varying from 25 percent in Ireland to 64 percent in Italy. Sickness, health care and disability benefits took up 30 percent of the social benefits in Denmark and in Italy, but accounted for some 40 percent of all benefits in the Netherlands and Finland. Family and child related benefits fluctuated around 2-4 percent of the social benefit budgets in Spain and Italy, at the lower end of the scale, while in Finland and Luxembourg they exceeded 13 percent, at the upper end of the scale. Unemployment benefits swallowed less than 3 percent of the social benefits budget in Italy but close to 16 percent in Ireland. Housing and social exclusion benefits were negligible in Italy (0.1 percent), but in the UK and Netherlands they took up as much as 7 percent of the total social protection budget.

Regarding the scope of state intervention expressed in terms of coverage, there are differences between countries according to functions. Given the focus of this report on the analyses of poverty related social exclusion, it is pertinent to highlight differences in the take-up of basic safety-net benefits. The number of beneficiaries of the general non-contributory minimum stood at some 80,000 people in Belgium, while cash allowances, as an anti-poverty safety-net, were paid out to 20,000 people in Spain (for data see: MISSOC, 1998), whose population is four times the size of Belgium.

A summary overview of figures indicates that different levels of allocation of public resources are sometimes, but not always, proportionate to the economic prosperity of a country. The connection between high levels of prosperity and high levels of social expenditure is most evident in the Nordic countries, with their long-standing tradition of generous welfare provision. The variations between countries highlight different systems for prioritising which sometimes, but not always, take into account the demographic dynamics or general needs of particular population sub-groups. For instance, during the 1990s, Spain and Italy were persistently spending the lowest proportions of social protection budgets on benefits for family and children, despite the fact that their fertility levels fell to the lowest levels in Europe. This is emphasised to highlight the importance of the normative systems that lie at the basis of policy choices and not to imply that there is a causal link between benefits and fertility levels.

1.4.2.2. Indirect transfers

Tax systems vary greatly across Europe, both between countries and within countries at the level of regions and localities. The impact of different tax instruments on social vulnerability – employers' social contributions actual or

imputed, employees' contributions, earmarked taxes, personal income taxes, income tax relief, tax rebates, social and fiscal deductions and VAT – is disputed in both research and policy circles. Many types of tax allowances are not counted as social protection expenditure, for example, the 'quotient familial' in France (EUROSTAT, 1998), just as the limitation of the individual pension rights imposed by the general pensions ceiling in Belgium is not counted as taxation. The analysis of the effects of indirect social transfers on the living conditions of citizens constitutes a research domain in its own right for each social protection function and for integrated tax-benefit models. In this particular study, we cannot go beyond observing that there are a variety of indirect transfers effectuated through taxation policies. But equally, the available comparative social statistics do not provide a sufficient basis for judging the different impacts they have on citizens in general and on the poor in particular. It is, however, generally recognised that the instruments used to collect taxes and pay out tax rebates are more relevant for middle and higher income groups. By contrast, direct transfer payments to households and individuals appear to be of pivotal importance for those at risk of poverty and the poor.

1.4.2.3. Funding of social protection

The funding of social protection from a macro-economic viewpoint in EU countries is a comparative indicator of the out-goings for social benefits, namely retirement pensions, unemployment, sickness and invalidity benefits, family and housing allowances, social exclusion benefits, and others. The data have been drawn up according to the European system of integrated social protection statistics (ESSPROS).

Regarding patterns of funding of social protection at the European level two principal channels may be identified: social contributions and tax-related government contributions. The three main sources of social contributions are contributions paid by employers, public contributions and protected persons' contributions and accounted for 63.5 percent of total receipts in the EU-15 in 1996. Tax-funded general government contributions accounted for 31.4 percent. The differences between countries in patterns of funding are considerable. At the European Union level two main models may be identified: a predominantly social contribution model – Belgium, the Netherlands, France, Germany, Austria, Spain and Italy – drawing heavily on employers' contributions and a mainly tax based model funded by levies on overall household income – the Nordic countries, the United Kingdom and Ireland (EUROSTAT, 1998; 2000a).

While differences are deeply rooted in the historical development of social protection in each country and the two models continue to persist side by side, a general tendency during the 1990s was for the share of employers'

contributions in total social protection receipts to decrease and the proportion of funding from tax-related government contributions to increase (*ibidem*).

Currently, although it is not possible to judge which of the two models represents best practice, three main challenges may be identified.

First, existing databases need to be extended to provide comparative data on the tax systems of different countries and is a research domain that is already being tackled in selected countries¹. Such projects generally identify a list of data requirements and may eventually lead to the setting-up of a more comprehensive comparative social statistics database.

Second, the grouping of countries according to the social contribution model as opposed to the mainly tax-based model reveals nothing about the efficacy and effectiveness of social protection. Countries using similar regimes to fund social protection perform quite differently in terms of reducing excessive income disparities.

Third, the analysis of the role of the family in covering the costs of protection and care of dependent members has remained mainly at the descriptive level and has resulted in a variety of common sense or at best research based hypotheses.

In recent years, there have been various initiatives to develop social indicators of national performance, with the aim of identifying and developing social indicators as tools for measuring social inclusion in the context of achieving social policy objectives and mainstreaming. The guidelines of the Council of Europe (2000a) and the European Commission (1995; Atkinson *et al.*, 2002), OCDE (2001) or UNDP (2000) are generally limited to indicators that are robust and statistically validated.

The issue of the sharing of costs of social protection between state, market, family and citizens' associations remains a challenge, particularly given the demographic dynamics. Such sharing takes very different forms across Europe, with a large body of research to date addressing various qualitative aspects of the role of the family in the provision of care. The availability of social statistics has, however, lagged behind the development of a system of indicators that can be applied to the study of national differences. If we are to benchmark progress in social protection, we need to qualify and quantify the contribution of all the key actors providing protection and care – the family and the voluntary sector included.

1. By way of example, one of the projects funded by the European Union under the 4th Framework Programme used micro-simulation to elaborate a static integrated European Union tax and benefit model (Euromod, 1999).

1.4.3. Similarities and differences revisited

The aim of the summary of the different funding and expenditure patterns discussed in this chapter has been to provide the contextual information for a better understanding of the macro societal background against which micro level analysis is presented in Chapter 3. The comparisons of expenditure and receipts and tax models between countries are complex but still serve as useful tools for illustrating different approaches to the principles of spreading risks over entire populations. But while telling us something about the macro level system of repartition of the cost of social protection in various countries, fiscal policies do not say much about the effectiveness of welfare regimes.

It is only by looking at the normative principles underlying welfare systems that the patterning by countries goes beyond the purely descriptive and acquires an explanatory dimension. Mapping similarities and differences in policies across Europe can better be achieved by looking at the normative principles that orient welfare systems towards a more universal protection or a more particularistic protection of target groups than by focusing only on the level of financial commitment by governments.

The standard-setting norms at the core of development of social protection in Europe since the 1960s build on notions of citizenship and explicit social rights. The European Convention on Human Rights, the European Social Charter and Revised Social Charter as well as the European Code of Social Security and Protocol to the European Code of Social Security (Council of Europe, 1950; 1961; 1964) have all been instrumental in benchmarking rights at the European level. Although civic and social rights have been built on social theories and social movements, many of which originated in Europe, the standard-setting instruments at the European level are also bound to a long United Nations tradition of declarations, agreements, conventions and covenants that set out statements of intent and the tools for monitoring social development at the world level. Within the European Union, social objectives have traditionally been considered the responsibility of Member States. The major breakthrough in identifying social objectives and adopting a common strategy at the trans-national level was achieved at the Lisbon European Council meeting in March 2000 where a strategic goal for promoting competitiveness "... with more and better jobs and greater social cohesion" was agreed. The European Council furthermore agreed at the Nice Summit in December 2000 that Member States be requested to implement two-year National Action Plans on Social Inclusion.

It is apparent that the shaping of a 'Social Europe' gained pace during the 1990s and early 2000s and is increasingly associated with a broadening of the scope of social protection. In addition to a wide range of contribution-

based and insurance-based benefits, the system includes growing numbers of needs-based benefits granted as a matter of right. The system of monitoring progress in combating social exclusion and mainstreaming is also taking shape at the European level.

Parallel to the general trend regarding standard-setting principles that can be clearly identified at the European level, we continue to observe considerable variation in the forms of state involvement in social protection, choice of priority areas and preferential rating of target groups, as well as in the amounts of public resources invested in social reintegration. The history of the national development of welfare regimes is embedded in social structures and is reflected in social processes, which orient the setting of priorities for policy targeting. Country-specific structures and the history of welfare states seem to influence their capacity for reform.

1.4.3.1. Patterning of welfare regimes

Marshall (1950; 1965) advanced the proposition that the key marker of a welfare state is the concept of citizenship which entails a whole range of rights, while Esping-Andersen further developed the theoretical and analytical framework which builds on the premise that citizenship in the welfare nexus must involve the granting of social rights. Both encapsulated the direction in which social protection has been evolving over the past four decades or so. While individuals are expected to perform, compete and secure income and position in society, they are also protected from destitution if they become ill, unemployed or too old to work.

However, the direction in which social protection systems seem to be evolving should not be confused with the actual achievements of individual states. Already, in the late 1980s poverty statistics calculated directly from the micro data (EUROSTAT, 1994) showed that some countries were more effective in containing the number of people living in poverty and in decreasing excessive income disparities. Poverty, moreover, appeared to be a persistent phenomenon in many countries despite overall economic growth. In order better to understand why countries with similar levels of economic performance score differently on the delivery of social protection and social inclusion programmes and services, the research community, particularly in the 1990s, focused on identifying the conditions under which welfare regimes evolved and the norms under which they operate.

The theoretical framework that is considered as the milestone in the analysis of the patterning of social protection at the end of the 20th century builds on the work of Esping-Andersen (1990; 1996; 1997). In addressing social amelioration associated with income transfers and social services, he takes a broad view and analyses social protection as part of the organising principles

of the entire economy. In examining the relationship between state and economy, he focuses particularly on the capacity of political actors to forge alliances and looks at the ways those coalitions balance state activities, market forces and the family's role in social provision. Using the concept of social rights to measure the degree to which individuals can have a decent standard of living independent of pure market forces, he examines how social rights diminish the status of citizen as 'commodity'¹. On the basis of comparisons of the process of 'de-commodification' between countries, he concludes that "the history of political class coalition is the most decisive cause of welfare-state variations" (1990, p. 1).

Analysing the historical context under which the first welfare-state initiatives evolved, in conjunction with the large databases that are now available, enabled Esping-Andersen to identify three welfare state clusters or regimes which he labelled as conservative, liberal and social democratic. The criteria he used in developing this typology are degree of de-commodification, principles of stratification and state/market relations. The conservative regime is social-assistance dominated and constitutes the dominant model in Anglo-Saxon countries. Needs-tests and meagre benefits actually strengthen the market "since all but those who fail in the market will be encouraged to contact private-sector welfare" (*ibidem* p. 22). It is the least 'de-commodifying' model of the welfare state. Germany was a forerunner in the development of the liberal model, which builds on "compulsory state social insurance with fairly strong entitlements" (*ibidem*). But, the liberal model is hindered in the process of 'de-commodification' by the complexity of the rules and requirements to access benefits and for this reason does not provide a genuine alternative to the market. The social-democratic model, by contrast, is based on the principle of basic equal benefits to all (Beveridge-type citizens' benefits) irrespective of contributions or merit. In the past, it did not really provide an alternative to paid work because benefits were never sufficiently generous. The Scandinavian states have, however, moved rapidly in recent years in the direction of entitlements that enable citizens to "opt out of work when they themselves consider it necessary" (*ibidem* p. 23) and, at the present time, they provide the most 'de-commodifying' welfare regimes.

Esping-Anderson's classification is based solely on the analysis of old-age pensions, and sickness and unemployment insurance and, since it only covers a selected number of countries, it a typology with limited scope. However, numerous studies have, to varying degrees, confirmed the validity of the political economy approach and the usefulness of welfare regime analyses for understanding how particular policies have developed and oper-

1. Commodity is understood as something used or valued as an article of commerce.

ate and what their outcomes or effects are for various vulnerable groups (Avramov, 1999; Gallie and Paugam, 2000; Begg *et al.*, 2001; Tentschert *et al.*, 2001). Several on-going research projects aim, in one form or another, to test the validity of the welfare regime paradigm (European Commission, TSER, 1998 and 5FP, 1999a).

1.4.3.2. *Challenges to social policy amelioration*

At the beginning of the 21st century, the normative basis for social policy comprises four key dimensions: universalism, a rights-based approach, the strengthening of the preventative function and strong entitlements. Most of those standard-setting norms build on a long history of social emancipation movements, social philosophy, political economy and legislation. It was, however, in the 1990s that these norms were translated into standards of provision and social practice at an accelerating pace in a growing number of countries.

The principle of universalism implies that social protection addresses the entire population. Social benefits are accessed as a matter of right based on citizenship, and are relatively independent of the position of individuals in the labour market. An increasing number of risk-reducing entitlements have been set in place as social protection systems strive to strengthen their preventative function. Generous benefits imply that social protection is expected to ensure a decent standard of living for all and not just provide basic poor-relief to the destitute.

While this set of fundamental principles is reiterated in numerous international protocols and charters and has *de facto* been translated into practice in many European countries, albeit at varying speeds, several challenges to their more complete implementation may be observed.

Firstly, there is the need to ensure that existing policies, programmes and services are actually effective and efficient – effective in terms of achievement of the identified goals, and efficient in terms of the best quality/price relationship. This requires continuous monitoring and evaluation of inputs, outputs and outcomes.

Secondly, the socio-economic and demographic environments are fast changing and bring about rapid shifts in vulnerability. A frequent recombination of the factors that lead to the persistent disadvantage experienced by social groups that fall through the standard protection net require constant adaptation of policies, measures and services.

Thirdly, macro processes, related to globalisation, are associated with calls for economic deregulation in order to deal with international competition. But deregulation entails changes to income redistribution policies and identifying

and targeting vulnerable groups, rather than the further upgrading generalised protection, become the key aims of the proposed reforms. Targeting welfare benefits entails technical solutions but choices are inherently rooted in normative standards against which needs and merits are assessed.

Addressing all or any one of these challenges, with a view to promoting social integration and cohesion, requires knowledge about the characteristics and impact of demographic dynamics.

It is apparent that social protection reforms entail the redrawing of boundaries between the state, markets, the family, civil society and individual citizens. Monitoring the effectiveness and efficiency of social protection has to be matched not only against current social needs but also against demographic trends to ensure that social inputs are planned long-term and that policy choices are made in the light of expected changes of demographic structures.

The fast changing face of social vulnerability may be partly determined by demographic behaviour but may also partly be an outcome of demographic dynamics. Demography provides a complex 'early warning system' for social policy reforms based on expected, probable and possible population scenarios. Changes in income distribution policy related to welfare reform should not only be build on knowledge about the processes and instruments that currently foster social cohesion but also require a long-term demographic perspective that takes into account intergenerational relationships and transfers.

In this study, we address the interaction between demographic behaviour and the life chances of individuals who experience deprivation. Variations in the risks of particular household types falling into deprivation across Europe are systematically studied on the basis of micro-level data and, whenever possible, a tentative clustering of countries is presented based on their performance.

Chapter 2

Concepts, data and methods

2.1. Conceptual issues

2.1.1. Poverty

The core concept of poverty relates to inadequate material resources. This approach is sufficiently general and is rarely disputed.

There is, however, much controversy about the meaning of 'inadequacy' and 'resources', over 'absolute' and about 'relative' poverty. The traditional concept of 'absolute' poverty was often based on the idea of a minimum of level subsistence measured by means of a basket of goods that allowed a person to survive, whereas 'relative' poverty was meant to relate to a socio-cultural minimum measured against the average standard of living. The usefulness, and particularly the validity, of the concept of absolute poverty in the advanced market economies of Europe have been persistently questioned in research circles. As a concept, it has never managed to surmount cultural frameworks of survival minimum or adequacy. Indeed, all measurements of poverty are by default relative as they are based on standards of adequacy, which are culture sensitive.

European research into the concept of poverty has evolved, over the past two decades or so, to refer to relative deprivation. Poverty *sensu stricto* is defined as relative deprivation due to inadequate financial or material resources (Townsend, 1979), and contemporary poverty research concerns itself with both the lack of resources and the distributional context.

The broader definition of poverty includes both inadequate material and non-material resources available to an individual. While some argue that inclusion of the non-material dimension of poverty is merely a sign of the evolution of a long-standing tradition in poverty research, others argue that it reflects a new paradigm.

Few European countries have an official definition of poverty and, as a rule, those that do refer simply to the threshold that corresponds to the transfer payments granted to individuals and households in the form of minimum non-contributory income or minimum old age pensions. People whose incomes are below the level that qualifies them for social assistance are con-

sidered to be poor. Thus, the level of benefits determined by the authorities becomes the key indicator for an administrative definition of poverty as a social condition. Some governments use the cost of a basket of goods as an indicator of poverty. This is generally accepted as a good enough measure to monitor changes in the prices of basic goods at the national and regional level over time. When it is used as a threshold indicator of poverty it is based on consumption only, and level of income, source of income, living conditions and non-material assets remain outside its scope. At the international level, it is difficult, if not impossible, to overcome differences of culture in determining the content of the basket. In the Italian case, the basket of basic goods judged to be essential for families includes consumer goods, housing expenditure and other family needs (Cagiano de Azevedo and Capacci, 2001). Even if similar data were available for other European countries, which is not the case, their limitations as a measure of poverty would persist, since they provide an indicator of minimum needs in a specific cultural context. The 'basket' concept, like the administrative measurement of poverty, does not throw light on excessive disparities in a given society with respect to income and social participation.

Operational definitions of poverty are often based on the identification of a string of misfortunes (be they material, non-material or both). While the measurement of these have remained quite problematical, intergovernmental organisations have none the less been active in identifying the component elements of deprivation at the national, regional and global levels.

In recent years, several United Nations agencies have addressed the issue of poverty from various angles. But conceptually, many of these endeavours have lacked clarity due to the alternate use in the same document of terms such as 'absolute poverty', 'extreme poverty', 'great poverty', 'chronic poverty', 'the very poor', 'poverty in terms of rights and responsibilities', 'multiple insecurity', and 'economic and social precariousness'. Lack of conceptual clarity is also reflected in the vague list of identified misfortunes "poor living conditions, insalubrious housing, unemployment, ill health, lack of education, marginalisation, etc." (UN, ESC, Commission on Human Rights, 1996a p. 35). Indicators to monitor misfortune (especially when they are presented as a miscellaneous list which ends with etc.!) are a persistent stumbling block to systematic trans-national research and well-targeted policy action. There are, however, more consistent activities related to the measurement of disparities in development between countries, particularly within the framework of the United Nations Development Programme (UNDP).

UNDP uses a list of macro national-level indicators for the monitoring and measurement of human development at the world level. For industrial coun-

tries, selected indicators are : life expectancy, population per doctor, maternal mortality, mean years of schooling, school enrolment, newspaper circulation, televisions, and GDP *per capita* – be it in power purchasing parities or US\$. For developing countries, indicators such as access to safe water and daily calorie supply are added. A number of adjustments are made when ranking countries according to their achievements – namely by combining selected indicators into composite development indices. For example, for the Human Development Index (HDI), the indicators are life expectancy, educational attainment and income (UNDP, 1994).

The limitations of this approach relate to the shortcomings of bench-marking based on the lowest common denominator at the world level. By way of example, income thresholds are based on world averages – be it real GDP *per capita* or real purchasing power. Also, the maximum years of schooling is set at 15, even though this is only three years more than the legal minimum set in Belgium, which comprises 6 years of elementary and 6 years of secondary schooling up to the age of 18. When the world is the reference point and when bench-marking is based on thresholds fixed at minimum and maximum values, the latter having been attained and largely surpassed by all developed market economies in Europe, then the conclusion is frequently drawn that there is no poverty or deprivation in Belgium, Finland, France, UK, Germany, or elsewhere in Europe for that matter. The merits of the approach relate to the use of composite indicators that show how similar GDP *per capita* levels in different countries do not automatically result in similar life expectancy, adult literacy or infant mortality rates. In other words, it highlights the importance of general cultural and technological evolution and good governance in improving the life chances of individuals.

The European Union definition of poverty is a relative one based on income : in the 1980s the poverty threshold was set at half the median equivalised personal income and since the 1990s at 60 percent of median equivalised personal income in a given country. In other words, relative poverty is based on a set deviation from a measure of central tendency of an income distribution. Using micro-level data, Member States are ranked according to the proportion of the population living below identical cut-off points or poverty thresholds in relation to their median incomes. What is being here measured is income poverty and consumption patterns are rather dealt as a 'dependent variable'. This approach is based on the decisive role played by income as the basic source of household consumption in advanced market economies and is research-based, i.e. "total disposable income impacts strongly on the level and structure of household consumption. Other factors, such as consumer preference, age, family size, cultural tradition and place of residence (urban or rural), also play a role" (EUROSTAT, 1998, p. 187).

2.1.2. Unit of reference for the measurement of poverty

Macro-level indicators used to rank countries according to their performance in terms of socio-economic development are quite different from indicators of the position of individuals in society in terms of means, rights, opportunities and satisfaction.

The measurement of poverty and the distribution of life chances, that is generally accepted in research and policy discourse in Europe today, takes place within a socio-economic and cultural context in which fundamental human needs and rights are realised. The state, as a socio-political entity, is the basic unit of reference in determining the position of individuals in society and this relative measurement is important for the development of research paradigms and policies. While it may be technically possible to compare the living conditions of the poor in advanced welfare states with that in transition countries, poverty research has shown that such comparisons tell us little more than we already know. They shed no light on issues of social integration and cohesion that relate to excessive disparities in income and social rights within countries. Likewise, comparing income levels and living conditions of immigrants with those in the countries of origin may be useful for analysing migration push-and-pull factors but tells us nothing about the inclusion of immigrants in the host country. Rather, the living conditions of the majority of the population in a given country are the most meaningful reference for the determination of minimum acceptable living standards for all citizens.

Whether focused mainly on the material or extended to non-material resources, the generally accepted measurement of poverty is expressed in terms of a threshold, i.e. that income level and access to non-material means that is necessary to attain a minimum decent standard of living in a given country. Measurement is based on average living standards referenced against the country under observation and its standard of provision for all citizens.

In the European context, the multidimensional nature of deprivation has been acknowledged both by the research community and the public authorities at different levels of governance. One of the first operationalisations of the concept at the European policy level was that of the Council of Ministers of the European Union in 1984. The Council refers to the poor as: “persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live”. The poverty threshold established is the minimum acceptable well being in the reference society.

The Council of Europe has adopted a comprehensive approach to poverty, with the concept of rights being fundamental to its standard-setting instru-

ments. These address social development, access to economic, social and cultural rights, and the main causes of social exclusion with a view to promoting social cohesion (Council of Europe, 2000b).

Taking account of access to material, cultural and social assets brings the research agenda closer to the development of composite indicators of deprivation and even more complex concepts than simply income poverty.

2.1.3. Social exclusion

Social exclusion is a new concept on the research and policy agenda. Some analysts consider that it reflects the French tradition of linking citizenship and social integration within the 'social bond' paradigm (Silver, 1994; Bertaux, 2000). Social exclusion as a concept emerged in France in the 1970s but the Anglo-Saxon liberal tradition, where the relationship between the individual and society is considered a matter of free choice rather than a 'social contract', has found it difficult to grasp.

In addition to philosophical differences there are also semantic difficulties in delimiting conceptually the use of the term. In many European languages social exclusion is either untranslatable or contains awkward resonances.

As used in France, the concept of social exclusion at first concerned people who were unprotected by social insurance, the 'new poor' – people suffering deprivation as well as being a social problem. By the 1990s this group – the so-called socially deviant – was categorised as population living under conditions of 'great social exclusion/la grande exclusion sociale' (e.g. Chassériaud, 1993). Adjectives 'great' or 'extreme' were often used to distinguish the unemployable from the unemployed and, in the policy discourse, the term 'socially excluded' without any qualifying adjective, came to be reserved for the working age population excluded from the labour market.

In the early 1990s, Bouget and Nogues referred to 22 terms used to describe the phenomena of exclusion and by the mid-1990s policy makers associated the term with changes in the economy, and social and demographic structures. Some asserted that there were new forms of poverty which "affect not only those who have long been at the bottom of the social ladder but also 'the average citizen' who can find himself in a precarious situation at one moment and in a state of what might be called 'social exclusion' the next." (EUROSTAT, 1994, p. III). One group of analysts did indeed pursue the social exclusion concept as it relates to the negative social consequences of ongoing economic restructuring in producing a 'new poverty'. But others have found little novelty in the phenomenon of poverty that had already been described as a multifaceted condition in England by Rowntree in 1901.

If there is something that is new it does not relate to the disparities in the distribution of life chances of individuals but rather to structural factors associated with macro-economic processes and the decline of the labour-intensive manufacturing sector. The idea linked to the early conceptualisation of the IN/OUT paradigm that the 'average citizen' may abruptly become socially excluded is also challenged in research, since an episode of unemployment is not necessarily directly related to the persistent multiple deprivation associated with the distributional and relational dimensions of social exclusion.

Within the research community there is still no consistent perspective on the relationship between poverty and social exclusion (Duffy, 1996). Some scholars attribute the emergence of the concept on the European policy scene in the early 1990s to the hostility of some European governments to the language of poverty (Room, 1995). Indeed, some EU governments insisted that there was no poverty in their country and the publication of results based on analyses of individual data stalled. Moreover, information illustrating the relative ranking of the various countries regarding the proportion of people experiencing material deprivation did not appear to match the self-perception of some governments. Poverty statistics relating to the beginning of the 1980s were published only in 1990, while those from the late 1980s were only made available to the public in the mid-1990s (EUROSTAT, 1990; 1994). The anti-poverty programmes launched within the framework of the European Union in the mid-1970s (Poverty 1, 2 and 3, 1975-1994) were discontinued. The new policy discourse, social dialogue and social research agendas launched from the mid-1990s onwards were named as programmes to combat social exclusion and in recent years have also related to social integration. But, even if there were purely political reasons for the change in words used to define and measure deprivation, the notion of social exclusion provided fertile grounds for the development of policy-oriented research in advanced welfare states.

Since the early 1990s, social research has developed beyond the analysis of poverty focused primarily on distributional aspects of income deprivation and now includes relational aspects such as inadequate social participation, lack of social integration and lack of power. One mainstream research orientation has been in the direction of the analysis and measurement of disparities in the distribution of opportunities and resources, while another has pursued the rights approach and addressed social exclusion as the denial of rights.

2.2. Research baseline

The research baseline in this study builds on the following. In view of the centrality of the labour market in advanced market economies, employment status or employment history are treated as the main guarantors of income and

the key buffer to social exclusion. In view of the centrality of the family as the main private network, it is the family that operates as the first and in some cases the only buffer against social exclusion when employment opportunities are not available or when income is low. Welfare regimes, through legal measures and the redistribution of resources, provide assistance at various phases of an individual's life course and secure impersonal intergenerational solidarity, which largely relieves the demands on families for income support.

Our research focus is on work and the family and the mediating role of the welfare state in the social inclusion/exclusion nexus.

The demographic implications of social exclusion are assessed by identifying vulnerable households and analysing and comparing their socio-economic condition and socio-demographic behaviour with that of the rest of the population. This enables the identification of areas of deprivation and types of unmet needs of relevance to policy development.

The interaction between demography and social exclusion can be of a double nature: demographic factors can be a co-determinant of social exclusion and social vulnerability and exclusion can influence demographic behaviour. The direction of the causal effects is not always easy to identify. Research on this interaction has remained underdeveloped and the necessary data to establish causes and consequences are lacking. At best, it is possible to analyse the sequence of events for the assessment of the interaction between demographic behaviour and social vulnerability for particular population sub-groups in a limited number of countries. In this report whenever data allow we use event sequencing as a methodological tool to illustrate the interaction between demographic behaviour and socio-economic vulnerability.

2.2.1. General hypotheses

The general hypotheses regarding the interrelationship between demography and social exclusion are:

- Socially deprived population groups are often characterised by the simultaneous presence and mutual reinforcement of a series of unfavourable features. The demographic effects of vulnerability and social exclusion may manifest themselves via household composition, nuptiality/partner formation and dissolution, fertility, migration, and morbidity/mortality. These demographic features may act as a positive feedback on vulnerability by increasing risks or reinforcing the condition of social exclusion.
- Demographic antecedents such as the characteristics of the parental home, life course events like age at leaving the parental home, first partnership, first marriage, and first birth, and events such as divorce, the

death of a relative or partner and excess fertility may reinforce the risks of deprivation or exclusion.

2.2.2. Research framework and definitions developed for this study

In symbolic terms exclusion relates to the IN/OUT paradigm as opposed to UP/DOWN or CENTRE/MARGIN models used in traditional social stratification research. On the basis of a desktop review of the literature¹ and personal research, the following conceptual framework and definitions have been developed for this study.

Resources, the opportunity and ability to make use of public institutions, and family and informal networks are the three pillars of social inclusion in contemporary society. The erosion of one or more of these pillars – due to the availability of insufficient material resources to a household or individual; social barriers which prevent particular population sub-groups from accessing employment or other activity; legal or administrative obstacles to the accessing of welfare benefits and social institutions providing care and support in situations of vulnerability; and cognitive or emotional traits which inhibit people from establishing and maintaining social bonds – may well lead to deprivation and social exclusion.

Social integration and social inclusion are concepts that reflect a strong policy focus and encompass normative standards regarding the principal routes to social participation. In order to understand exclusion we need first to attain clarity about the 'in' dimension, namely integration and inclusion.

In mainstream European policy discourse, social integration is seen as a process to combat unemployment and promote the reinsertion of the unemployed into paid-work. The labour market is perceived as the key domain through which social integration operates and the policy concerns over the implications of high unemployment among people able and willing to work are amply justified. However, a research focus on paid work, as the only relevant field of social participation and the key measure of integration is problematic in that it ignores the aged, the working poor and less able persons and glosses over whether the loss of employment or lack of occupational participation inevitably lead to poor social integration. The focus on employment as the key instrument of social integration inevitably opens up the controversy about 'employability' as the entrance card to social participation.

1. See for example: Bouget and Nogues, 1993; Herpin, 1993; Lagrée 1994; Robbins *et al.* 1994; Rodgers, 1994; Castel, 1995; Rodgers, Gore, Figueiredo, 1995; Room, 1995; Fassin, 1996; Duffy, 1996; Paugam, 1991; 1996; Soulet, 1999; McIntosh *et al.*, 1999; Gallie and Paugam, 2000.

The issues at stake regarding the perception and interpretation of social integration relate to the social role assigned and assistance provided to such groups as older people who have left the regular work-force, individuals of all ages who for a variety of reasons are not able to participate in the labour market over long time spans, and people who may never be competitive enough to be 'employable' in the mainstream labour market. For the purpose of this analysis a broader approach to social integration is adopted that includes both paid labour and other forms of social activity.

Social integration is a condition that entails individuals' participation in the regular labour market and/or other forms of social activity. *Social integration* as a social process entails public enhancement of opportunities for occupational and social participation of individuals.

The concept of social inclusion is better suited for monitoring the realisation of the social rights of all citizens, regardless of age, competence or physical and mental capacity.

Social inclusion is a condition that entails the enjoyment of social rights by individuals regarding social participation and access to social protection, assistance and care. *Social inclusion* as a social process entails public enhancement of opportunities for access to social activity, public institutions, social protection and programmes and services for assistance and care for all citizens.

The non-realisation of conditions for integration and inclusion in a given country leads to the exclusion of individuals and population sub-groups from social activity, social institutions and assistance and care provision.

Social exclusion is the condition of deprivation, generalised disadvantage and dissatisfaction experienced by individuals due to an accumulation of social handicaps. *Social exclusion* as a social process entails the denial of access to opportunity and social rights for particular individuals or groups of individuals.

Our operational definition of social exclusion is therefore as follows:

Social exclusion is a condition of deprivation that is manifested through the generalised disadvantages facing individuals and social groups due to the accumulation of social handicaps. It is experienced by people as the overlapping of objective deprivation with subjective dissatisfaction with their life chances due to a lack of means and limited access or poor participation in several of the most important domains of human activity: education, work, family and informal networks, the consumption of goods and services, communication, community and general public institutions, political life, leisure and recreation. Exclusion is, as a rule, associated with social stigmatisation, an

element of blame and isolation, which translate into low self-esteem, the feeling of not belonging and not having been given a chance to be part of society.

The concept of risk is important for understanding the processes of inclusion and exclusion. In social research methodology, the notion of risk is understood as the probability of the occurrence of a given event and the risk period is conceptualised as the duration of the non-occurrence of that event. In cost-benefit analysis as conceptualised and widely used by economists, it is postulated that success comes about when opportunities exceed risks. By analogy, some social scientists interpret the notion of being at risk as experiencing few opportunities or options (Duffy, 1996). In market economies, it is argued that one is more able to take risks when one has multiple opportunities. Hence, changing a job may be opportunity enhancing for highly skilled people, but moving from dependence on welfare benefits to casual work may be considered to be too risky by low-skilled individuals.

Much of the recent inclusion/exclusion research builds on the concept of the 'Risk Society/Risikogesellschaft' as developed by Beck in 1986 and on reflexivity as expounded by Giddens (1991). Risk is imposed on individuals, new forms of dangers are omnipresent and individuals are confronted with the continuous necessity of developing calculating attitudes and alternative action plans. Living in a 'risk society' requires perpetual revision of most aspects of social life in the light of new information and knowledge.

The notion of risk is one of the basic ideas underpinning the new approach to poverty/exclusion analysis. Risk situations are increasing due to the greater diffusion of vulnerability factors associated with the employment crisis, changes in demography – particularly in respect of family dynamics and population ageing – and new policy trends. As a result, the domains of vulnerability – from both the viewpoint of precarious income and the fragility of social ties – are potentially a greater problem than the frequency of current exclusion would suggest.

The concept of risk is also important for understanding the basic principles on which the sharing of the costs of hazards associated with ageing, health, family building stage or personal handicaps are spread over population sub-groups in different countries. In this report we especially focus on the mediating role of the welfare state in lifting people out of poverty. Namely, the population at risk of material deprivation is identified by looking at those who would be living in poverty were it not for public transfer payments.

Social vulnerability is the condition of being exposed to the risk of social exclusion due to the inadequacy of the means available to people; low income, poor education, weak activity status, high dependence on public

support when combined with particular demographic features form a typical risk cluster. Being at risk is experienced and articulated by individuals as dissatisfaction with the main domains of their activity or living circumstances and is characterised by their inability to afford the basic goods, services and activities accessible to the majority of the population.

2.2.3. Indicators of social exclusion

Indicators of material and non-material means, sociability and satisfaction with different facets of life are utilised to measure social disadvantage.

The analysis of the monetary dimension of social exclusion is based on poverty thresholds below which the financial resources available to individuals or households are considered insufficient to maintain the minimum standard of living and quality of life regarded as normal in a given country. Material deprivation is measured in terms of low income and a lack of adequate housing and basic household durables that are available to the vast majority of the population. Education, activity status, occupation, employment and sources of income are used as other key indicators of means.

The extent to which existing social protection policies in general, and poverty-reducing measures in particular, contribute to the amelioration of the living conditions of households is addressed by means of an analysis of public transfer payments. The welfare regime dimension, which pertains to the redistribution of resources, is highlighted by examining differences in the provision of risk-reducing benefits between countries. Particular attention is given to the analysis of income level before and after the payment of social benefits to supplement income from work, pensions or private assets.

The relational aspects of social exclusion are addressed through indicators of social participation, namely partnership and family building, membership of clubs or associations, and contacts with family, friends and neighbours, while the subjective expression of satisfaction with the living conditions is identified through indicators of perception.

Composite indicators of multiple deprivation have been constructed to facilitate the analysis of the distribution of the combined simultaneous disadvantages and for identifying the number of people below the thresholds that determine deprivation, satisfaction and appreciation of one's life chances.

In the construction of each of these composite indicators, the individual variables have been weighted according to their prevalence in the population of each country, i.e. the low prevalence in the general population of a particular characteristic of deprivation is given a greater weight than a characteristic of deprivation that is widespread. For example, having no bathroom in a country where a large majority of the population have access to this facility is

given a greater weight when measuring deprivation than being without central heating, i.e. a commodity which is less accessible in a given country.

The composite indicator of means (CIM) measures inadequate means and includes data on income, education and housing.

The composite indicator of satisfaction (CIS) measures low levels of satisfaction and includes data on the self-appraisal of the financial situation of individuals, their work or main activity, and housing.

The composite indicator of the subjective appreciation of the financial situation of individuals (CIF) was constructed to measure the inability to afford basic goods, services and activities.

Four composite indicators of housing characteristics (CIH) have been constructed: inadequate facilities; prevalence of housing difficulties; experience of problems with the housing environment; and 'housing stress' derived from the summation of the first three indicators. For each indicator, a threshold variable was constructed, the cut-off point of which was fixed at one standard deviation from the mean.

A composite indicator of household durables (CID) was constructed to measure the lack of a car, colour TV, video, microwave, dishwasher, telephone, second home and home computer, the threshold variable again being established at one standard deviation from the mean.

2.3. Data and methods

The most recently available micro-level data from the third, fourth and fifth waves of the European Community Household Panel (ECHP, 1996-1998) collated by EUROSTAT, and Family and Fertility Survey (FFS) data collated during the 1990s by the Population Activities Unit (PAU) of the United Nations Economic Commission for Europe (UN/ECE) were used for the statistical analysis of the socio-economic and demographic features of vulnerable groups.

The most recent European Community Household Panel is the fifth wave implemented in 1998, the most up-to-date version of which was released by EUROSTAT in December 2001. Although the panel has been disbanded, it seems that the ECHP will be replaced by another survey based on a new questionnaire and modified methodology.

The draft report prepared by the author for the Population Committee in 2001 was based on ECHP data from the third wave (1996) UDB version February 2000. In the course of the study, it was discovered that the version made available to the Council of Europe contained errors, which entailed a re-working of the calculations, tabulations and graphs in the draft report. In

March 2002 EUROSTAT provided the Council of Europe with the corrected ECHP UDB version of the database which also included waves 4 and 5.

In order to utilise the most recently available data from each of the 15 countries, the present study is based on data for the following survey years:

- 1996: for Germany, Luxembourg and the UK;
- 1997: for Finland;
- 1998: for Belgium, Denmark, Greece, Spain, France, Ireland, Italy, Netherlands, Austria, Portugal and Sweden.

The statistical analysis of each database was undertaken with the use of the SPSS version 11.

The Fertility and Family Survey (FFS) data used in the study relate to Belgium (Flanders), Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden. However, since some variables were not available for all nine countries, the topical analyses relate to only certain countries participating in the FFS.

The approach generally adopted in European mainstream research is to use a monetary threshold to measure poverty, i.e. the level of income below which a person or a household are considered to be poor. The specific income concept utilised here is a net monetary concept and imputed rents and benefits in kind are not included.

The threshold originally adopted by EUROSTAT (1994) and frequently used in research based on the ECHP identified the poor as those with incomes less than 50 percent of the median equivalised net income. The 60 percent cut-off point that has recently become the standard for the analysis of income poverty is mainly justified on methodological grounds pertaining to the sample size. Namely, it is the cut-off point or 'poverty line' that provides a sufficient number of households to enable income disparities at the country level to be analysed (see for example: Statistics Users' Council, 1999; EUROSTAT, 2000c).

In view of the relevance of different degrees of severity of income poverty to the study, we have identified three cut-off points for the EU-15 pooled data, which produce the following operational definitions: *severely poor households* with incomes less than 40 percent of the median equivalised net income; *poor households* with incomes between 40 and 50 percent of the median equivalised net income; and *low-income households* with incomes that lie between 50 and 60 percent of the median equivalised net income. All households that fall below the 60 percent threshold are labelled as households *in income precarious conditions*.

For the analysis of the ECHP income data for the 15-European Union countries as well as for those FFS countries that choose to include income data, namely Belgium (Flanders), Germany and Italy, the modified OECD equivalence scale is used to adjust incomes for the varying size and composition of households. The equivalised income is thus the income per adult equivalent, i.e. the first adult in a household is given a weight of one, other adults a weight of 0.5 and each child below the age of 16 a weight of 0.3

Median income per adult equivalent varies from one country to another as does the cost of living. Hence, our comparative analysis adopts a relative approach – comparisons are between the proportions of people living below each given income threshold in each country and not between the real incomes available to households as expressed in national currencies or EUROS.

Income has been calculated in units of purchasing power, based on the income of households adjusted for the national cost of living or purchasing power parity (PPP). In this way, national currencies are converted into a common reference unit, purchasing power standard units (PPS), whereby each unit purchases the same amount of goods and services in each individual country in a given year.

Whenever reference is made to household income in the study, we are referring to equivalised household income expressed in purchasing power standard (PPS).

The main earner, i.e. the person having the highest income is taken as the reference person in each household.

The overall number of households in the ECHP database exposed to income precariousness exceeds 10,000 and is sufficiently large to allow analysis of the different household types at all three cut-off points. Data for the 15 countries have been pooled and weighted.

By contrast, the sample size is too small for an analysis of the three poverty categories for individual countries when combined with variables associated with household type and other socio-demographic characteristics. This is why the 60 per cent cut-off point i.e. the sum total of severely poor, poor and low-income households is used for the more complex demographic analyses. In order to avoid repetition of the term 'households below low-income level', that is 'households with less than 60 percent of the median equivalised income', the expression 'income precariousness' is used instead.

The population at risk, as well as that experiencing spells of deprivation, is larger than indicated by the cross sectional data on social exclusion and is an important point in the context of determining the interdependence between

demographic trends, social exclusion and policy formulation. There is a strict relationship between emphasis on the notion of risk and the importance of preventative policies. Paying attention to risk implies a diversification of policies, programmes and services.

Due to the high levels of unemployment, particularly the long-term jobless, decreasing job security and the emergence of new forms of so-called 'atypical' work, an increasing number of citizens find themselves in risk situations. Moreover, partial exclusion due to an episode of unemployment in conjunction with the new demographic dynamics is adding to this state of insecurity. The various risk factors are addressed for each of the household types under consideration.

Analyses of indicators such as income, source of income, activity status and standard of living expressed in terms of housing conditions and durable goods document a household's situation in society, while the non-monetary dimension is documented by data on education and health.

The ECHP and FFS micro-data allow risk groups, together with areas of vulnerability and the relevance of risk-reducing benefits for the overall socio-economic status of households to be identified.

2.4. Data related limitations

While it is no doubt scientifically and socially relevant to make the best use of existing data sources to address the issue of risks of social exclusion and the ways in which they are cushioned by social protection measures or exacerbated by their absence, several data-related limitations need to be highlighted.

The research based on the available micro-data should be considered as explorative for a number of reasons, the most pertinent being:

- The ECHP and FFS were not specifically designed to address social exclusion issues although they do contain data on some of the key aspects of social disadvantage.
- Data from the ECHP primarily document income poverty and living conditions (especially regarding housing) but are poor on the relational aspects of deprivation.
- The ECHP database contains almost no data on demographic behaviour.
- The FFS database is rich in demographic data but ignores income data completely, in all but three countries, and is generally poor on information about household living standards.

The ECHP does not necessarily contain data across the whole range of variables for each participating country. By way of example, most housing vari-

ables, the satisfaction variables and some health variables are missing for Sweden, while data on number of rooms is absent for Greece, the Netherlands and Austria and information on the ownership of home computers is not available for France. Moreover, the educational data for the Netherlands are unreliable and have been eliminated from the analyses in this study.

Although countries that carried out the FFS followed a core questionnaire, some variables, education for example, are not suited to international comparison, while data on abortion are poor.

There was no co-ordination between EUROSTAT and PAU regarding questionnaire content or survey design, data collection or data presentation with a view to facilitating the study of the relationship between social vulnerability and demographic behaviour. The ECHP database has no information on total number of children and only counts children co-residing in households, whereas the FFS has information on children ever-born, and on children co-residing and not co-residing with parents. Neither database permits any analysis of the impact of networking and transfers of resources and services between non-co-residing kin on well being.

Currently available micro-level data collected by national research or statistical bodies and collated for specific purposes by EUROSTAT and PAU, be it to monitor socio-economic or socio-demographic behaviour, require complex and time-consuming manipulation. Complex calculation is needed even to identify some of the most basic demographic and socio-economic variables, such as the total number of children present in households (ECHP data files), not to mention proxy variables of the socio-economic position of households (FFS data files). In effect, the proxy variables are really only sufficient for the development of research-based hypotheses and there is a clear need for more specific research to determine the causal relationships between demographic events, conditions and processes as they affect the well being of citizens.

The conspicuous absence, in both the ECHP and FFS samples, of population sub-groups suffering severe overlapping handicaps e.g. the homeless sleeping rough or those sheltering in emergency accommodation such as battered and abused women, substance abusers, individuals with personality disorders, ex-offenders or illegal immigrants, highlight the necessity of implementing targeted surveys at the European level to obtain data about these groups. By default, they are excluded from general surveys or panels based on private households, where a fixed abode is the basic unit of observation.

2.4.1. Supplementary sources

The ECHP and FFS databases are poor on data about groups for which the risks of social exclusion have already materialised and contain little or no information on population sub-groups that are exposed to generalised deprivation and extreme neediness. In effect, the socially excluded are generally excluded from social statistics.

In order to address the social exclusion of population sub-groups that are underrepresented or remain outside standard surveys, examples of findings from pertinent targeted research are given. Findings from surveys among immigrants in Norway and Switzerland, people in housing need in France, United Kingdom and Finland, homeless people in the 15 EU countries, and people without fixed abode in Paris are summarised in order to illustrate the severity of their living conditions and the complexity of their re-integration into society.

Chapter 3

Demography and social disadvantage

3.1. Poverty in figures

While the overwhelming majority of people in advanced market economies in Europe are well protected from income poverty, there are still considerable numbers and proportions of people surviving on low incomes and living in poverty.

Some 17 percent or almost one out of every five households are exposed to income precariousness, i.e. their total annual incomes are less than 60 percent of the population median, and experience varying degrees of deprivation (Table 3.1). The table also gives the median incomes for the 15 countries as well as figures in purchasing power standard units (PPS) at three cut-off points, which serve to illustrate the differences in income between the 15 as well as the prevalence of low-income, poor and severely poor households in each country. On average, in the EU-15 – 6 percent of households are severely poor, 5 percent are poor and the incomes of another 6 percent are low.

The proportion of people in income precarious conditions ranges from 9 percent in Finland at the lower end of the scale, to 23 percent in Greece and Portugal at the upper end of the scale.

Extrapolating the figures from the ECHP to the entire population of the 15-EU suggests that between 60,3 and 62,4 million adults and children are living in income precarious conditions (at the 95 percent probability level).

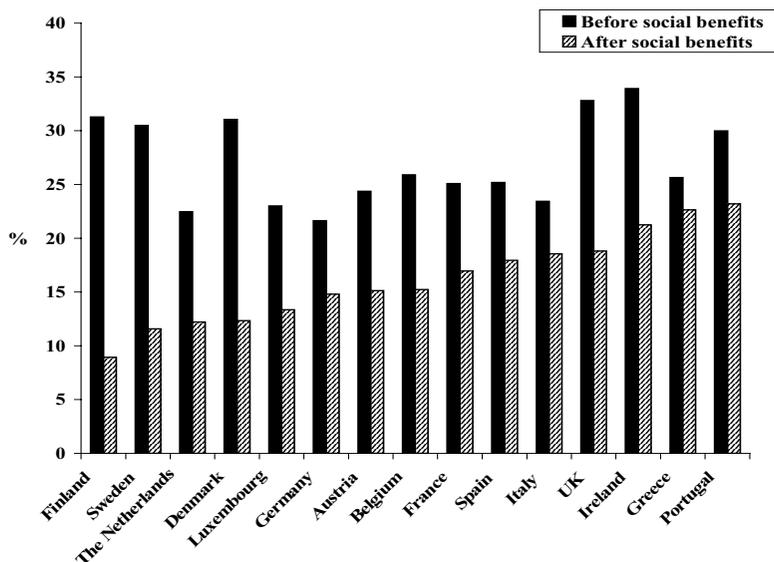
The history of the development of the various welfare regimes and the current systems of social prioritisation are reflected in the differences between countries in the proportions of households that fall below the low-income threshold before and after the receipt of social benefits. The capacity of the social protection system to lift households out of income precariousness through the payment of supplementary social benefits is shown in Figure 3.1. Those countries with the lowest proportions of income precarious households after the payment of supplementary social benefits, i.e. the most effective, are Finland, Sweden, the Netherlands and Denmark and the least successful are Portugal, Greece and Ireland.

Table 3.1. – Median household income per adult equivalent and poverty thresholds, (ECHP 1996-1998)

| Country | Equivalised total net yearly household income in PPS | | | | Distribution (%) of the low income and poverty categories | | | | Number of surveyed households |
|-------------|--|--------------------------|--------------------------|--------------------------|---|--|--|---|-------------------------------|
| | Median income | 40% of the median income | 50% of the median income | 60% of the median income | Severely poor (less than 40% of the median) | Poor (between 40% and 50% of the median) | Low income (between 50% and 60% of the median) | All households below 60% of the median income | |
| Belgium | 13,896 | 5,558 | 6,948 | 8,338 | 3.8 | 4.9 | 6.6 | 15.3 | 2,857 |
| Denmark | 13,622 | 5,449 | 6,811 | 8,173 | 3.3 | 3.4 | 5.6 | 12.3 | 2,522 |
| Germany | 13,222 | 5,289 | 6,610 | 7,933 | 5.3 | 3.7 | 5.7 | 14.8 | 4,580 |
| Greece | 7,497 | 2,999 | 3,748 | 4,498 | 11.7 | 4.6 | 6.2 | 22.6 | 4,281 |
| Spain | 8,174 | 3,270 | 4,087 | 4,905 | 7.4 | 4.3 | 6.1 | 17.8 | 5,461 |
| France | 12,776 | 5,110 | 6,388 | 7,666 | 5.3 | 4.8 | 6.8 | 16.9 | 5,866 |
| Ireland | 10,453 | 4,181 | 5,226 | 6,272 | 2.7 | 6.9 | 8.7 | 18.2 | 2,639 |
| Italy | 9,713 | 3,885 | 4,857 | 5,828 | 7.2 | 4.4 | 6.9 | 18.5 | 6,599 |
| Luxembourg | 19,875 | 7,950 | 9,937 | 11,925 | 3.2 | 3.4 | 6.7 | 13.3 | 929 |
| Netherlands | 13,646 | 5,458 | 6,823 | 8,187 | 4.3 | 2.4 | 5.5 | 12.2 | 4,959 |
| Austria | 13,678 | 5,471 | 6,839 | 8,207 | 4.3 | 4.2 | 6.7 | 15.1 | 2,960 |
| Portugal | 6,751 | 2,700 | 3,376 | 4,051 | 8.9 | 7.4 | 6.8 | 23.1 | 4,761 |
| Finland | 9,967 | 3,987 | 4,983 | 5,980 | 2.6 | 2.1 | 4.3 | 8.9 | 4,090 |
| Sweden | 11,096 | 4,438 | 5,548 | 6,657 | 4.9 | 2.7 | 4.0 | 11.6 | 5,718 |
| UK | 11,080 | 4,432 | 5,540 | 6,648 | 6.1 | 6.1 | 6.6 | 18.8 | 3,766 |
| Total 15-EU | 11,647 | 4,659 | 5,823 | 6,988 | 5.9 | 4.5 | 6.3 | 16.6 | 62,030 |

Source : own calculations (Avramov, 2002).

Figure 3.1. – Percent of households exposed to income precariousness before and after receiving social benefits to supplement income from work, pension and non-work related private income by country (ECHP 1996-1998)



Source : own calculations (Avramov, 2002).

The objective measurement of precariousness as given by the overlapping social handicaps of low incomes, poor education and bad housing, does not fully reflect the experience of deprivation as perceived by individuals. In other words, the indices that measure relative deprivation give a somewhat more favourable picture than the self-perception of deprivation (Table 3.2). Hence, while 13 percent of households fall below the minimum threshold on the composite indicator of means (CIM) that takes into account overlapping deprivation in respect of income, education and housing, 14 percent report that they cannot afford the basic goods, services and activities available to the majority of people as measured by the composite indicator that expresses the subjective appreciation of the financial situation of households (CIF), and 17 percent are dissatisfied with their financial situation, work or main activity and housing as measured by the composite indicator of satisfaction (CIS). In other words, the experience of relative deprivation would appear to be more widespread than suggested by the statistical representation of relative

income poverty or relative multiple deprivation of material and non-material means.

Table 3.2. – Households below the thresholds of poor means (CIM), poor financial situation (CIF), and low satisfaction (CIS) for female and male main earners, EU pooled data* (ECHP 1996-1998)

| Indicator | Female main earner | Male main earner | Total (all main earners) |
|-----------------------------|--------------------|------------------|--------------------------|
| Poor means CIM (in %) | 18 | 10 | 13 |
| Number = 100% | 16,618 | 33,247 | 49,865 |
| Poor finances CIF (in %) | 18 | 12 | 14 |
| Number = 100% | 20,152 | 39,758 | 59,910 |
| Low satisfaction CIS (in %) | 19 | 16 | 17 |
| Number = 100% | 18,612 | 35,412 | 54,024 |

Source: own calculations (Avramov, 2002).

* Some data not available for all 15 EU countries.

The measurement of the combined effect of income precariousness and the subjective appreciation of an ability to afford basic goods, services and activities, shows that one out of every three households in an income precarious condition reports a poor financial situation compared with one out of 10 households in the general population. Data in table 3.3 indicate that considerably higher proportions of households in income precarious conditions cannot afford the goods, services and activities identified in the ECHP as being relevant indicators of the prosperity of households.

Our analysis deals with poverty experienced by those households whose total annual income was less than 60 percent of the population median. Generally in research and policy circles, households that have lived in income precarious conditions over the course of one year are not considered to be persistently poor.

When the revised data from the three waves of the ECHP undertaken in 1994, 1995 and 1996 were made available in 2000, researchers started looking at individuals and households that had been poor over a series of years. The initial results of these studies suggested that 7 percent of the European Union population had lived in low-income households for at least three consecutive years and these were defined as persistently poor households (EUROSTAT, 2000c; 2000d). With the release of all five waves and the

revised UDB version in December 2001 persistent poverty was re-defined by some researchers as applying to those households that had lived on low income for four or all five consecutive years. It is evident that the concept of persistent poverty needs to be developed not only on the basis of the availability of statistical data but also on the qualitative analysis of the living conditions of people. It should build on the study of the causes and consequences of the duration of income-related deprivation as well as seeking to understand the paths into and out of poverty, which may be short in duration but repetitive over the life course of people. This is important when it comes to identifying the main features of the 'poverty entrapment' and for developing effective policies, measures and services to lift people out of deprivation.

These are of course, tasks for studies that go well beyond the scope of the current report; and here, we limit our analysis to households, which over the course of one year, were unable to generate sufficient income to prevent deprivation.

3.2. Demography of poverty and social vulnerability

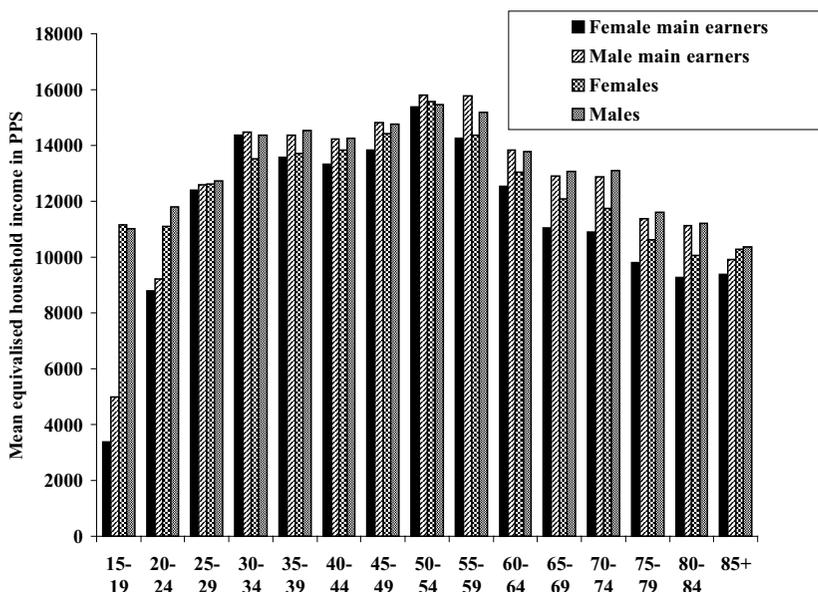
Poverty is sensitive to the key demographic characteristics of age, sex and household composition.

The ability to generate income or be eligible for public transfer payments varies according to age. Average income is lowest in households headed by young adults aged 15 to 24, reaches a high plateau among the middle age groups – with a slight increase being observed between 25 and 59, and thereafter gradually declines (Figure 3.2). Young adults between the ages of 15 and 19 who become active in the labour market and are the main household earners have exceptionally low incomes.

The ability to generate income also varies by gender. If we compare households with male and female main earners, we generally observe that incomes are higher in households where the main earner is male. This differential applies across the whole age range but tends to be somewhat narrower among young adults aged 20 to 29.

Regarding income precariousness according to age, we observe that the highest percentages living on low incomes and in poverty (60 percent cut-off point and below) are found in the 15 to 24 age group, while the lowest levels prevail among the middle age groups (40 to 59). From 60 onwards the proportion of low income and poor households increases.

Figure 3.2. – Equivalised household incomes for all respondents and main earners by age group and sex, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

The figures also show that exceptionally high percent of young people aged between 15 and 24 who set up independent households experience poverty (Figure 3.3) as a result of their low skill levels and weak position in the labour market, the difficulties they have in accessing social benefits and personality traits that may prevent them from making use of social institutions. High prevalence of poverty among these young adults may be associated with the so-called population assortment phenomena, i.e. the smaller the size of the group the more specific are the socio-economic and cultural features as well as the cognitive and emotional characteristics of its members. In the ECHP sample, this group is indeed quite small. There are only 144 respondents aged 15 to 19 who are main earners and 2,011 main earner aged 20 to 24 ; they cannot be taken as representative of the 15 to 24 year olds at large who in the majority are still inactive.

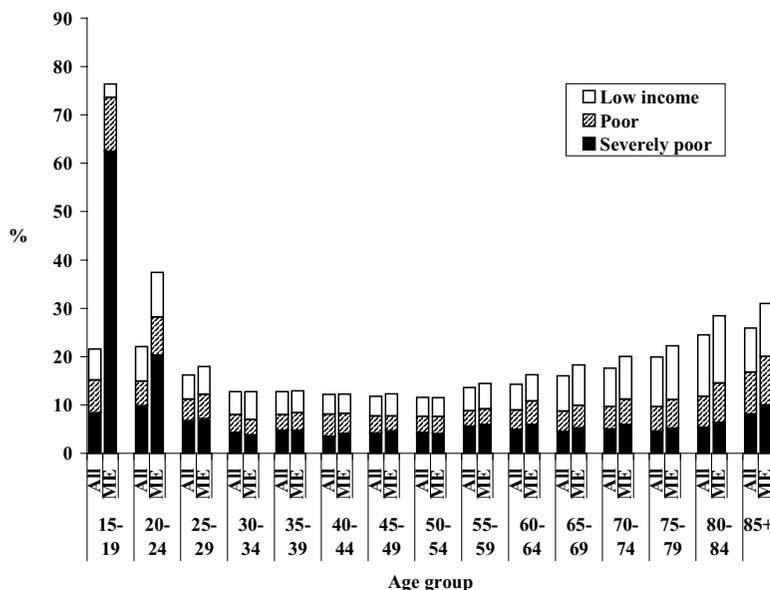
Table 3.3. – Households that cannot afford basic goods, services and activities as defined by the low-income threshold, 15-EU pooled data (ECHP 1996-1998)

| Difficulty | Households in income precarious conditions (%) | All households (%) |
|--|--|--------------------|
| Cannot save money | 81 | 52 |
| Make ends meet with difficulty | 70 | 46 |
| Cannot afford replacing worn-out furniture | 65 | 33 |
| Cannot afford paying for a week's annual holiday away from home | 58 | 23 |
| Cannot afford having friends or family for drink/dinner once a month | 28 | 10 |
| Cannot afford buying new, rather than second hand, clothes | 29 | 9 |
| Cannot afford to keep home adequately warm | 26 | 13 |
| Cannot afford eating meat, chicken or fish every second day, if wanted | 14 | 4 |
| Cannot afford to repay debts other than mortgage | 13 | 14 |
| Unable to pay schedules utility bills during the past 12 months | 11 | 3 |
| Unable to pay schedules rent for the accommodation during the past 12 months | 6 | 2 |
| Unable to pay purchase hire instalments or other loan repayments during the past 12 months | 4 | 2 |
| Composite indicator of subjective appreciation of poor financial situation (CIF) | 33 | 10 |

Source : own calculations (Avramov, 2002).

The majority of young adults who set up independent households before they have acquired the educational and professional skills to become fully competitive in the regular labour market exist in income precarious conditions. As many as eight out of every 10 breadwinners aged 15 to 19 live on low incomes or in poverty. Cohabitation with family members is the best protection against financial deprivation of adolescents.

Figure 3.3. – Breakdown of all respondents (ALL) and main earners (ME) living in households exposed to income precariousness by age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

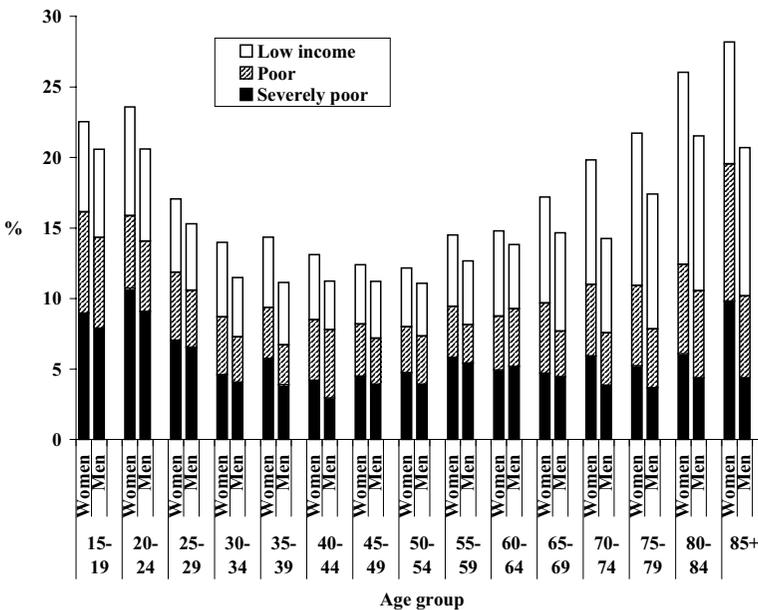
Indeed, when we examine individual level data (all respondents above the age of 15), the proportion of young people experiencing poverty is much lower because most of them are protected by the incomes of their parents. Cohabitation within the family environment also help check the proportion of elderly exposed to income precariousness, but it is among the younger adults aged 15 to 24 that the impact of within-family income transfers is most significant. Hence, among young main earners aged 15 to 19, 76 per cent live in income precarious conditions compared with only 22 per cent in the 15 to 19 age group as a whole. Similarly, among main earners aged 20 to 24, 37 percent experience income precariousness against 22 percent in the same age group in the general population.

Older people no longer gainfully employed are also more likely to be living with inadequate material resources and income precariousness particularly affects people above the age of 65. The proportion of low income and poor households also tends to rise with increasing age, particularly among the oldest old.

Age related differences in average household income where older people are the main earner or partner of the elderly main earner are present in all countries. Comparing average incomes in the population of active age with the corresponding figures for those aged 65 and over shows that the largest disparities are to be found in the UK and Ireland.

Self-appraisal of the household financial situation in terms of goods, services and activities that cannot be afforded shows that households in which very young adults or the elderly are the main earners are the worst-off. While it may be argued that only small numbers of very young people set up their own household at ages 15 to 19, it must be underlined that elderly households are numerous and are expected to continue to grow in numbers. Moreover, many elderly households cannot afford the things accessible to the majority of the population

Figure 3.4. – Percent of women and men exposed to income precariousness by age group, 15-EU pooled data (ECHP 1996-1998)



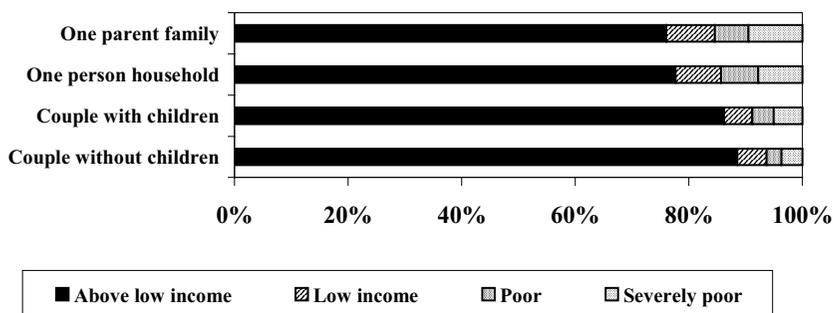
Source : own calculations (Avramov, 2002).

Poverty is also gender sensitive and women have a higher propensity to live in households that are on low incomes and are poor, a difference, moreover, that tends to widen with increasing age (Figure 3.4). Women of all ages are

also less satisfied than men with their financial situation, activity and housing and feel more deprived in terms of access to goods and services as well as being in worse health.

Poverty is associated with partner relations and living arrangements. Some household types are more at risk of income related vulnerabilities than others (Figure 3.5). In particular, single person and one-parent households dependent on one income are less well equipped to buffer the risks associated with rapid or unexpected changes in the labour market and are vulnerable to changes in public policies aimed at limiting transfer payments. When the labour market fails to provide work opportunities or the income from work is insufficient, and when social benefits are low, one-person and one-parent families have a higher than average risk of poverty. Income precariousness affects 24 percent of one-parent households, 22 percent of one-person households, 14 percent of couples with children, and 11 percent of couples without children.

Figure 3.5. – Household types broken down by income categories (non-poor, low income, poor and severely poor), 15-EU pooled data (EHP 1996-1998)



Source: own calculations (Avramov, 2002).

The distribution of household types is given in Table 3.4. While couples with children account for the largest share, there are still significant proportions of one person and one-parent households, with almost three out of 10 households being a single person and seven out of 100 a one-parent household.

Table 3.4. – Household types, 15-EU pooled data (ECHP 1996-1998)

| Household type | Number | Percent |
|-------------------------|--------|---------|
| Couple with children | 21,645 | 34,6 |
| One person | 17,623 | 28,2 |
| Couple without children | 15,858 | 25,4 |
| One parent | 4,232 | 6,8 |
| Other | 3,199 | 5,1 |
| Total | 62,557 | 100 |

Source : own calculations (Avramov, 2002).

3.3. Demographic features and social vulnerability

In view of the importance of changes in partnership and family dynamics for demographic trends and social policy adaptations, income precariousness and other key social disadvantages have been analysed in this chapter as they relate to the combined effect of age, sex and household type.

Social vulnerability is conceptualised as a condition of exposure to risk of social exclusion due to low income, poor education, low activity status, high dependence on public support, together with specific demographic characteristics. Individuals express their social vulnerability as dissatisfaction with particular domains of their activity or living circumstances which is combined with an awareness that they cannot afford many basic goods, services and activities accessible to the majority of the population.

Social disadvantage is an indicator of social vulnerability. In advanced market economies income level is one of the key indicators of living standards and it is for this reason that the identification of domains of vulnerability starts with income indicators. But in order to identify the multiple facets of social vulnerability, the analysis has also pursued other social disadvantages – more particularly those associated with activity and employment status, source of income, education, housing conditions, satisfaction with and self-appraisal of financial circumstances, health and demographic behaviour.

Given the magnitude of the impact of demographic trends on the changing scope of social protection systems, in what follows we first address population ageing and the social conditions of elderly households. We then examine the changing structure of households as it relates to the growth of single-person households and one-parent families. For the sake of consis-

tency, the discussion of single-person households follows that of the elderly because one-person households are already partly addressed in the section on the elderly, many of whom live alone. The third household type to be considered is single parents – virtually all of whom are single mothers, while the fourth household type for discussion is couples with co-residing children.

Chapter 4

Elderly households and social disadvantage

In order to set the stage for the analysis of age related vulnerabilities we first highlight the demographic features of the ageing process as it relates to public policy and the social vulnerability of the elderly.

4.1. Population ageing

Europe is ageing as the population aged 65 and over is growing both numerically and as a share of the total population. At the dawn of the 21st century Europe has the highest proportion of elderly in its total population¹. These figures are well known as are the forces that drive ageing, namely declining mortality and fertility. Lower mortality, first achieved for children and young adults, was followed by falling fertility and improved survivorship at middle age and among the elderly. The result has been a decline in the size of the child population and an increase in the population of older persons.

Europeans are living longer and healthier lives. General cultural and technological developments together with the effective management of change, more particularly advances in medicine and improvement in health care and social protection, have contributed to increased longevity and more disability free years. Although variations among the countries of Europe continue to persist, convergence in standards of governance and the improvement of welfare regimes have brought about low levels of infant and maternal mortality and rising life expectancy at all ages, not least among the oldest old (75 years of age and above).

4.1.1. Facts and figures

During the last four decades of the 20th century, the proportion of persons aged 65 and over in the total population of the 15 countries under consideration rose from 11 percent in 1960 to 17 percent in 2001 (Table 4.1). Between-country differences in the pace of ageing and the impact of changes on national population age pyramids – at the bottom caused by fertility decline and at the top by longevity increase – are, however, considerable. In 2000 Italy had the highest proportion of elderly population at 18

1. Most of the elderly, however, live in developing regions of the world, but there they account for a lower proportion of the population (Cliquet and Nizamuddin, 1999).

percent while Ireland had the lowest at 11 percent. Increasing longevity but particularly persistent low fertility in Italy, Greece, Belgium and Spain over the last two to three decades has resulted in a rapid increase in the number and proportion of elderly people. The number of persons aged 65 and over is currently close to 60 million in the 15 countries under consideration.

Regarding the future, the ageing process will continue everywhere, and in the EU-15 the number of older people (65 and over) is expected to reach close to 70 million by 2010 (EUROSTAT, 2000a), thereafter accelerating markedly in the period 2010-2020. Moreover, due to different initial age structures and fertility levels that continue to vary, differences in the share of the elderly will continue to persist between countries. In addition, within-country variations, already characterised by the concentration of the elderly in particular regions, are likely to be considerable. The 'clustering of the aged' is also expected to progress further, especially in Italy where as much as a quarter of the population in northern and central Italy may be elderly by 2015, northern Spain, the northern and eastern Länder of Germany and the central and southern regions of France (European Commission, 1997).

Table 4.1. – Population aged 65 and over (number and percentage of the total population), 2001

| Country | Population 65+ (number) | Population 65+ (percent) |
|-------------|----------------------------|-----------------------------|
| Belgium | 1,729,700 | 16.9 |
| Denmark | 791,800 | 14.8 |
| Germany | 13,351,300 | 16.2 |
| Greece | 1,819,300 | 17.3 |
| Spain | 6,792,600 | 16.9 |
| France | 9,518,100 | 16.1 |
| Ireland | 423,500 | 11.2 |
| Italy | 10,556,500 | 18.2 |
| Luxembourg | 63,100 | 14.3 |
| Netherlands | 2,174,500 | 13.6 |
| Austria | 1,259,800 | 15.5 |
| Portugal | 1,591,100 | 15.5 |
| Finland | 777,200 | 15.0 |
| Sweden | 1,530,900 | 17.2 |
| UK | 9,316,600 | 15.6 |
| Total 15-EU | 61,696,000 | 16.7 |

Source: Council of Europe 2001.

The growth of the population of oldest old over 75 years of age has been particularly pronounced and is expected to considerably intensify (Cliquet, 1993; Cliquet and Nizamuddin, 1999).

4.1.2. Social construction of ageing

The rise in the numbers of elderly as a consequence of increased life expectancy, the so called 'top-down' ageing of the population (known also as population 'greying'), is generally perceived by academics and policy makers alike as social advancement. It is, however, recognised that the gains in longevity will require many institutional and social adaptations that will affect the lives of citizens of all ages (Cliquet and Nizamuddin, 1999; United Nations, 1999; European Commission, 1996b; 2001a; 2001b).

Fertility decline, the so-called 'bottom-up' cause of population ageing (known also as 'dejuvenisation'), provokes more controversy. It may be perceived as a product of female emancipation or a result of the incompatibilities between female labour market participation and family life; it may be interpreted as a consequence of self-actualisation of both women and men or the consequence of 'shrinking fatherhood' as a form of abdication of fathers from active parenting (NIEPS, 2000). While explanatory paradigms are not in short supply, there is still no consistent perspective in the research community on the relationship between social achievement and the number of children women are willing to bear and men help raise. There is even less consensus about what, if anything, can or ought to be done to influence fertility levels by means of public policies.

Changes in age structure are at the very heart of demography as a discipline and it is no surprise that the body of demographic literature on ageing and its underlying causes built over past 50 years or so is impressive¹. Ever since the strong fertility declines that occurred in advanced market economies in the 1960s and 1970s (and as early as 1950s in some planned economies), demographers have systematically been documenting its impact on changes in the age composition of the population. Every text book on demography contains a section explaining how the combination of persistent low fertility and increase in longevity has resulted in continuous population ageing during the last decades of the 20th century. Numbers and relative indicators presented in tables, graphs, figures and texts illustrating both the ageing process and the steady increase in the numbers of elderly, and more particularly the oldest old, have been constantly produced and publicised by the research community.

1. See Population Index print editions prior to 1988 and <http://library.massey.ac.nz/db/populationindex.htm> for recent years.

Regarding the perception of the social impact of ageing, however, one needs to look beyond quantitative demography. As early as 1954 Notestein addressed some of the demographic aspects of population ageing and identified what was to become one of the mainstream discourses on ageing: "Viewed as a whole the problem of ageing is no problem at all. It is only the pessimistic way of looking at a great triumph of civilisation".

In brief, demographers have been systematically fulfilling their role – they have analysed and publicised the dynamics, causes and possible consequences of population ageing. Who was there to listen outside the research community?

It was only in the last decades of the 20th century, when the ageing process was well advanced and had already started to produce significant changes in public income redistribution patterns that the ageing issue became an important 'social construction' at the European level. As a result, the relevant policy actors have now started systematically taking into account the organisation and functioning of society and in particular its labour market and social protection policies as they are affected by and as they could/should adapt to population ageing. The European Year of Older People and Solidarity between Generations (1993) aimed at looking at how new ideas and practices could be promoted to improve the social inclusion of older people and recommended further European Union-wide actions. Within the framework of the Council of Europe the 6th Conference of European Health Ministers (1999) addressed the theme 'Ageing in the 21st Century: the Need for a Balanced Approach towards Healthy Ageing', where the focus was on challenges to health care policies in ageing societies. One of the key fields of action for the Committee for Social Cohesion, set up in 1999 by the Council of Europe to develop guidelines for a strategy on social cohesion, relates to elderly people.

The UN International Year of Older Persons paved the way for policy action at the world level, while the Programme of Action of the 1994 International Conference on Population and Development (ICPD) addressed the concerns for older persons. In addition, the United Nations Economic Commission for Europe in its 1999 Economic Survey for Europe proposed answers to the question: "Can we afford to grow old?"

If it has become standard practice to include an overview of ageing in statistical portraits, social portraits, and policy statements (for data see: EURO-STAT, 2000a; Council of Europe 2000c, European Commission, 2000a) it is because the issues at stake relate to economy, governance, best practices in public policies and the social rights of citizens.

4.1.3. Heterogeneity of the elderly and public policy

It is a truism that the aged are not a homogeneous group in any country. Among those aged 65 and over, objective indicators such as health profile, income level, housing conditions, ownership of household durables and subjective indicators of sociability and satisfaction exhibit considerable variation. The degree of social inclusion of the elderly depends on their personal well being and the social provision of material and non-material resources that enable them to maintain their independence (with respect to adult children, other family members and public care institutions) as long as they wish.

But although heterogeneous, the elderly have one feature in common: they are more dependent on public policies than any other age group. They depend on the pension system for their livelihood, and on community services, public health and care facilities for their prolonged autonomy. This is not meant to imply that they do not exchange resources and care with their family. It is well known that the elderly are often contributors to and not just recipients of informal family help, and that their general well-being is associated with family life both when they co-reside with adult children and live on their own. Elderly dependency simply implies that in European welfare states the social protection system is their main provider and largely relieves the demands that would otherwise fall on families.

Public interest in ageing relates to labour market policies, retirement policies, health care policies, social benefits policies, long-term care policies, housing and environment policies, gender policies, and policies for the empowerment and a more general social role for the elderly. This, as a rule, is where the consensus among researchers and with policy actors ends, i.e. at the identification of issues.

Whether ageing is presented to the general public and dealt with as a social issue or as a social problem depends largely on the country-specific structure and history of the welfare state and its capacity for reform.

4.1.4. Active ageing or activating the aged

Our desktop overview of mainstream research-based policy responses to population ageing at the European level at the end of the 20th century is summarised in the following statement: "Active ageing is the key, with people contributing to society in terms of capability, rather than chronology – working longer, retiring later and more gradually, being active after retirement and engaging in health-prolonging activities" (Larsson, 1999).

Adapting workplaces and labour markets to meet the challenge of ageing involves strengthening employability of older persons and promoting women's labour market participation. Adjusting retirement and pensions

implies reversing the trend towards early retirement and securing the revenue base for publicly funded pensions. In brief, adaptations relate to working longer and improving employment rates (European Commission, 1996b; 1999b; 1999c; 2000c).

This mainstream, of course, is not the only 'social construction' surrounding the issue and there has been a steady stream of alarmist statements both by researchers and policy makers. Some are pushing to the policy fore the idea that fully funded pension schemes are the 'only' sustainable funding model in ageing societies. Others have been radical in dismissing the more pessimistic visions of aged societies that predict the collapse of the social protection system and the loss of vitality and creativity as 'voodoo demography' (Schulz, 1999).

4.1.5. Social protection and the rationale of pillars

Europe is home not only to the highest proportion of elderly population but is standard setting in respect to social protection. Civic and social rights originated in Europe (de Lourdes Pintasilgo, 1996) and they have gradually been built into institutional and social relations that shape the life of individuals and pattern intergenerational transfers of material and non-material resources. The first statutory retirement age was established in Germany with the Bismarckian old-age and disability pension scheme in 1891 with the age limit for receiving an old-age pension set at 70 years – a threshold to which most people did not survive in those days. In 1913 this was decreased to 65 years of age, a limit which was later adopted by most other industrialised nations as well (Jacobs *et al.*, 1991).

The adaptation of welfare models in ageing societies is frequently publicised as the promotion of the so-called 'second pillar' of provision. The rationale and the main feature of the 'second pillar' – which comprises a variety of private or public, and compulsory or voluntary schemes and arrangements – is often presented as the opportunity for citizens to obtain social protection benefits beyond and above their entitlements under mandatory state legislation. The controversies around so-called 'second pillar' benefits mainly relate to the fear that it may gradually erode the social solidarity on which the 'first pillar' relies, namely that mandatory state provision could well decrease both in relative and absolute terms. This, it is argued, would have as consequence the establishment of a two-tier society (European Commission, 1996a).

In order to reduce the weight of ideology in the debate about the 'two pillars' (both are directly and indirectly co-funded by the state through taxation and tax rebates, albeit in various welfare-mix models and with different target groups benefiting from preferential treatment) better insight into dependency patterning is required. Under conditions of increasing depend-

ency of the working-age population on social benefits, the classical demographic indicator 'dependency ratio' expressed in terms of chronology is no longer sufficiently precise. Postponed entry into first employment in conjunction with decreased job stability and difficult re-entry into the workforce after episodes of unemployment or inactivity creates dependencies, which are buffered by private strategies and/or public policies.

Demographers have systematically stressed that age dependency ratios are crude measurements that can be misleading. Ratios that take into account the actual labour force participation by age should be the preferred measures of dependency and projections of the 'labour force dependency ratio' (the ratio of paid workers to non workers) have indeed been made for numerous countries. It is both a research and policy challenge at the European level to focus on people working and not working in all age groups.

The necessity to distinguish between the potential workforce and the actual number and share of people in employment (conventional old-age dependency ratio vs. effective dependency ratio) has been recently taken on board by the European Commission. In its 1999 Social Protection Report the Commission states that only six out of every 10 working-age people were in paid employment in the late 1990s. In other words, a large proportion of the working-age population played no role in generating income from which pensions for those in retirement are paid. Those who are unemployed (estimated at some 7 percent), inactive women (the greatest potential addition to the workforce) and men in early retirement (estimated at around one-third of the inactive population of working-age), when taken into account, considerably increase the effective dependency ratio. Policy actors are currently looking at ways to increase the proportion of the working-age actually in work (EUROSTAT, 2000a).

Longitudinal studies based on micro-level data of employment histories, changes of employability over the life course – in terms of skills, motivation, mobility and work-ability – and work-generated income history, would give the additional information necessary for informed policy choices. It is public policies about solidarity patterns that should deal with unemployment and casual employment related risks and the impact at high age of episodes of non-payment into the 'second pillar' due to low income or the absence of work related income during the peak years of work-ability. It may therefore be necessary to create a 'third pillar' of public provision to fill the gaps left by the movements of people into and out of work at different stages in the life course.

To date, reference to the 'third pillar' has mainly implied individual savings to meet individual aspirations and is therefore understood to relate to private

aspirations rather than collective pension savings (see for example: WRR Scientific Council for Government Policy, the Netherlands, 2000).

At the policy level, the discourse is oriented towards reforms designed to reduce the burden of public pensions, namely the provision of disability, old-age and survivors' benefits under compulsory social security legislation. This is often presented in the form of a choice between pay-as-you-go (PAYG) and private, fully funded schemes. A broad range of research projects are currently assessing the cost of switching to fully-funded schemes and the administrative costs of running them as well as risks associated with volatile financial markets. There is no conclusive or even well supported evidence about benefits of fully funded schemes in terms of higher levels of savings and investment and higher rates of economic growth (Economic Survey of Europe, 1999). By contrast, there is an increasing policy consensus that the current PAYG system can be substantially improved by the modification of the minimum retirement age, activation of part of the inactive working-age population and/or adaptations of contribution rates – in other words by relatively small changes (European Commission, 2000a). A multi-pillar approach to pensions is also gaining support as a 'soft' policy reform component.

We know, beyond reasonable doubt, that the number and proportion of population aged 65 and over will continue to increase. It is not quite clear how the policy priorities – reducing youth unemployment and strengthening the employability of the elderly, or adapting the working environment and forms of working to both the young (reconciling work and family life) and older population (reconciling the work environment with the erosion of work-ability) – are to be translated into practice under conditions of capital-intensive labour-saving economic growth in the global economy. Consensus on policy aims was easier to reach than agreement on feasible integrated implementation strategies and efficient allocation of resources.

Embarking upon any reform in Europe, be it radical like switching to fully-funded pension schemes as proposed by some interest groups, or 'soft' reforms to make pensions safe and pension systems sustainable by means of relatively small adaptations, requires an assessment of the achievements and shortcomings of the current system both in terms of the macro-economic impact of different pension schemes and the quality of life of all citizens.

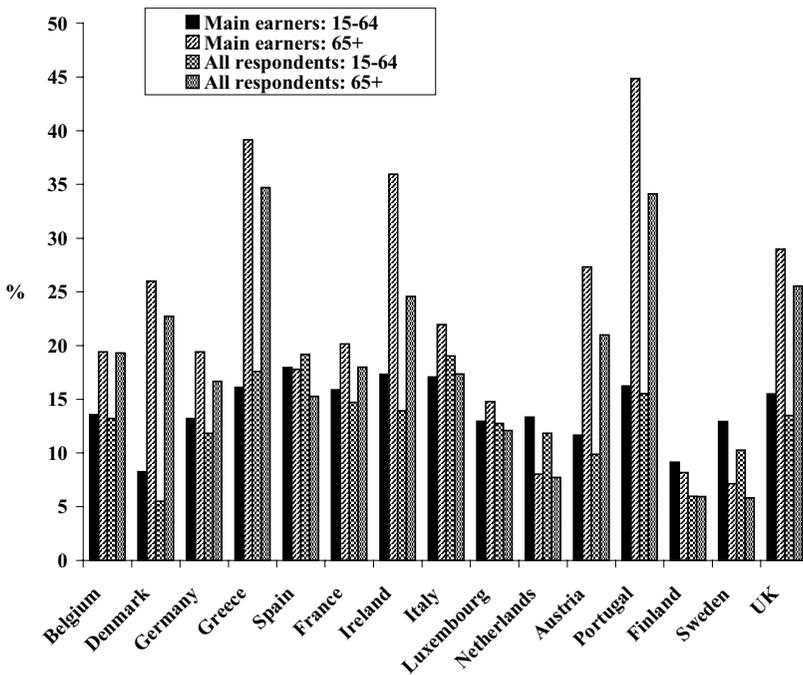
In the following section, we focus on the achievements and shortcomings of the present system of social protection as it affects senior citizens in general and the socially vulnerable elderly in particular.

4.2. Income according to age

4.2.1. Low-income elderly

If we look at all elderly people above the age of 65 regardless of the type of household they live in, the proportion experiencing income precariousness stands at 19 percent, while the proportion on low incomes is 9 percent, with the poor and severely poor each accounting for 5 percent. The numbers with financial resources below the low-income threshold are lowest, in relative terms, in Finland and Sweden (6 percent) and highest in Greece and Portugal (35 and 34 percent respectively).

Figure 4.1. – Breakdown of all respondents and main earners living in households exposed to income precariousness by those of working age (15-64) and the elderly (65+) and by country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Taking households in which an elderly person is the main breadwinner shows somewhat higher proportions affected by income precariousness, with an

average of 22 percent of such households having incomes below the 60 percent threshold. In terms of all three thresholds, namely 40 percent, 50 percent and 60 percent below the median, then 10 percent of households have low incomes, 6 percent are poor and 6 percent live in severe income poverty. The proportion of elderly households in financially precarious conditions varies from 7 percent in Sweden and 8 percent in Finland and the Netherlands at the lower end of the scale, to 36 percent in Ireland, 37 percent in Greece and 44 percent in Portugal at the upper end of the scale (Figure 4.1.).

Comparisons between the income precariousness of all elderly people and those households in which an elderly person is the main breadwinner indicate that some of the elderly, particularly in the countries of southern Europe, reduce the risks of poverty by cohabiting with other family members, usually adult children. Such arrangements act as a buffer against the income precariousness of elderly relatives through the sharing of households and the pooling of income.

However, in many countries neither the market nor the intervention of the family manages to reduce income precariousness among the elderly to the level of the average population.

If we consider households in which an elderly person is the only individual with an income or is bringing more into the home than other individual members, the gender difference in income precariousness is large. Hence, whereas 23 percent of elderly women are, on average, affected by income precariousness the corresponding figure for men is 14 percent.

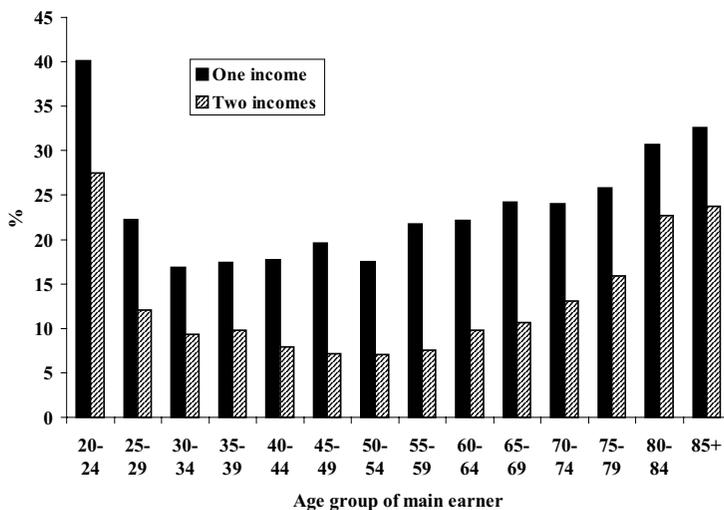
However, low incomes are but one indicator of age related vulnerability and income precariousness should also be placed in the general socio-cultural context of other age specific disadvantages. It is for this reason that we have to compare elderly households with other age groups on indicators of material and non-material means, sociability and satisfaction.

4.2.2. Dual incomes

The data indicate that an important factor behind the differences in household vulnerability or prosperity at different ages relates to whether the main sources of household income come from one or two persons. If it is only from one then the prevalence of income precariousness is more than twice that found in dual income households (Figure 4.2.).

The difference is greatest among the youngest and middle aged age groups and decreases somewhat at older ages. However, the data also suggest that even when the elderly have two incomes the proportion experiencing income precariousness is still higher than among the population of active age, i.e. two pensions do not suffice to protect some elderly from poverty.

Figure 4.2. – Percent of one and two income couples exposed to income precariousness by age group of main earner, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

4.2.3. Sources of income

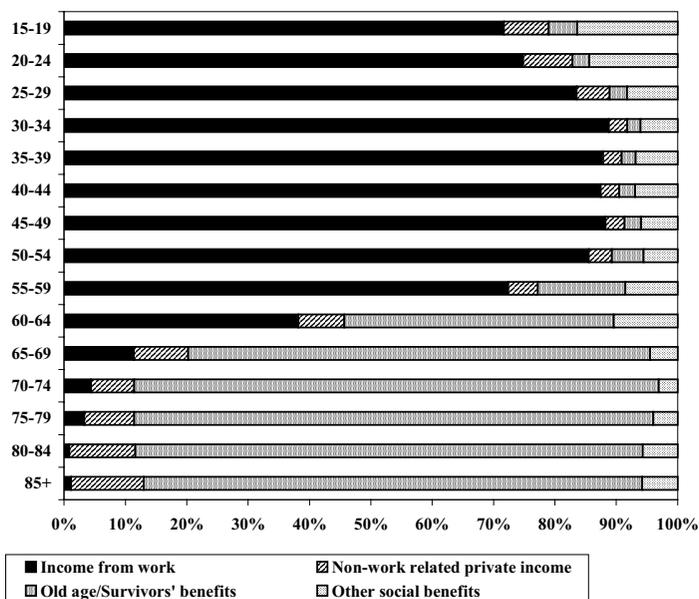
Source of income is an important indicator of the degree of personal autonomy and the relevance of public transfer payments for protection against poverty. Four sources of income are considered here: work, old age and survivors' benefits, other social benefits and private non-work related income (capital and property). While the last mentioned is the least important for all age groups, it does account for a somewhat higher share of income among the elderly than the working age groups.

The key differences obviously concern income from work that reaches a high level between the ages of 30 and 55, and pensions that become increasingly important after the age of 55.

From the point of view of public funding, the elderly are most dependent on social transfers, comprising pensions, and sickness/invalidity, unemployment, housing, social assistance and family related benefits. The older age groups depend almost entirely on benefits, with work and private non-work related income accounting for only 13 percent of the total income of people aged 65 and over. Indeed, but for social transfer payments as many as nine out of every 10 elderly would have no personal income.

The importance of social benefits, other than pensions, is evident at all ages (Figure 4.3.). Social benefits that supplement personal income are proportionately most important for the 15-64 age groups and, other than pensions, decrease as a share of personal income up to the age of 74 before rising again.

Figure 4.3. – Sources of household income by age group of main earner, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Whether incomes are below or above the low-income threshold also varies according to their source. Average pensions obviously differ considerably between the two income levels and supplementary social benefits are less important in elderly households that experience income precariousness than in those whose income lies above the 60 percent threshold, whereas the opposite is the case among the active population. Housing benefits are also lower in elderly households below the low-income threshold, with the opposite again being the case in the active population and the same holds for sickness and invalidity benefits.

4.2.4. Low incomes before and after social benefits

Supplementary social transfer payments lift a considerable number of households out of poverty. Over the entire population the proportion of households that would be on low incomes were it not for social benefits would stand at 25 percent against an actual figure of 17 percent once benefits are taken into consideration. For those aged 65 and over, these figures are 30 and 22 percent respectively.

Thus, while transfer payments decrease the proportions of households experiencing income precariousness at all ages, the payment of social benefits does not eliminate the income disparities between age groups.

Table 4.2. – Proportion of elderly households (main earner aged 65+) exposed to income precariousness before and after social benefits to supplement pensions and non-work related private income, by country (ECHP 1996-1998)

| A Country | B Income precariousness before social benefits | C Income precariousness after social benefits | D Difference between B and C | E % decrease (D x 100/B) |
|-----------------|--|---|---------------------------------------|--------------------------------|
| Belgium | 22 | 19 | 3 | 14 |
| Denmark | 48 | 26 | 22 | 46 |
| Germany | 23 | 19 | 4 | 17 |
| Greece | 41 | 39 | 2 | 5 |
| Spain | 24 | 18 | 6 | 25 |
| France | 26 | 20 | 6 | 23 |
| Ireland | 48 | 36 | 12 | 25 |
| Italy | 27 | 22 | 5 | 19 |
| Luxembourg | 17 | 15 | 2 | 12 |
| The Netherlands | 12 | 8 | 4 | 33 |
| Austria | 32 | 27 | 5 | 16 |
| Portugal | 51 | 45 | 6 | 12 |
| Finland | 15 | 8 | 7 | 47 |
| Sweden | 21 | 7 | 14 | 67 |
| UK | 52 | 29 | 23 | 44 |

Source : own calculations (Avramov, 2002).

The chances of elderly people being pulled out of income precariousness by means of social transfers that supplement low incomes from pensions vary markedly between countries (Table 4.2). The lowest proportions of elderly with low incomes or living in poverty after supplementary social transfers are found in Sweden, Finland and the Netherlands (7 and 8 percent respectively) while the highest proportions occur in Portugal and Greece (45 and 39 percent respectively). When we examine the efficacy of such benefits in terms of the percentage of pensioners lifted out of income precariousness, the most efficient countries are Sweden, Finland, Denmark and the UK (decreases of 67, 47, 46 and 44 percent respectively) and the least successful are Greece, Portugal and Luxembourg (5 and 12 percent decrease respectively).

It is striking that in several countries as many as one in two households that earned their pensions in the labour market have not been protected by the market from poverty in old age and it is social benefits based on the redistribution of income that lift them out of poverty after retirement.

Large numbers of elderly households, both in absolute and relative terms, are at risk of income precariousness because their insurance-based benefits are too low and it is clear that needs-based rights to benefits funded from public sources and granted in addition to pensions are necessary to ensure adequate incomes for this section of the population.

4.3. Education and activity

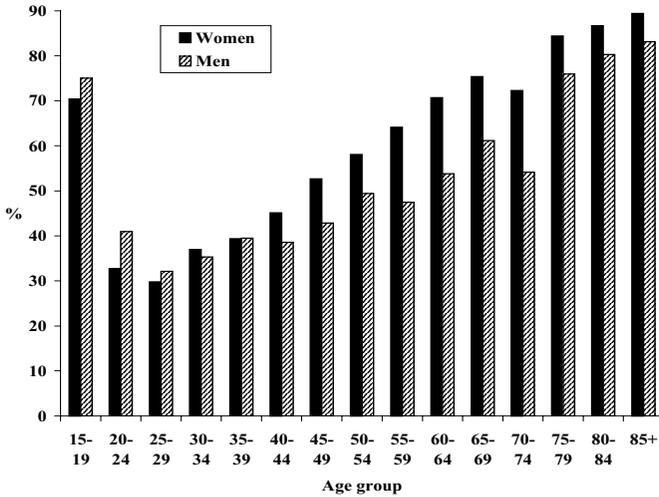
4.3.1. Education

The educational profile of the elderly based on the individual ECHP data files presents the following picture.

Defining the threshold of low education attainment for this study as a failure to complete secondary schooling, illustrates two phenomena: the rising standard of education during the life courses of individuals up to the ages of 25 to 29, and generational improvements in attainment among younger age groups (Figure 4.4). The elderly are clearly over represented within the poorly educated population.

The age distributions of educational attainment for men and women are similar – namely there is a clear generational effect for both sexes with younger generations attaining higher standards. However, the average educational profile of women is less favourable, with the proportion of middle age and older women having only elementary or incomplete secondary schooling being higher than for men. Among younger age groups, however, women are rapidly catching up, more particularly at the level of tertiary education (Figure 4.5).

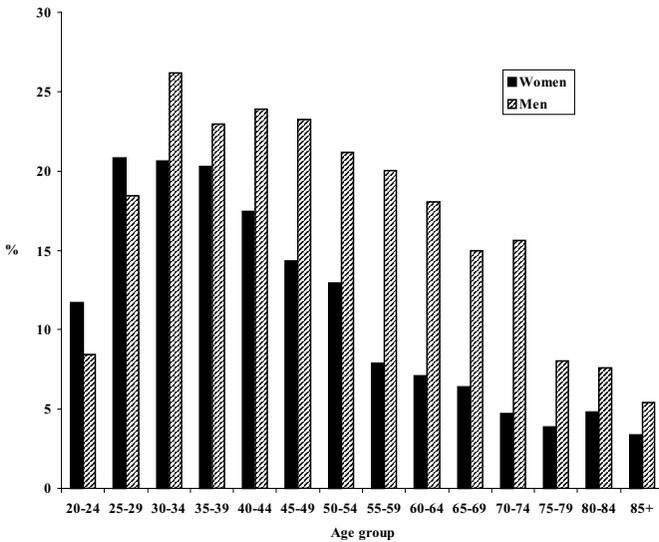
Figure 4.4. – Percent of women and men with incomplete secondary schooling by age group, EU pooled data* (ECHP 1996-1998)



*Data for the Netherlands are not included.

Source : own calculations (Avramov, 2002).

Figure 4.5. – Percent of women and men with third level education by age group, EU pooled data* (ECHP 1996-1998)



*Data for the Netherlands are not included.

Source : own calculations (Avramov, 2002).

4.3.2. Activity

Differences in activity by age largely follow the well-known life course trajectory. Inactivity is much higher among women and female unemployment rates are also somewhat higher.

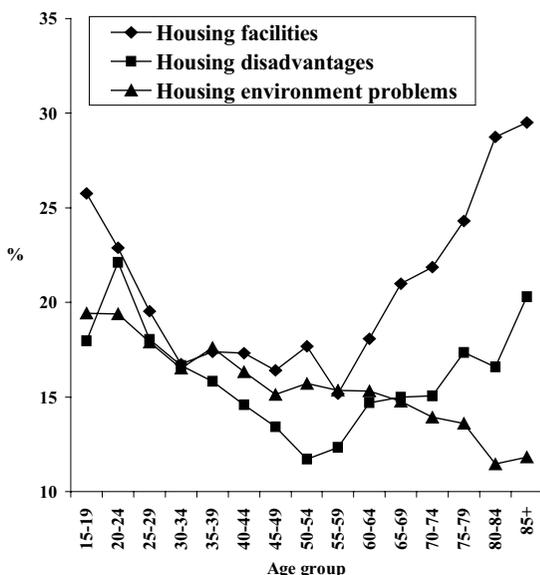
Few people above the age of 65 are still in work, although there are variations by country. Hence, whereas in most countries the proportion of elderly men in paid work lies below 5 percent, it is considerably higher in Portugal and Ireland at 19 and 16 percent respectively. Otherwise the proportion of elderly women in paid work is generally below 2 percent, the exception being Portugal with 9 percent of women above the age of 65 still working.

4.4. Housing problems and household durables

4.4.1. Housing stress

Housing stress, expressed as the sum of the problems associated with inadequate housing facilities, the experience of housing disadvantage, and problems with the housing environment, is highest among young households

Figure 4.6. – Households lacking housing facilities, experiencing housing disadvantages, and housing environment problems (composite threshold indicators) by age group of main earner, EU pooled data* (ECHP 1996-1998)



*Data for Sweden are not available.

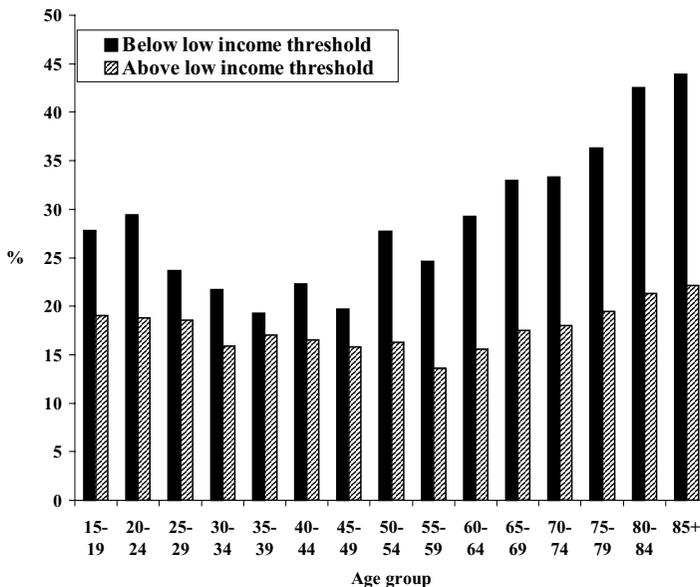
Source: own calculations (Avramov, 2002).

with main earners aged between 15 and 29. It is lowest in households with heads between the ages of 45 and 58 but increases again among the elderly, affecting one out of every five households with heads aged 75 and over.

The types of housing problem experienced also vary by age. Inadequate housing facilities, such as the lack of a separate kitchen, bath, flush toilet, hot running water and central heating, increase sharply for households headed by people above the age of 60 (Figure 4.6.), and affects one out of every three households with heads aged 80 and over. The composite indicator of housing disadvantage that takes account of shortage of space, a lack of light and adequate heating, leaky roofs, damp walls, and rot in windows, also tends to be higher among the elderly, although problems with the general housing environment are of lesser concern to the group. Indeed, noise from neighbours, outside noise, pollution and vandalism tend to decline in importance with increasing age.

However, housing stress and housing problems are considerably higher among households of all ages experiencing income precariousness and are also of greater significance in households where women are the main earners (Figure 4.7).

Figure 4.7. – Households in income precarious conditions experiencing housing stress (composite threshold indicator) compared with better-off households by age group of the main earner, EU pooled data* (ECHP 1996-1998)



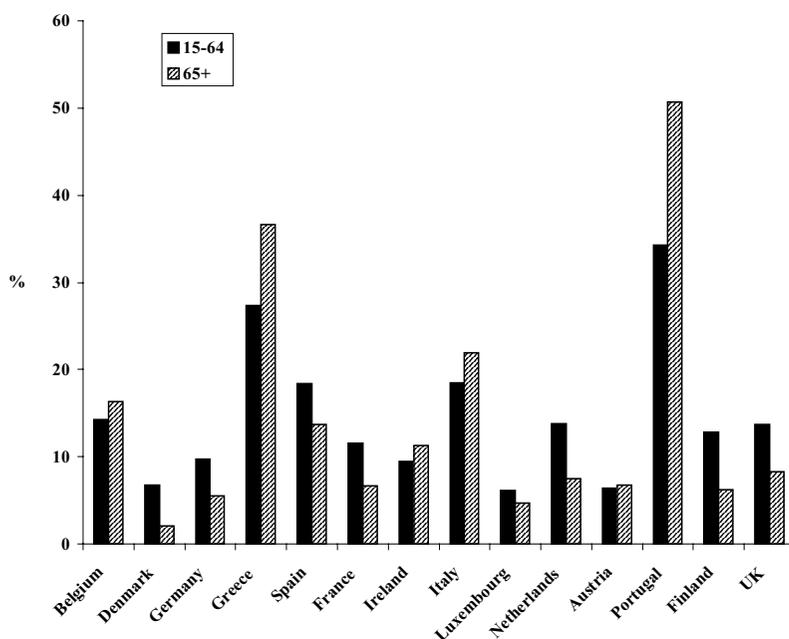
*Data for Sweden are not available.

Source: own calculations (Avramov, 2002).

In this context, housing stress is defined as a composite indicator that measures the combined effect of several aspects of deprivation with the use of a set of weighted variables, thereby identifying the proportion of households with a higher prevalence of problems.

Another way of investigating the different types of problem is by considering the prevalence of specific variables in a population. Regarding specific problems with respect to accommodation, the data show that outside noise is the most widespread nuisance at all ages particularly for Germans, Italians and the Dutch. The elderly, however, appear to be less disturbed by noise from neighbours than either the middle aged or younger people. Lack of space, on the other hand, primarily affects younger adults. It exhibits a peak in the 30 to 34 age group, decreases up to ages 70-74 and then rises slightly among the oldest old. Lack of central heating is a particular problem after the age of 65, with some 30 per cent of elderly people over the age of 85 lacking this facility. Regarding problems with humidity, damp walls, leaky roofs, inadequate light and lack of adequate heating, there are no major age differences up to the age of 70, but thereafter the proportions reporting these difficulties tends to increase.

Figure 4.8. – Households experiencing housing stress (composite threshold indicator) according to main earners of working age and aged 65 and over by country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Vandalism and local crime affects a considerable proportion (an average of 17 percent) of people at all ages. Variations between countries are, however, more pronounced than age related differences, with only 7 percent in Austria, but 27 percent of people in the UK complaining about vandalism or crime in their housing environment.

Taking into consideration all three composite indicators of housing deprivation, housing stress is highest in Portugal, Greece, Spain and Italy. It is also precisely in these countries that the differences in housing stress between those of active age and the elderly are greatest, the elderly clearly being worse off (Figure 4.8). In the other countries under consideration there is either little difference between the elderly and the active age groups in respect of housing stress, or it is the younger elements of the population that experience the greatest levels.

Home-ownership varies according to age and, in terms of the main earners in households, is lowest among the younger age groups, e.g. two thirds of household heads aged 15 to 29 live in rented dwellings. Tenancy status tends to change after the age of 30 and some six to seven out of every 10 households in which the main earner is over the age of 35 live in owner occupied dwellings.

There are also considerable differences between countries regarding access to home ownership, which reflect specific policies in respect of loans and mortgages. Typically, in the countries of southern Europe people rely on private savings and family networks when purchasing a dwelling. Here, the general lack of public subsidies – in terms of access to loans at preferential interest rates, tax relief and other incentives – has meant that the proportion of homeowners with mortgages is considerably lower than elsewhere. By way of example, eight out of every 10 homeowners in Denmark and nine out of 10 in the Netherlands have loans or mortgages, whereas in Greece and Italy the corresponding figure is only one in 10.

Ownership status is clearly correlated with income particularly for people of working age. Hence, among those aged 15 to 64 on incomes less than 60 percent of the national median, the majority are tenants and only four out of 10 own their own homes. Among the elderly in income precarious conditions, however, the difference is less significant, with six out of 10 being homeowners.

4.4.2. Household durables

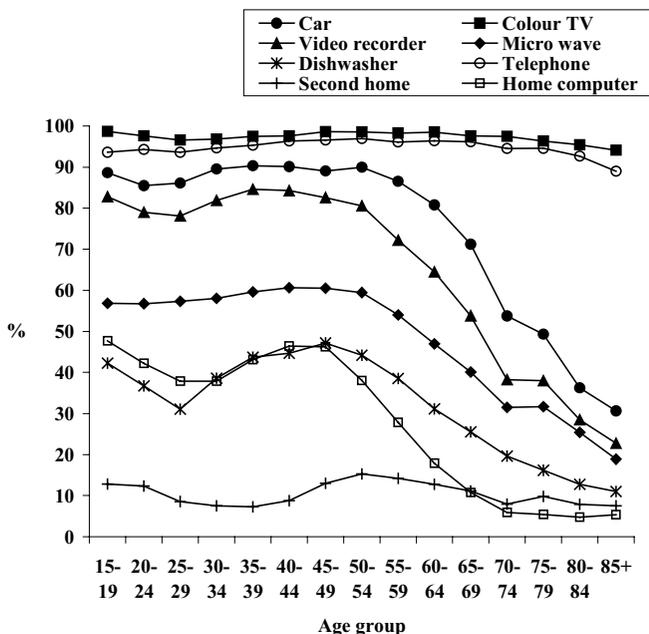
One indicator of prosperity is having access to modern household appliances, such as a telephone, colour TV, video-recorder, dishwasher, microwave or computer, and more expensive items like a car or second home. Ownership

of these articles is not only dependent on being able to afford them but also on preferences and generational patterns of consumption.

The population of middle age (45-49) owns more household durables than other age groups as do households in which men as opposed to women are the main earners, particularly among the elderly. Moreover, these variations by age and sex are virtually identical in all countries, excepting Greece and Portugal where ownership levels tend to be lower at all ages.

Regarding items that facilitate communication, namely televisions and the telephone, it is clear that virtually every household has direct access to these things. This is particularly important for the elderly who are more likely to be house-bound than other groups. Among those aged 65 and over who do not have access to a television set (3 percent of all the elderly) only 1 percent cannot afford it, with the others doing without for 'other reasons'. Otherwise, 5 percent do not possess a telephone, with 2 percent not being able to afford it. The proportion of people having access to both a television and a telephone is slightly lower among people above the age of 75 (Figure 4.9).

Figure 4.9. – Percent of all respondents having access to various household durables by age group, EU pooled data* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

*Data for some durables are not available for all 15 countries..

Access to items like videos, micro waves, dishwashers or home computers is substantially lower among those over the age of 60. New technologies require new skills and the participation of the elderly in these activities, particularly information technology, lags behind the population at large. Access to a car also decreases substantially above the age of 60. The data do not allow for a nuanced distinction between income related difficulties and personal preferences, since the question was formulated so as to offer only two possible responses: cannot afford it, or do not have it for other reasons. But it is reasonable to suppose that 'other reasons' will relate either to personal preferences or to the obstacles that are associated with the physical impediments or learning difficulties that come with increasing age. Indeed, as far as car ownership is concerned, the overwhelming majority of households headed by a person above the age of 60 do not have a car for reasons other than financial constraints.

The data on income do, however, show that elderly households experiencing income precariousness give the answer 'cannot afford it' twice as frequently as the better-off elderly regarding all durables. They also suggest that individuals not experiencing income precariousness are more likely to invoke 'other reasons' for not possessing particular durable items regardless of age. On the other hand, households with incomes below the 60 percent cut-off point more often respond 'not being able to afford it' to the same question.

Only a minority of people have access to a second home which hovers around 10 percent in all age groups.

4.5. Social contacts and satisfaction

4.5.1. Social contacts

The most frequent social contact for the elderly is talking to neighbours and eight out of every 10 elderly people engage in this activity on most days of the week. In addition, seven out of every 10 elderly individuals also meet people not living in their household on most days of the week. But while the overwhelming majority have regular and frequent contacts, a significant minority still lack social interaction and talk to or meet people not living in their household less frequently than once or twice a month.

Differences in the frequency of casual social contacts with neighbours and friends according to age are small, with casual contacts increasing somewhat around the age of retirement and decreasing only among the oldest old. This, however, does not imply that the sociability of the elderly increases at retirement. Given that six out of 10 of the population of working age are in the labour force and interact with their fellow workers and others on daily basis, while inactive younger women have contacts via their family and children's

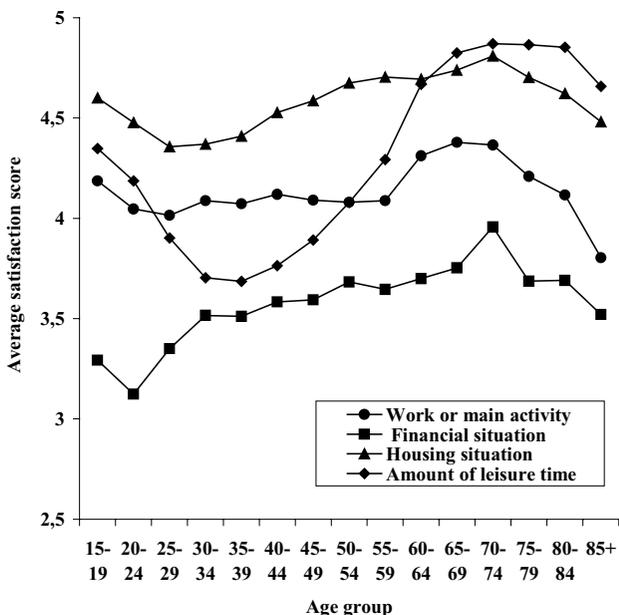
activities, it should be acknowledged that the elderly rely mainly on private networks and occasional social contacts.

One third of people belong to a club but membership falls away with age more particularly after 75. There are considerable differences between countries in membership rates which clearly point towards different institutional settings for formalised social activities.

4.5.2. Satisfaction

The elderly are most satisfied with their leisure time, with those between the ages of 65 and 84 scoring 5 on a six-point scale, while the least satisfied are the middle-aged (Figure 4.10). Indeed, the retired are generally more satisfied with the fact that they are retired than are the population of working age with the fact that they have to work, with only the oldest old expressing a lower level of satisfaction. At all ages, people are least satisfied with their financial situation, although the elderly are again somewhat more satisfied in this respect as they also are with their housing situation.

Figure 4.10. – Average satisfaction scores for work or main activity, finances, housing and leisure – all respondents by age group, EU pooled data* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

*Data for Sweden are not available.

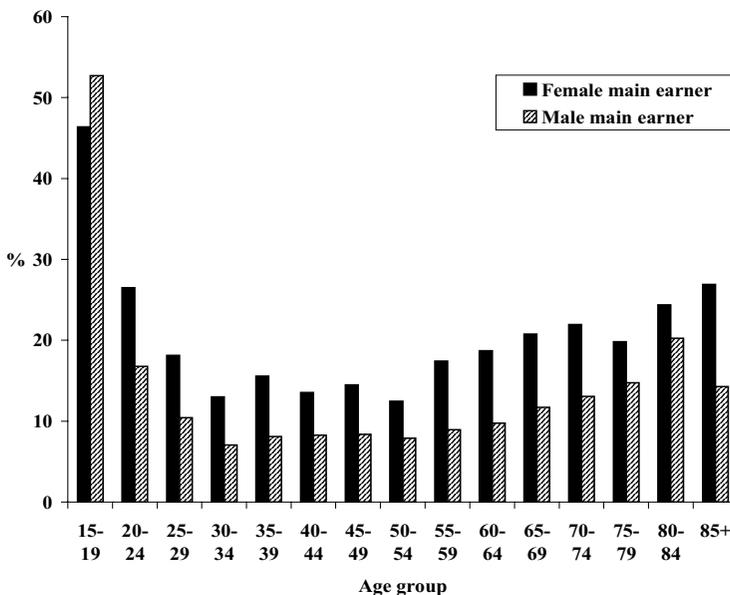
Geographically, the elderly are least satisfied in the countries of southern Europe – Italy, Greece, Spain and Portugal – on all counts: activity, housing and financial situation. In addition, the elderly are more satisfied with retirement than the working age population are with work in all but two countries – Italy and Portugal. They are also more satisfied with their financial situation except in Greece and Portugal, while in Italy there is almost no difference between the two groups. Otherwise, the elderly are generally more satisfied with their housing except in Greece, Italy, Portugal and Spain.

4.6. Composite indicators of vulnerability

4.6.1. Composite indicator of means (CIM)

The composite indicator of means that includes income, education and housing (the main earner is the reference person) is based on the following thresholds: income 60 percent of the median; education level (less than secondary school attainment); and housing problems (the average plus one standard deviation). It picks out clear variations by age, with the worst-off

Figure 4.11. – Households with poor material means (composite threshold indicator of means, CIM) by age group of female and male main earners, EU pooled data* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

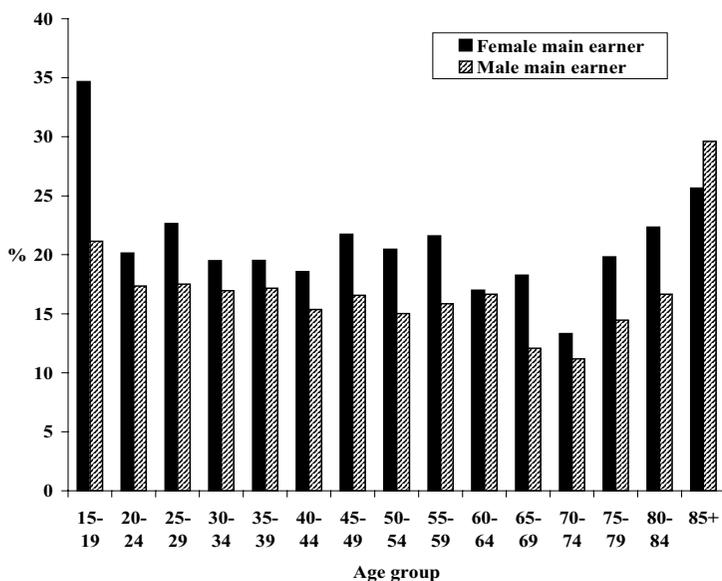
*Data for Sweden are not available.

being young adults aged 15 to 19 and the elderly above the age of 75 (Figure 4.11). Women are also more likely to experience overlapping disadvantages in terms of low income, bad housing and low education than men with the disparities being greatest among the old.

4.6.2. Composite indicator of satisfaction (CIS)

The composite indicator of satisfaction relates to work/activity, finances and housing, the threshold defining low satisfaction being set as the average minus one standard deviation (Figure 4.12). While the age variations in CIS are less than in CIM, the proportion falling below the threshold, i.e. the dissatisfied, decreases gradually up to the age of 74 and then increases again. Dissatisfaction among women is systematically higher than among men at all ages up to 85+.

Figure 4.12. – Households dissatisfied with work or main activity, finances and housing (composite threshold indicator of satisfaction, CIS) by age group of female and male main earners, EU pooled data* (ECHP 1996-1998)

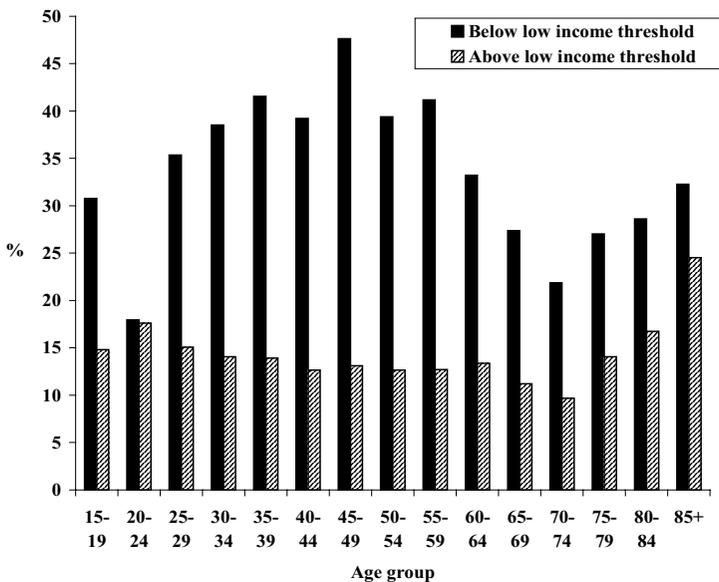


Source: own calculations (Avramov, 2002).

*Data for Sweden are not available.

The proportion who are dissatisfied (i.e. below the CIS threshold) among people in income precarious conditions is clearly higher than among the better off at all ages. It peaks within the population of active age, affecting around 40 percent of people aged 30 to 59, but is somewhat lower among the elderly. Age related differences in levels of satisfaction are less marked among the better-off (Figure 4.13).

Figure 4.13. – Households in income precarious conditions dissatisfied with work or main activity, finances and housing (composite threshold indicator of satisfaction, CIS) by age group of main earner compared with better-off households, EU pooled data* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

*Data for Sweden are not available.

4.6.3. Composite indicator of subjective appreciation of financial situation (CIF)

The actual perception of deprivation, measured in terms of basic goods, services or activities that the elderly cannot afford, is broadly consistent with objective measures of income poverty (Table 4.3).

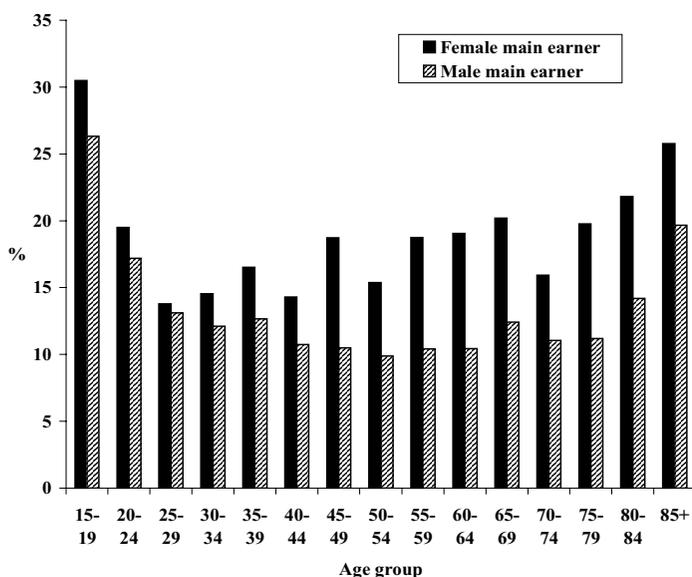
Table 4.3. – Proportion of households with poor means (CIM), low satisfaction (CIS) and inadequate finances (CIF) (composite threshold variables) for female and male main earners aged 15 to 64 and 65 and over, EU pooled data* (ECHP 1996-1998)

| Indicator | Age group 15-64 | | | Age group 65+ | | |
|------------------------|-----------------|-----|-------|---------------|-----|-------|
| | Women | Men | Total | Women | Men | Total |
| Poor means, CIM | 16 | 9 | 11 | 22 | 13 | 18 |
| Low satisfaction, CIS* | 20 | 16 | 18 | 18 | 14 | 16 |
| Poor finances, CIF | 16 | 11 | 13 | 19 | 12 | 16 |

Source: own calculations (Avramov, 2002).

*Data for Sweden are not available for satisfaction variables.

Figure 4.14. – Households in a poor financial situation (threshold composite indicator of appreciation of financial situation, CIF) by age group of female and male main earners, EU pooled data* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

*Data for Sweden are not available.

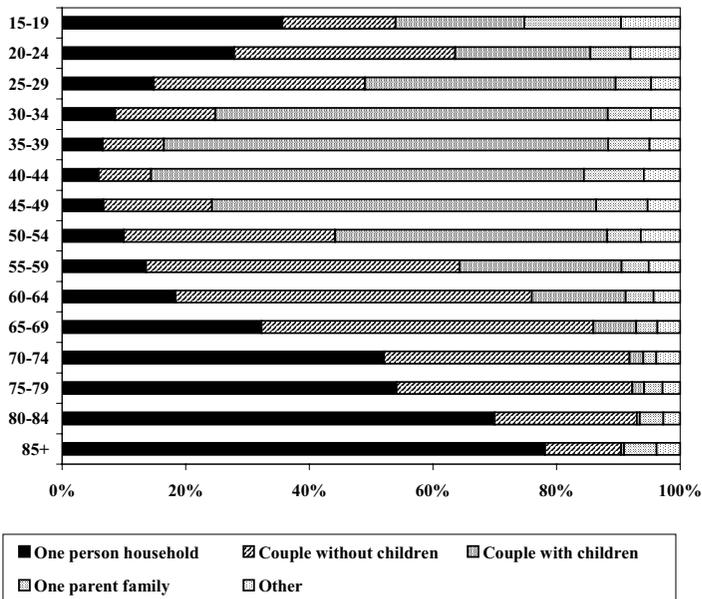
Women are far more often unable to afford certain basic items than men, and where females are the main earners household deprivation grows almost linearly by age. By contrast, in households where men are the main breadwinners the graph is 'U' shaped, implying that the least deprived are those aged between 40 and 54 and that a lack of financial resources impacts increasingly on basic consumption after that particularly above the age of 79 (Figure 4.14).

4.7. Demographic characteristics

4.7.1. Household type

Household types largely evolve according to stages in the life course and at higher ages are significantly different for women and men (Figures 4.15 and 4.16).

Figure 4.15. – Household types by age group of women (main earner or partner), 15-EU pooled data (ECHP 1996-1998)

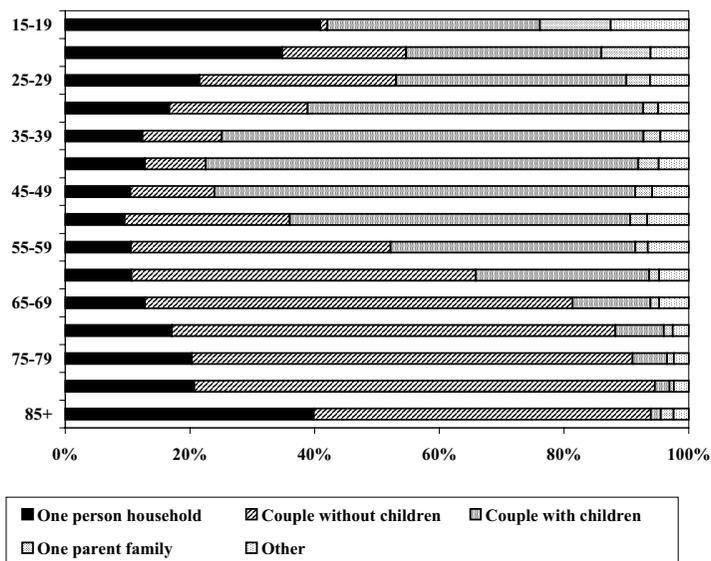


Source: own calculations (Avramov, 2002).

Half the population of elderly women (65+) live in single person households and only 40 percent with a partner. Relatively few live with a spouse and children (3 percent), in one-parent families (3 percent) and with other family members or other persons (4 percent). For men the main difference lies in the

higher proportions living in married-couple households without children (70 percent), and the lower share of single person households (18 percent).

Figure 4.16. – Household types by age group of men (main earner or partner), 15-EU pooled data (ECHP 1996-1998)

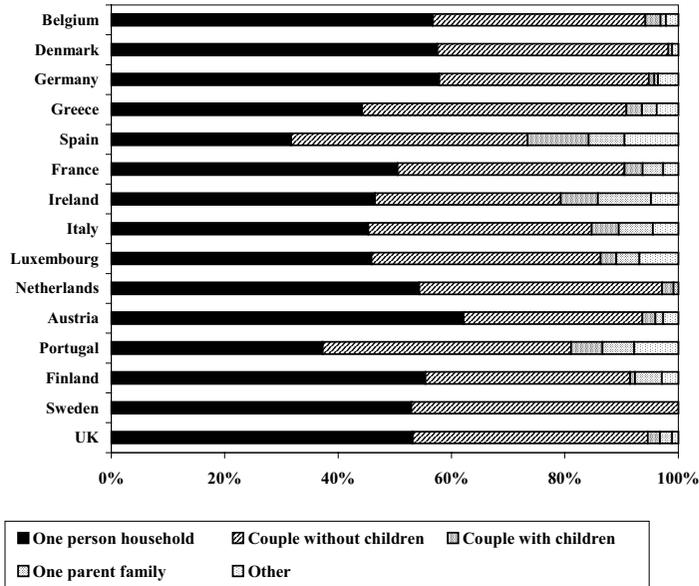


Source : own calculations (Avramov, 2002).

The disparities also tend to widen with increasing age. Between 65 and 69, five out of every 10 women and seven out of every 10 men live with a partner whereas three out of 10 women and only one in 10 men live in single person households. With rising age, however, the proportion of single person households increases and among those aged 80 and over seven out of 10 women and two out of 10 men live alone. The sex disparity is at its greatest among oldest old, when most men are still living with a partner whereas the overwhelming majority of women live alone.

Variations are also to be found between countries. In southern Europe and more particularly in Greece, Spain and Portugal, women aged 65 and over are less likely to live in single person households (one third of all households) and are more likely to live with a partner and children, children and/or other family and non-family members (Figure 4.17). A similar pattern is found among men but with even lower proportions living alone.

Figure 4.17. – Household types – women (main earner or partner) aged 65 and over by country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

It is interesting to note that elderly Italian women have a relatively high propensity to live alone (45 percent) but not so elderly Italian men, who are more likely to live with a partner and children, with children and/or other persons, only 13 percent of whom live alone. Similar patterns are found in Spain, Portugal and Greece.

If we examine the sharing of income in households in which an elderly person is the main earner, we can tentatively illustrate how income precariousness may be associated with the fact that other household members earn little or nothing. When elderly people bring in a greater income than any other household member, it can be assumed that they contribute more than they receive from others. Among those aged 65 and over, low incomes and poverty are least prevalent among couples (16 percent), rising to 20 percent of households where an elderly person is the main earner and is living with a partner and children. The worst-off, however, are households where elderly women living with adult children are the main earners, 28 percent of whom have low incomes or are poor. Experience of income precariousness is lower

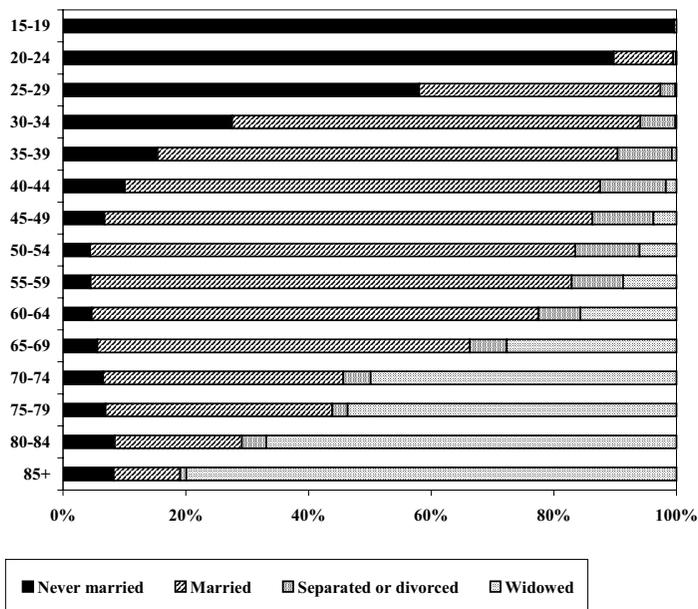
among elderly male main earners who live with children – 16 percent of these households have low incomes or are poor.

Single person households have a slightly higher propensity to income precariousness, with 28 percent of lone elderly women and 18 percent of lone elderly men having low incomes or being poor, while the worst-off are male and female main earners living with other family or non-family members. Two out of every 10 elderly women and four out of every 10 elderly men living in such households experience income precarious conditions.

4.7.2. Marital status and consensual unions

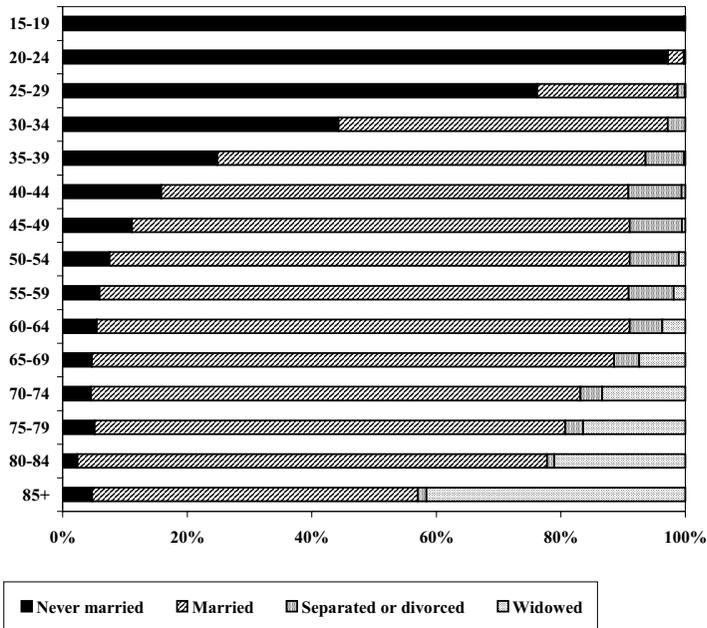
Life course changes in marital status that are age-related are characterised by decreasing proportions of the never married, increasing and then decreasing proportions of married couples and a rising incidence of widowhood among the elderly (Figure 4.18 and 4.19). Divorce and separation are most prevalent among those of middle age, while consensual unions predominate at younger ages.

Figure 4.18. – All women by marital status and age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Figure 4.19. – All men by marital status and age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

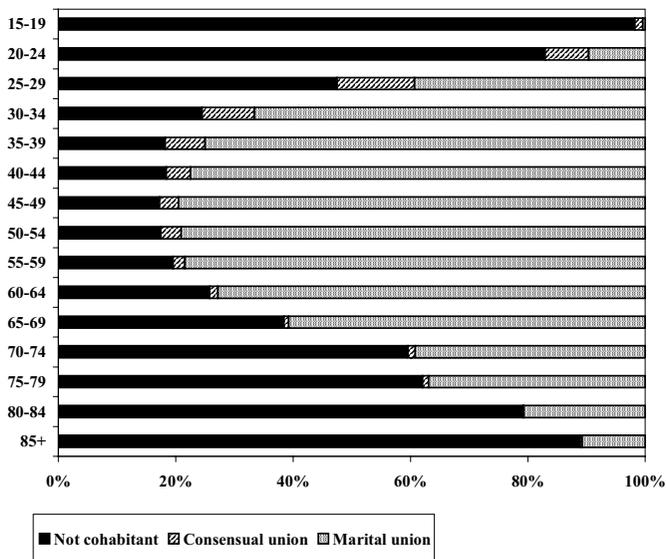
The major difference between the sexes relates to a higher frequency of widowhood and lower proportions married among women at higher ages.

In addition, there are substantial differences in the prevalence of consensual unions by age and sex, which peak among those aged 25 to 29, when 22 percent of non-married women and 15 percent of non-married men cohabit with a partner. While a slightly higher proportion of women live in consensual unions at younger ages, the opposite is true at higher ages when cohabitation is more prevalent among men (Figures 4.20 and 4.21).

Regarding variations in the marital status of the elderly by country only minor disparities may be observed, notably a higher prevalence of the never married in Ireland and fewer divorced and separated in southern Europe.

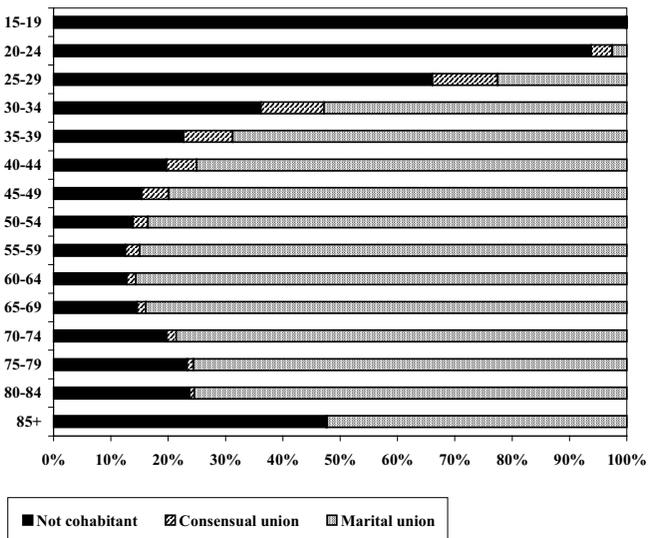
By contrast, the prevalence of consensual unions (expressed as a proportion of all living arrangements) varies markedly by country, with relatively high levels being recorded in Sweden, Denmark, Finland and the Netherlands where as many as one out of seven people of working age cohabit with a

Figure 4.20. – Living arrangements of women by age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

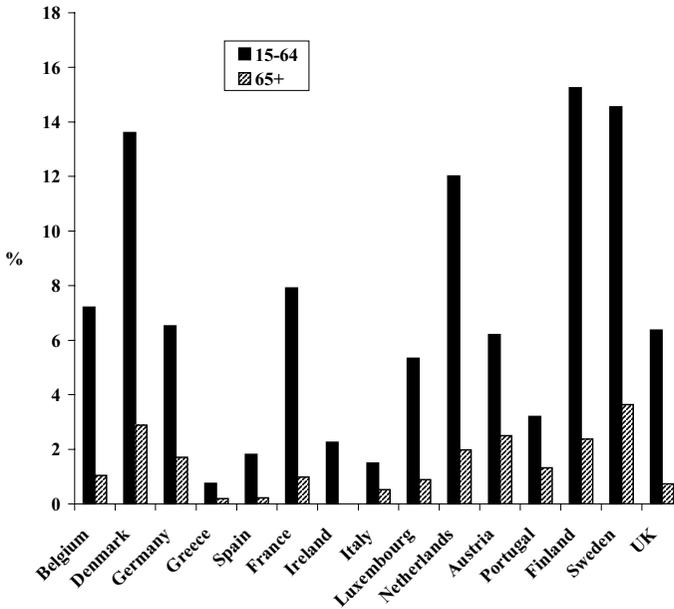
Figure 4.21. – Living arrangements of men by age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

partner, compared with less than 2 percent in Italy, Greece and Spain (Figure 4.22). These differences are, however, much smaller in the 65 and over age group: the highest proportions are found in Sweden, Denmark, Austria, Finland and the Netherlands, albeit not amounting to more than 2 to 4 percent of all living arrangements.

Figure 4.22. – Percent of all respondents aged 15-64 and 65+ living in consensual union by country (ECHP 1996-1998)

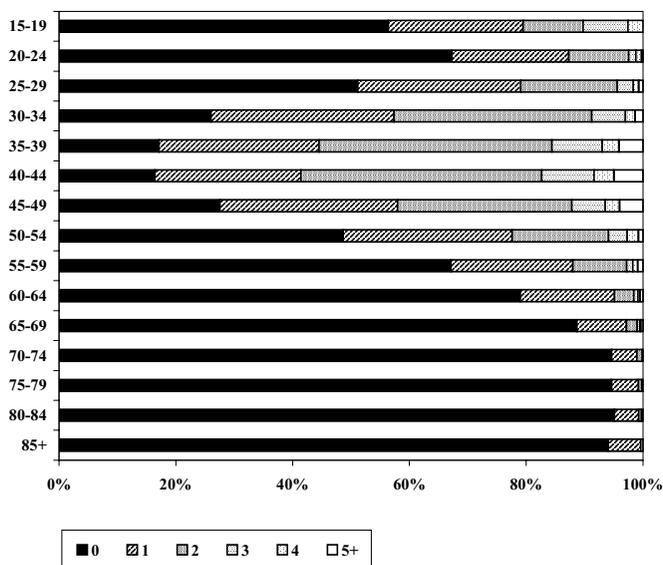


Source: own calculations (Avramov, 2002).

4.7.3. Number of children in the household

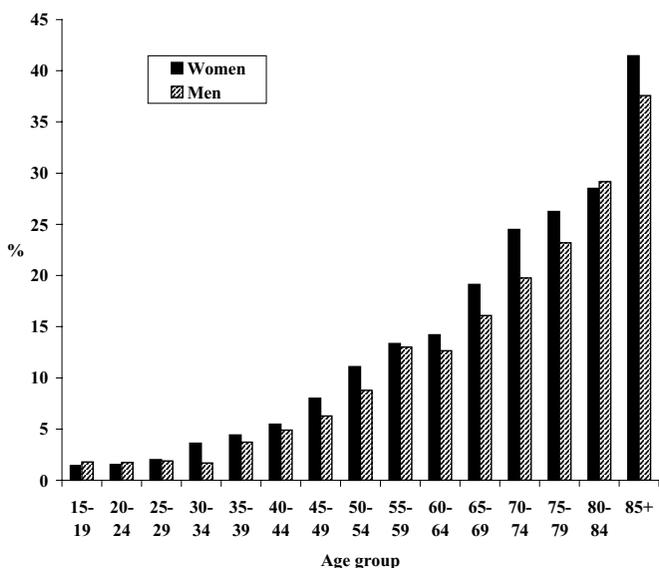
Figure 4.23 shows the distribution of the number of children in the household by age of women. Childless households are concentrated among the younger and older age groups. One-child households decrease at later ages, while households comprised of two or more children peak in the 35-44 age group. The highest average number of children in households is obviously associated with the mid-life period (ages 30 to 50). The data show that it is only in the Mediterranean region that we find a slightly higher presence of children in older households.

Figure 4.23. – Number of children in the household by age group of women (main earner or partner), 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Figure 4.24. – Women and men reporting bad or very bad health by age group, 15-EU pooled data (ECHP 1996-1998)



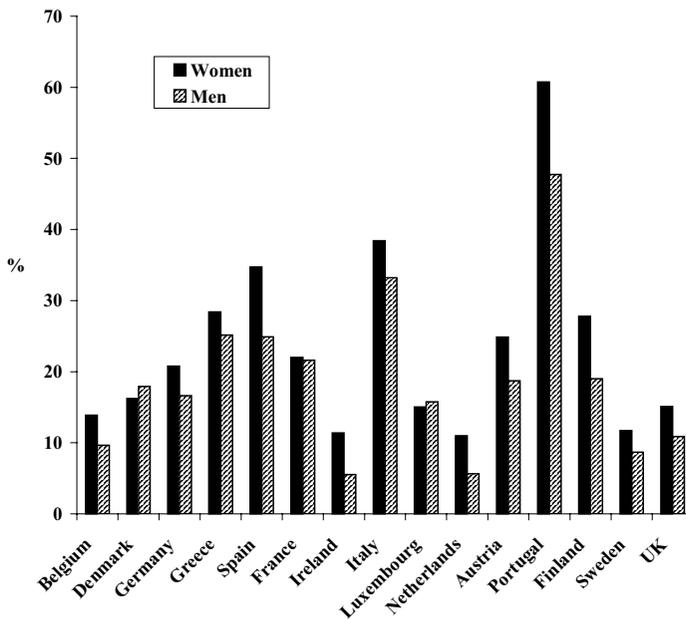
Source: own calculations (Avramov, 2002).

4.7.4. Morbidity

Health deteriorates substantially with age, with the proportion of people in bad and very bad health tending to increase, especially after the age of 40 (Figure 4.24). The difference between sexes also widens slightly with age and in the 65 to 69 age group, for instance, 19 percent of women against 16 percent of men are reported as being in bad health.

There are, however, substantial differences between countries in the self perception of bad or very bad health among the elderly, with significantly higher percentages being found in the Mediterranean region, notably Portugal where 60 percent of elderly women and 50 percent of men reported being in bad or very bad health (Figure 4.25).

Figure 4.25. – Elderly women and men in bad or very bad health by country (ECHP 1996-1998)

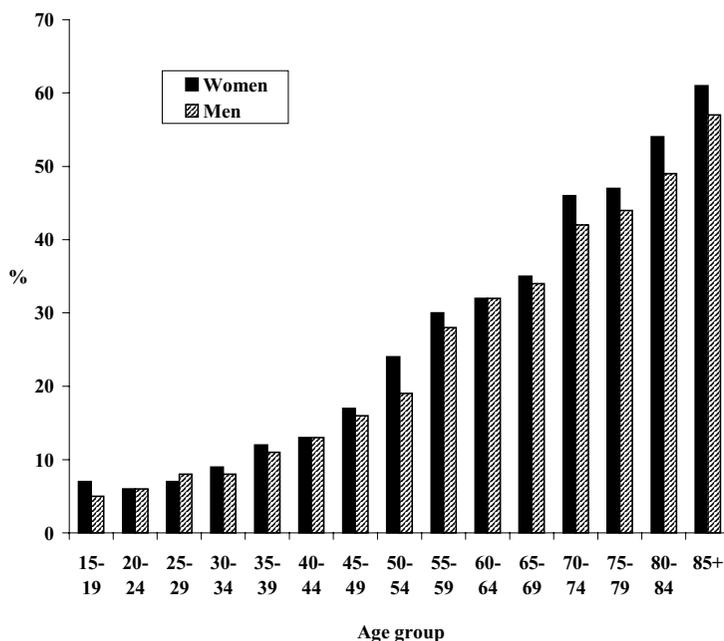


Source : own calculations (Avramov, 2002).

The same trend is also apparent for specific health characteristics. The percentage reporting chronic illness increases substantially by age, affecting one third of the 55-59 age group and as many as one in two of those over the age of 70.

The overall percentage of people whose daily activities are hampered by a physical or mental health problem, illness or disability stands at 15 percent among women and at 14 percent for men of active age, but rises to affect 45 percent of women and 40 per cent of men aged 65 and over (Figure 4.26). Indeed, the proportion of the elderly who have to curtail their daily activities because of illness or injury is double that of the population of active age. The only specific health problem forcing individuals to cut down on their daily activities that does not increase substantially by age according to the ECHP database is mental health. Only 3 percent of women and 2 percent of men of active age report mental health problems against 5 and 3 respectively of those over the age of 65.

Figure 4.26. – Women and men hampered in their daily activities due to ill health by sex and age group, EU pooled data* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

*Data for Sweden are not available.

4.8. Implications for policy

The social vulnerability of particular sub-groups of elderly is inter-connected with several general socio-demographic tendencies: viz.

- Generational changes in educational attainment characterised by lower attainment on the part of the elderly in comparison with younger generations;
- Generational changes in the level of insurance based benefits that have been accumulated during the life courses of the present day elderly;
- Life-course changes in the propensity to generate work-related income;
- Deteriorating health at higher age particularly among those on low incomes and the poor;
- A prevalence of women among older people who usually have much lower incomes from pensions;
- A high proportion of elderly women who have not earned work-related pensions but are dependent on less generous survivor's pensions;
- A prevalence of one-person households among the oldest old women (aged 75 and over) and high proportions among oldest old men who have only one pension and narrow margins for exercising economies of scale.

In terms of living standards and the quality of life of elderly people, it is clear that under the prevailing system of social protection, which includes a variety of needs-based transfer payments to complement insurance based benefits, welfare regimes play an important role in decreasing the risks of poverty and poverty related social vulnerability. But while existing social protection systems lift considerable proportions of people at all ages out of poverty, they are most effective in improving the relative standard of living of the elderly in Sweden, Finland, Denmark, and the UK and least effective in Greece and Portugal. The proportions of elderly living in income precarious conditions after receiving all available social protection benefits remain excessively high in Portugal and Greece, at 45 and 39 percent respectively. It is also notable that although the social benefits system is quite effective in a relative sense in the UK (a 23 percentage point reduction in poverty), the proportion of elderly people who remain in income precarious conditions after the payment of benefits remains very high, affecting as many as three in 10 elderly households.

Regarding the age distribution of prosperity and poverty in terms of housing and household durables, we not only observe age based disparities but also generational variations in the perception of needs and expectations. The elderly appear to be more satisfied with what they have, even when they own visibly less than younger people.

One of the key features of social vulnerability is a lack of material means and in this regard the elderly are over represented among those with low incomes and among the poor. In terms of inadequate non-material means, the elderly are over represented among those with low education attainment and are

also hampered in their daily activities by poor health. Both these factors clearly have the effect of inhibiting the regular participation of the elderly in the labour market.

The self-perception of elderly suggests that they are more satisfied with their activity status, income, housing conditions and leisure than the active age population. In terms of sociability they have as many casual contacts with neighbours and friends as the population of active age. They are, however, over represented among one-person households and are as a rule inactive and are thus more prone to isolation in their daily lives. The more complex dimension of social relations and degree of loneliness could not be addressed on the basis of the available data.

It is only among the oldest old that both objective and subjective indicators of social vulnerability appear to increase. These are the generations who were active before and during the last war and as such were affected by the great recession of the 1930s and the actual hostilities. It is reasonable to assume that these generations had less opportunity to earn insurance based benefits and/or accumulate personal wealth. Moreover, due to lower levels of education attainment and other age related impediments they were not able to compete effectively in the labour market at the very time technological acceleration was creating new opportunities.

It is the overlapping of income precariousness, bad health and bad housing both in terms of quality and adaptability to age-specific needs that increase the risks of exclusion from the levels of prosperity accessible to other age groups.

The worst-off, in terms of income and housing conditions, and the least satisfied with their situation in society are the elderly living in countries with less-well developed welfare regimes and more particularly in the countries of southern Europe.

Women are poorer, in worse health and less satisfied than men at all ages but especially when they are old.

Regarding increased longevity, the issues that relate to the quality of life of all citizens are gender equity and choices regarding personal autonomy that are largely dependent on the existence of public schemes to supplement insurance-based benefits. The more advanced welfare regimes clearly manage to lift large numbers of people out of poverty and their elderly are better off in terms of both their objective socio-economic situation and subjective satisfaction and self-perception.

Given the policy discourse regarding the promotion of social inclusion by alleviating poverty and poverty-related disadvantages through raising minimum

or non-contributory pensions, particularly in the countries of southern Europe, reducing excessive income disparities via supplementary social transfers, a shift towards longer working lives and making pensions safe and pension systems sustainable, the analyses of the micro-level data are quite illuminating.

- Market based insurance schemes have so far proved to be insufficient for maintaining a decent standard of living for all and social transfer payments are needed to lift considerable proportion of people of all ages out of poverty.
- Welfare regimes in the European advanced market economies appear to be quite effective in reducing the risks associated with old age and ill health, although differences between countries continue to persist.
- In countries in which welfare regimes are relatively weak and governments rely heavily on families to ensure support for their socially weak elderly populations and also in those countries that strive to shift responsibility on to the market, the elderly are worst-off both in terms of material disadvantage and subjective dissatisfaction.

Regarding the policy discourse on active ageing it is useful to note that:

- The overwhelming majority of today's elderly are generally satisfied with their retirement. Considerable changes in public policies and public opinion may be needed to promote the policy aim of working longer and retiring later.
- Making the elderly more active may require considerable public funding to enhance their skills in the light of generational changes in educational attainment and present labour market requirements.
- A considerable proportion of elderly people report bad health and health problems that hamper them in their daily activities.

Participation of the present day elderly in the regular labour force can be envisioned only for a minority. It is difficult to imagine how the majority with their health problems and relatively low educational attainment could be competitive in today's labour market. Increasing the employability of the majority of the elderly may have to be linked to the promotion of innovative forms of sheltered employment. In all cases the policy actors will have to take into consideration the macro economic cost/benefits of skill enhancement and sheltered employment as well as needs and preferences of the elderly.

This does not imply that welfare regimes could not or should not be improved and reformed so as to assist the elderly who are willing and able to work. The aim of making pensions safe and pension systems sustainable in the long-term should be pursued particularly in view of the prognosis of further demographic ageing. Reforms, however, need to build on the knowl-

edge that the 'invisible hand' of the labour market has so far proved to be an insufficient provider of a minimum acceptable way of life for the elderly in Member States.

Reforms also need to address the sustainability and acceptability of proposed reforms from the point of view of all actors: the state, markets, the family and individual citizens. To date, the trend towards early retirement well below the statutory minimum age has coincided with a number of factors: the disenchantment of elderly workers with work, the interests of employers to dispense with the elderly who are less skilled or expensive workers, and the needs of families to utilise the pool of early retired to provide informal care both to (grand) children and very old (parents).

Our findings point towards the conclusion that targeting policies specifically at the elderly is necessary to overcome the life-course risks associated with age and ill health. Targeting is also necessary to diminish the impact of generational disparities in life chances and the cumulative effect of disadvantages in education, labour market participation and normative standards regarding work and family that separate successive generations. Targeted measures, however, may be insufficient, too narrowly conceptualised and not fully effective. Integrated policies that address work, families and gender aspects from a life-course perspective may be needed to solve the problems that public policies are supposed to address.

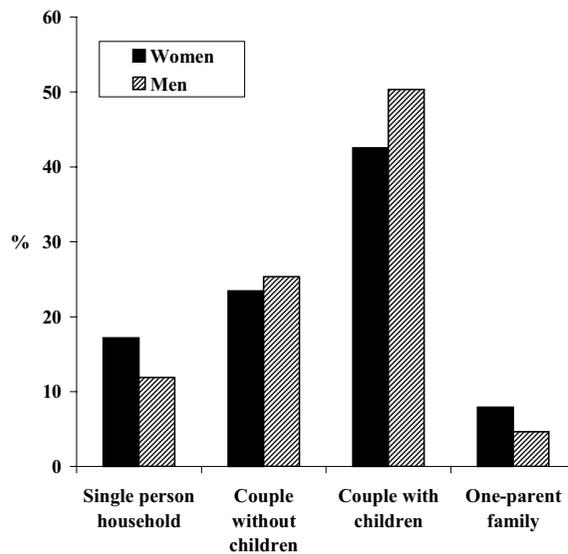
Chapter 5

One-person households and social disadvantage

5.1. Prevalence of one-person households

Household level data show that an average of three out of every 10 households (28 percent) consist of one person only (Table 3.4); individual-level data indicate that 17 percent of all women and 12 percent of all men live in single person households (Figure 5.1.).

Figure 5.1. – Percent of women and men according to household type, 15-EU pooled data (ECHP 1996-1998)



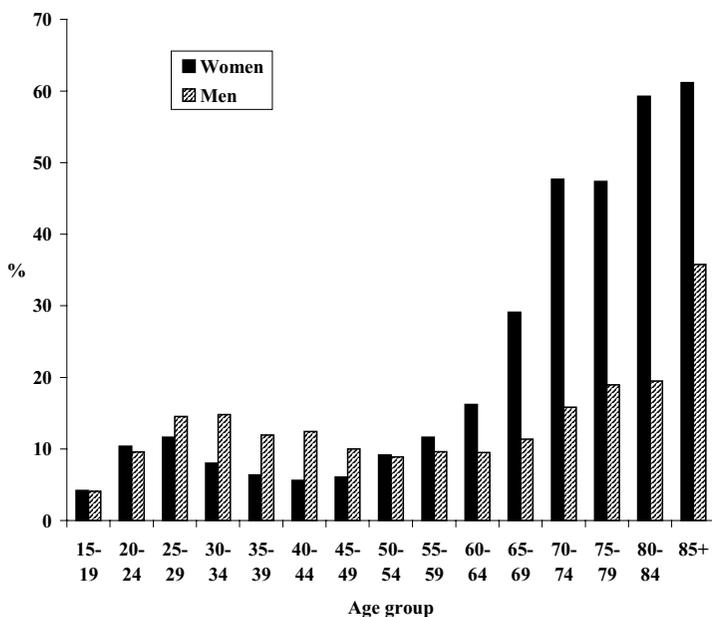
Source : own calculations (Avramov, 2002).

The propensity to live alone clearly differs by sex and age, and reflects life-cycle variation in partnerships, household formation and greater female longevity.

The home-leaving patterns of young adults result in somewhat more one-person households up to around 24 years of age after which their numbers undergo

a continuous decrease up to 40-44 before rising sharply at older ages. The much higher frequency of one-person households among women over the age of 50 is mainly due to the fact that women remarry less often after a divorce and among oldest old women the prevalence of one person households is further reinforced by the sex differential in mortality. Indeed, as many as six out of every 10 females live alone in the 80 and over age group (Figure 5.2.).

Figure 5.2. – Percent of women and men living in one-person households by age group, 15-EU pooled data (ECHP 1996-1998)



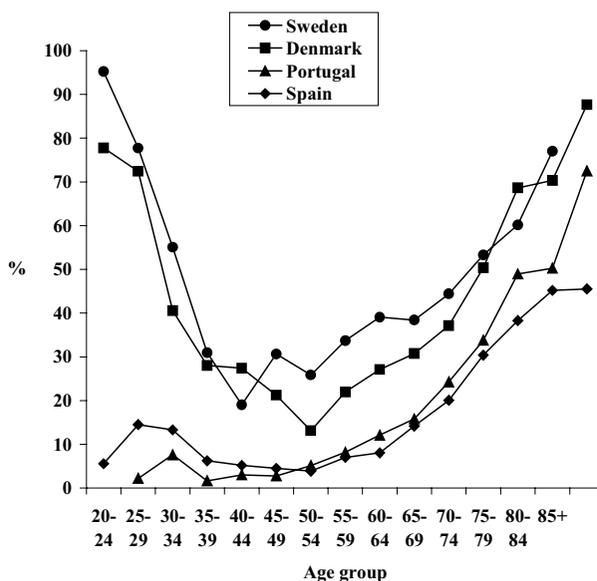
Source : own calculations (Avramov, 2002).

There are, however, considerable differences in the patterning of one person households by country. Thus, whereas 35 percent of all households in Finland and 37 per cent in Denmark are single person households, the proportions in southern Europe and Ireland are considerably lower. Indeed, in Spain and Portugal one-person households make up barely 13 percent of the total.

In countries such as Sweden, Denmark, Finland and the Netherlands the majority of young people live alone after leaving the parental home and as many as seven out of every 10 households of young adults in their early twenties therefore consist of a single person. By contrast, in Portugal and Spain the proportion of single person households at age 20-24 stands at less than 10 percent and remains low up to the 65-69 age group. It is only among people older than this

that the prevalence increases, although still remaining well below the figures for the Nordic countries. Single person households in other countries, while common at young ages, are not predominant (Figure 5.3).

Figure 5.3. – One-person households as a percent of all households – selected countries (ECHP 1996-1998)



Source : own calculations (Avramov, 2002).

5.2. Incomes in one-person households

Like other household types, one person households exhibit a broad variation in income distribution. Lone women face higher than average risks of income vulnerability in all countries and in overall terms have incomes that are 16 percent below those of the general population. By contrast, lone men, have incomes 10 percent above the population average, and are clearly better off than women. Income differences reflect the generational phenomenon as up to the 30-34 age group, there is practically no difference in income level between men and women living alone but thereafter men are persistently better off.

If we compare income levels – expressed as average household income per adult equivalent – by household type the picture is as follows. The average equivalised incomes of single person households are not fundamentally different from those of other household types with only one income. Households with dual incomes, on the other hand, be they couples with or without children, clearly have higher incomes per adult equivalent.

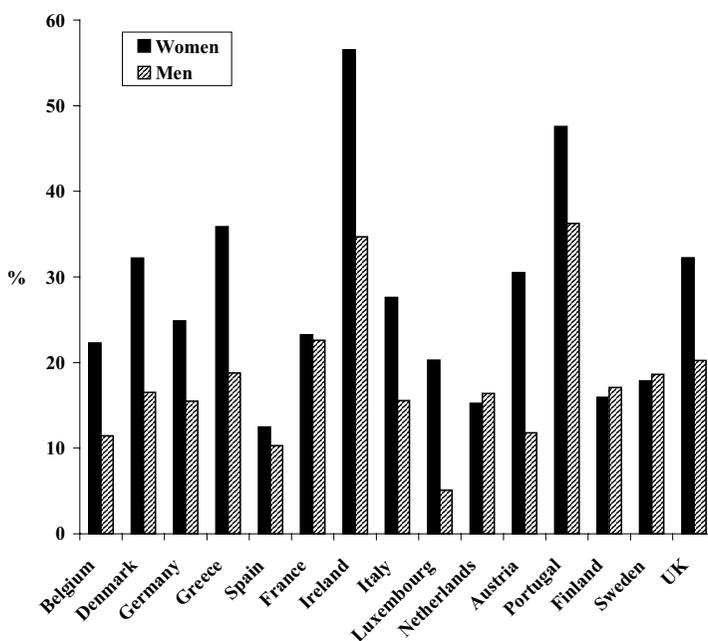
For one-person households sex differences are quite remarkable regarding income precariousness. They may be largely explained by sex differences in educational attainment of women and men and their economic activity status. In all countries women living alone have lower income than men living alone or couples without children.

5.2.1. Low-income households

The risk of poverty is higher for women living alone, with 25 percent having incomes less than 60 percent of the median compared with 18 percent of one-person male households.

Portugal and Ireland particularly stand out as having the highest percentages of one-person female households exposed to income precariousness, 57 and 48 percent respectively. Men living alone are also worst-off in Portugal, where 36 percent are at risk of poverty or are poor. Only in Sweden, Finland, France and the Netherlands is there little difference in the incomes of women and men living alone (Figure 5.4.).

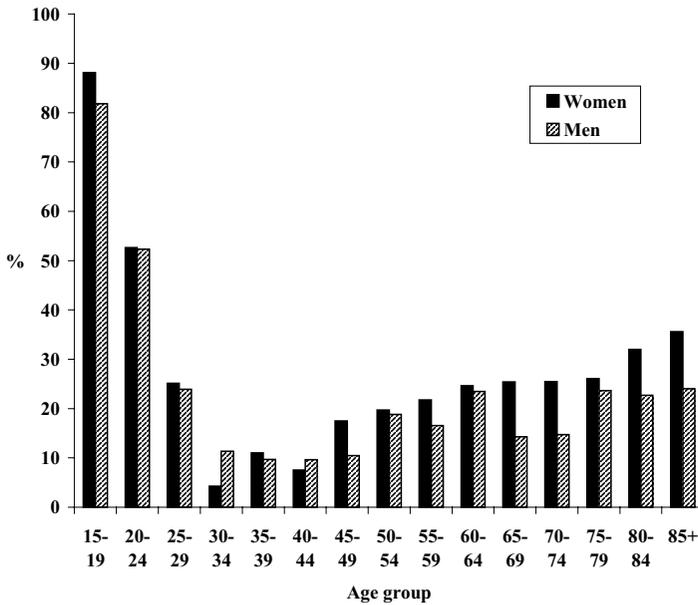
Figure 5.4. – One-person households exposed to income precariousness by female and male heads and country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

The percentage of one-person households with incomes below the low-income threshold is highest in the youngest age groups, tends to decrease around the age of 30 and then increases gradually from 45-49 on (Figure 5.5).

Figure 5.5. – One-person households exposed to income precariousness by age group and sex, 15-EU pooled data (EHP 1996-1998)



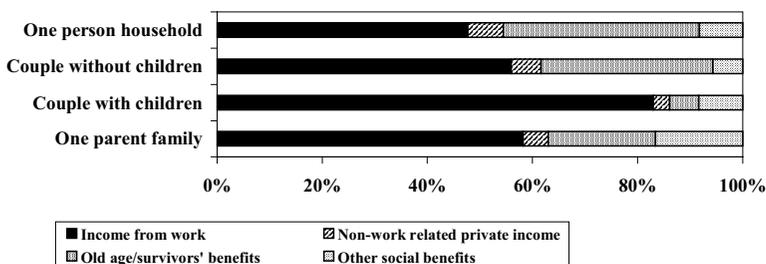
Source : own calculations (Avramov, 2002).

5.2.2. Sources of income

The prevalence of elderly women among single person households implies that they are mostly dependent on old age/survivors' pensions. Indeed, 58 percent of women living alone survive solely from their pension, and only 5 percent have an income from both a pension and work, with the corresponding figures for men being 27 and 4 percent respectively. The rest of the single person population are of working age.

Data on sources of income show that both men and women living alone are more dependent on supplementary social benefits than couples without children, although couples with children, other household types, and above all one-parent families are even more dependent on social assistance (Figure 5.6).

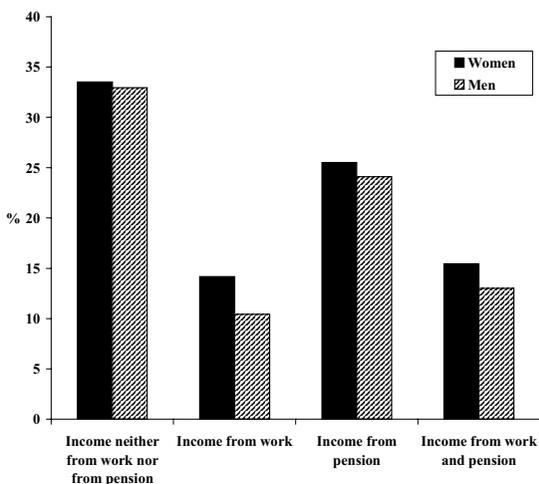
Figure 5.6. – Sources of income by household type, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Of people living alone the unemployed and inactive are worst-off and one out of every three lone women or men is below the low-income threshold (Figure 5.7). Among beneficiaries of pension 26 per cent of women living alone have low incomes or are poor compared with 24 per cent of the corresponding group of men. Among lone women and men in work, 14 and 10 percent respectively are below the low-income threshold.

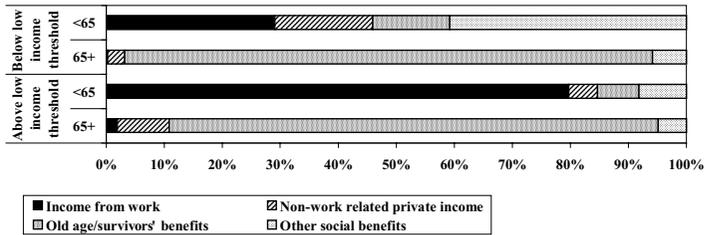
Figure 5.7. – One-person households exposed to income precariousness by source of income and sex, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

People of active age living alone on low income or in poverty depend more on social benefits than they do on income from work. The elderly depend on pensions, while the better-off elderly tend to have accumulated some personal wealth in the form of non-work private income (Figure 5.8).

Figure 5.8. – One-person households exposed to income precariousness by source of income – population of working age and the elderly, 15-EU pooled data (ECHP 1996-1998)



Source : own calculations (Avramov, 2002).

It may be concluded that for young people living alone, the risks of poverty are associated with the lack of regular work related income. At higher ages the risks also reflect generational variability in employment history and, in particular, the lower labour force participation of women and their high dependence on survivors' pensions.

5.2.3. Low incomes before and after social benefits

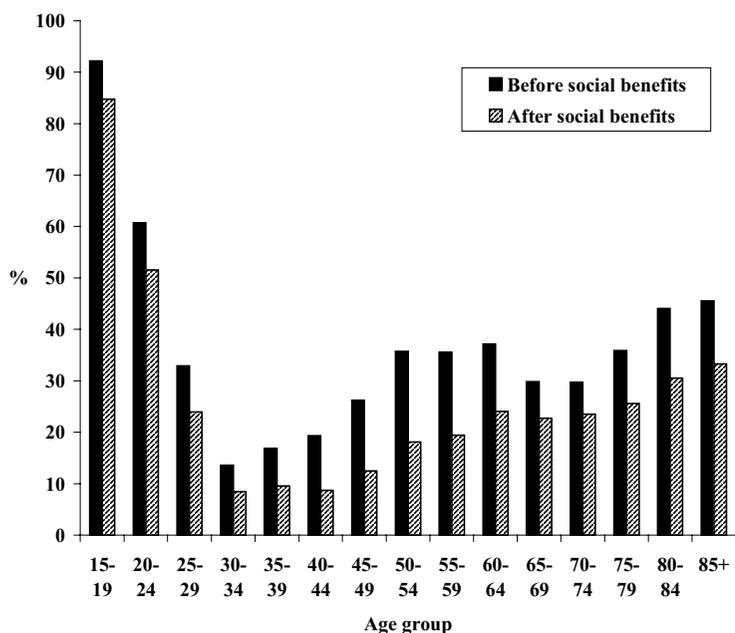
The proportion of single person households below the low-income threshold decreases by an average of 10 percentage points after transfer payments to supplement their incomes are taken into account, dropping from 32 to 22 per cent of the total. For women living alone, the respective figures are 35 dropping to 25 per cent and for men 28 and 17 per cent.

Social benefits to supplement inadequate incomes from work, pension or private assets are also the most effective means of lifting people living alone aged 45 to 59 out of poverty, i.e. during the later stages of their working lives (Figure 5.9).

5.3. Activity

Individuals, particularly women, in one-person households, are more likely to be inactive than in the population at large, and this is clearly associated with the skewing of the age distribution of one-person households towards the elderly in retirement. Among women living alone 72 percent are inactive compared with 37 percent of the corresponding group of men.

Figure 5.9. – One-person households exposed to income precariousness before and after receiving social benefits to supplement income from work, pension and non-work related private income by age group, 15-EU pooled data (ECHP 1996-1998)

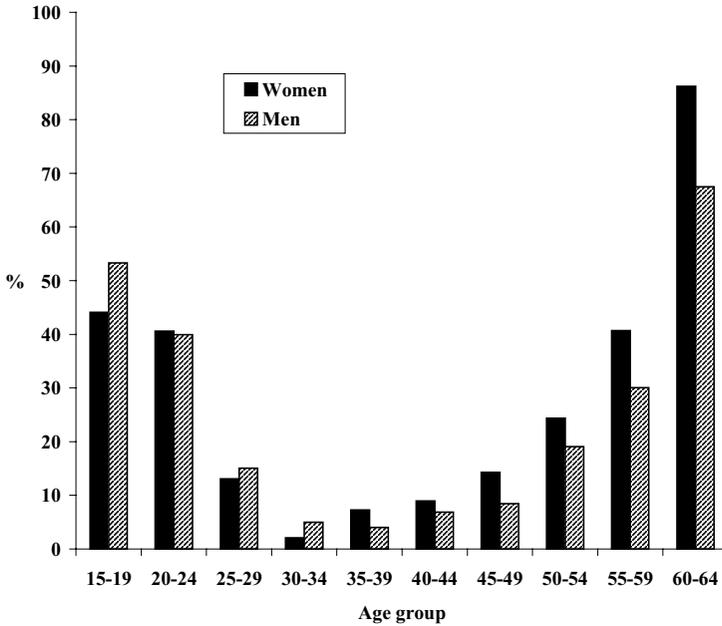


Source: own calculations (Avramov, 2002).

Considering one-person households of active age by activity status and source of income provides a picture of both age and household type related vulnerabilities as well as their dependence on various forms of income redistribution.

The overall proportion of the population of working age living alone and not working or looking for work stands at 24 percent, but there are clear differences by sex, with the figure for men standing at 18 percent compared with 31 percent for women. The figure is also high up to the age of 24 where it is associated with continuing periods of study. Otherwise, the proportions are lowest between the ages of 30 and 35 and then gradually increase among younger middle aged and more sharply for those above the age of 45 (Figure 5.10).

Figure 5.10. – Percent of people living alone who are economically inactive by age group and sex, 15-EU pooled data (EHP 1996-1998)

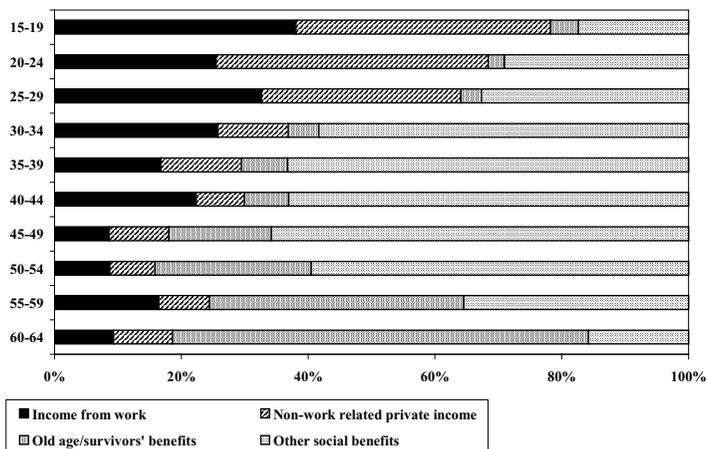


Source: own calculations (Avramov, 2002).

The inactive depend on public support from the state or private support from parents, relatives or a former spouse, as well as private assets for their livelihood. While many younger adults do have some job-related income, this is likely to be either from part-time or casual work. Indeed, up to the age of 30, it is a combination of non-work related private income and casual work that accounts for approximately 70 percent of the total income of this group, with the remainder coming from public sources. (Private non-work related income is most important for the younger inactive.) By contrast, above the age of 30, some 70 to 80 percent of the total income of inactive single persons comes from public transfer payments. Up to the age of 54 it is in the form of other social benefits, while above that age pensions take over (Figure 5.11). The age distribution of sources of income differs little as between women and men.

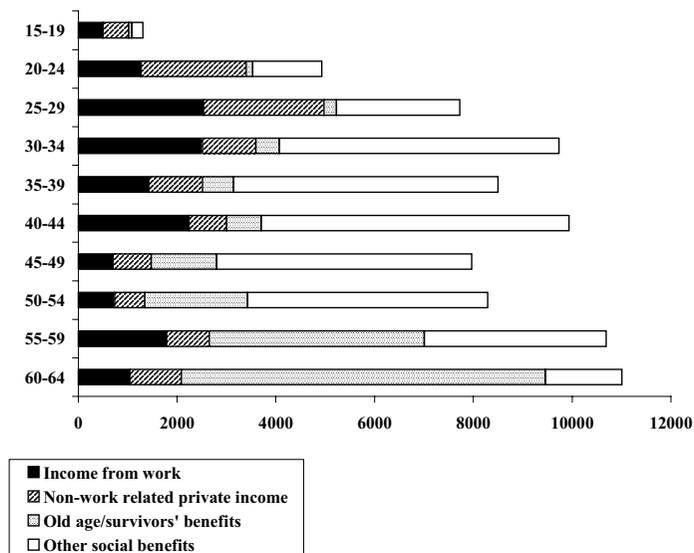
If we look at the absolute income of the inactive in PPS, the volume of public transfers to middle aged one-person households in the form of social benefits is exceptionally high (Figure 5.12).

Figure 5.11. – Economically inactive women living alone by source of income and age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

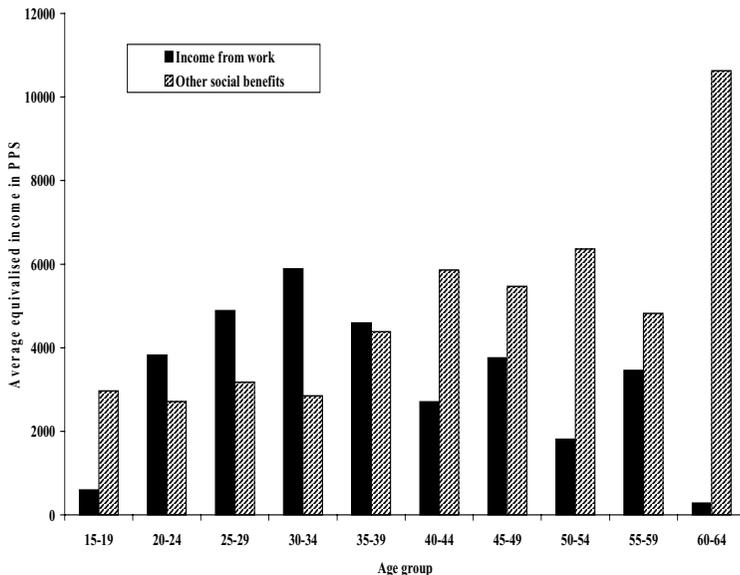
Figure 5.12. – Economically inactive persons living alone by source income in PPS and age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

The proportion of unemployed people of working age living alone stands at 7 percent – 9 percent for men and 6 percent for women. Among men it peaks at ages 45-49 and remains above the average level till the age of 59. While the unemployed of all ages depend predominantly on public support for their livelihood, it is still the case that a considerable proportion of the incomes of unemployed single persons comes from work. It is a combination of income from work and supplementary social benefits that lift the unemployed out of poverty. At younger ages work and social benefits are of equal importance, but after the age of 35 the part played by social benefits rises sharply (Figure 5.13). The patterns for men and women are similar.

Figure 5.13. – Unemployed persons living alone by average income from work and other social benefits (in PPS) by age group, 15-EU pooled data (EHP 1996-1998)



Source: own calculations (Avramov, 2002).

5.4. Education and occupation

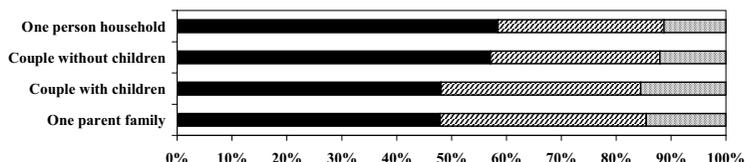
5.4.1. Education

The educational profiles of women and men living alone display considerable differences in that more women have only primary or incomplete secondary schooling (Figure 5.14) and fewer have third level education. This pattern is not, however, substantially different from that of other household types.

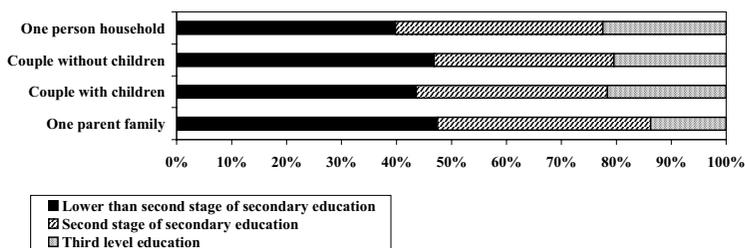
However it may be noted that women living alone do exhibit a somewhat lower educational attainment than women with partners because of the higher prevalence of elderly among lone women who had lower educational opportunities in the past.

Figure 5.14. – Educational attainment of women and men (main earner or partner) by household type, EU pooled data* (ECHP 1996-1998)

Women:



Men:



Source: own calculations (Avramov, 2002).

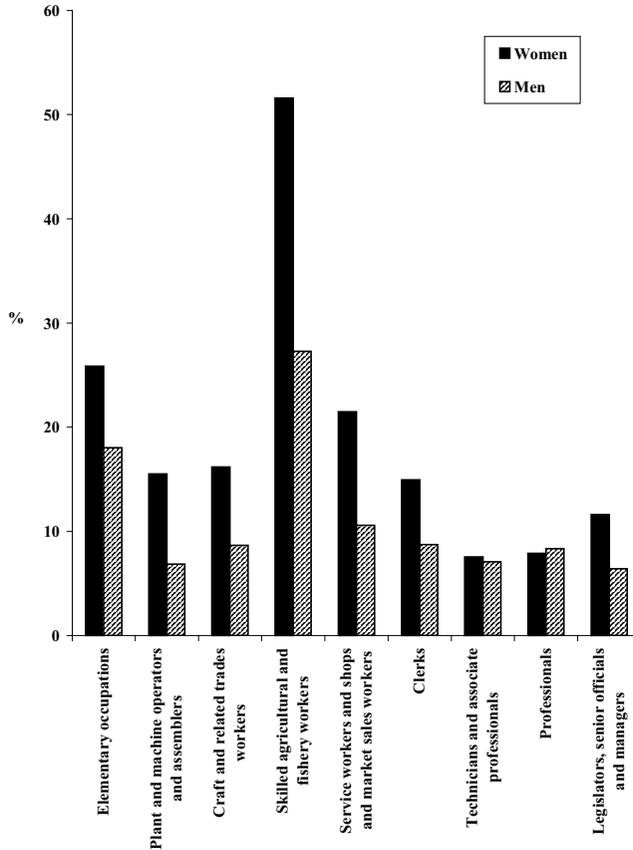
*Data for the Netherlands are not included.

As in other household types, the percentage of men and women living alone and having an income below the low-income threshold is highest for those with poor education and decreases with rising educational level. Income poverty is also generally higher among women than among men at all three levels of educational attainment.

5.4.2. Occupation

The percentage of households exposed to income precariousness tends to fall slightly in the general population with the increasing occupational status of the main earner, although it is only those in basic occupations together with agricultural and fishery workers who show significantly higher proportions with low incomes and living in poverty. For men living alone the relationship is not significantly different from that in the general population, but within the corresponding group of women the link with occupational status is much more pronounced (Figure 5.15).

Figure 5.15. –Percent of one-person households exposed to income precariousness by sex and occupation, 15-EU pooled data (ECHP 1996-1998)



Source : own calculations (Avramov, 2002).

5.5. Housing problems and household durables

5.5.1. Housing stress

Men as well as women living alone experience more housing stress (18 per cent) than couples without children (13 per cent), the latter being generally better housed than other household types.

Single person households below the low-income threshold obviously have more housing problems than those above and while they are worse off than couples without children, they do better than parents with children.

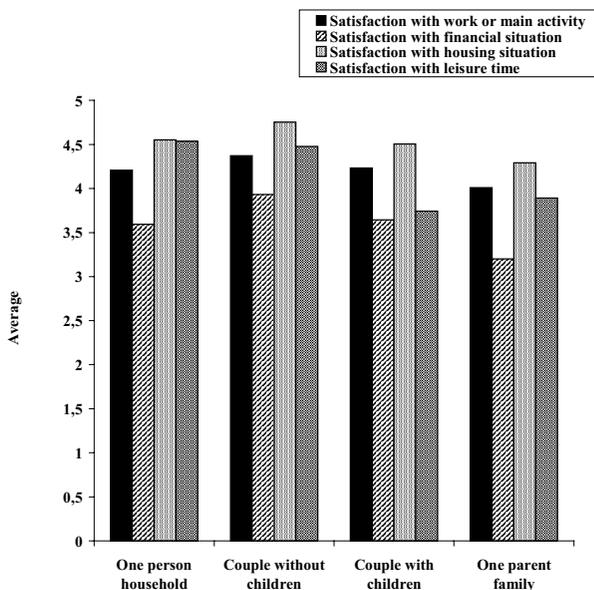
5.5.2. Household durables

Single person households, more particularly those headed by women, present the least favourable picture regarding the availability of household durables, the situation being worst where incomes are below the low-income threshold. They also have fewer durables than couples without children, regardless of income level. Otherwise, the availability of durables rises gradually with increasing income levels up to a plateau at around 20.000 PPSs.

5.6. Social contacts and satisfaction

With respect to casual social contacts with friends and neighbours, people living alone do not fundamentally differ from couples. There are, however, small differences by sex, while lone women have more frequent contacts with friends and neighbours than women living with a partner. Additionally, those below the low-income threshold have somewhat less casual social contact than those who are better off.

Figure 5.16. – Average satisfaction scores with work, financial situation, housing, and leisure time by household type, EU pooled data* (EHP 1996-1998)



Source: own calculations (Avramov, 2002).

* Data for Sweden are not available.

In terms of satisfaction with work or main activity, income and housing, one-person households show a generally favourable profile when compared to other household types. The most satisfied are couples without children, followed by one-person households and couples with children while the least satisfied are one-parent families (Figure 5.16).

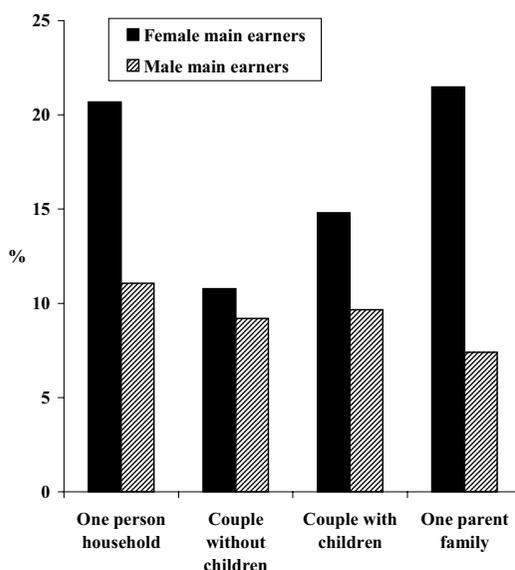
People living alone in income precarious conditions are significantly less satisfied than those who are better-off, although single person households are moderately satisfied with their financial situation. The most satisfied households in this regard are couples without children, followed by couples with children, single person households and one-parent families who are least satisfied.

5.7. Composite indicators of vulnerability

5.7.1. Composite indicator of means (CIM)

Lone women more often fall below the threshold of poor means as measured by the composite indicator CIM than men. Moreover, CIM does not differ significantly for men living in one-person households, or as part of a couple with or without children or as a one parent household. By contrast, lone mothers and women living alone are most likely to exhibit poor means (Figure 5.17).

Figure 5.17. – Households below the threshold of poor means (CIM) by sex of the main earner and household type, 15-EU pooled data (ECHP 1996-1998)



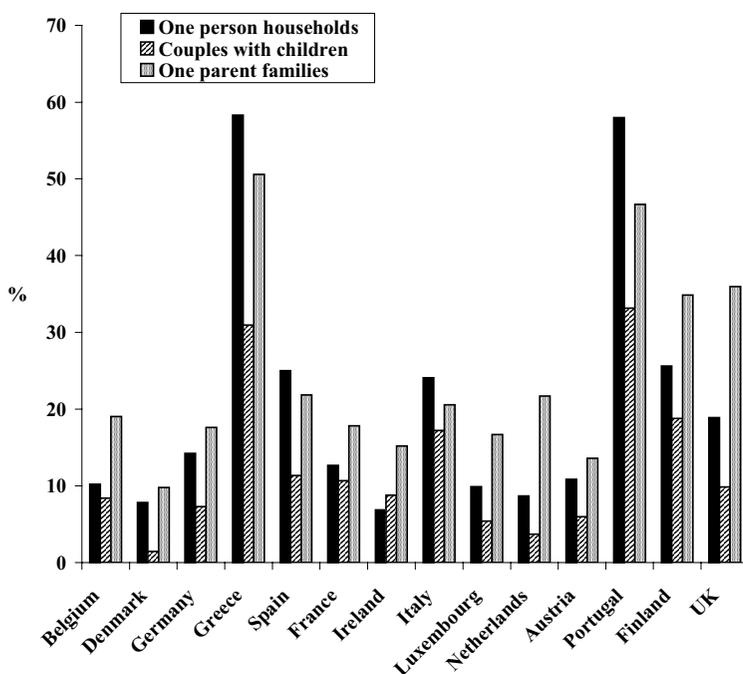
Source : own calculations (Avramov, 2002).

5.7.2. Composite indicator of satisfaction (CIS)

Those living alone are not particularly at risk of being simultaneously dissatisfied with their financial situation, work or activity and housing. This is partly explained by the over-representation of elderly one-person households in this group, who as we have already seen are more satisfied, particularly with being retired. In terms of the composite indicator of satisfaction, couples without children are the most satisfied, while the profiles of single person female and male households are broadly similar to those of couples with or without children.

In general terms, people living alone are more dissatisfied with their financial situation, work or activity and housing in the countries of southern Europe than elsewhere.

Figure 5.18. – Households below the threshold of poor financial situation (CIF) by household type, by country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

5.7.3. Composite indicator of subjective appreciation of financial situation (CIF)

On the basis of this indicator, one out of five women and one out of seven men living alone cannot afford the basic goods, services and activities accessible to the majority of the population (Figure 5.18). In terms of consumption, one-person households more often experience deprivation than couples with or without children but are better off than lone parents (Table 5.1).

Table 5.1. – Percentage of households below the threshold of poor financial situation (CIF) by household type and the sex of the main earner, EU pooled data* (ECHP 1996-1998)

| Household type | Female main earners | Male main earners |
|-------------------------|---------------------|-------------------|
| One-person household | 19 | 15 |
| Couple without children | 9 | 8 |
| Couple with children | 12 | 12 |
| One-parent family | 27 | 17 |

Source : own calculations (Avramov, 2002).

*Data for Sweden are not available.

5.8. Demographic behaviour

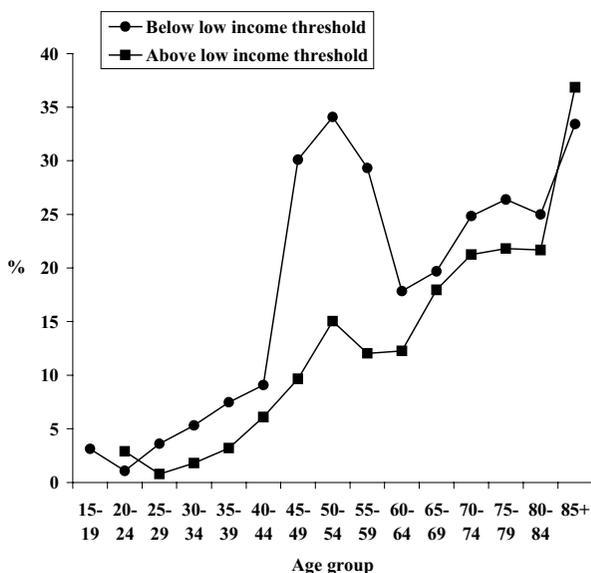
5.8.1. Morbidity

The health profile of single persons is somewhat less favourable than that of people in other household types and may be partially attributed to the high proportion of elderly people living in this type of household.

People living alone exposed to income precariousness report a slightly worse health situation than those above the threshold. The proportions are, however, exceptionally high in the 40 to 55 age group, with as many as one in three people aged 50 to 54 living alone on low incomes, both men and women, reporting bad or very bad health (Figure 5.19). Such a sharp increase in the frequency of poor health is not observed among those in the latter phases of their working lives in any other household type.

Health data are unavailable from the FFS database and those from the ECHP are poor on partnership. As a consequence, it is not possible to determine whether and to what degree the absence of a partner impacts on the self perception of bad health and to what degree health status itself is the cause of the absence of a partner. It is also impossible to determine the direction of the causal relationship between poor health and low income.

Figure 5.19 – People living alone reporting bad or very bad health by income threshold and age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

5.8.2. Age at first sexual intercourse, first partnership and first marriage

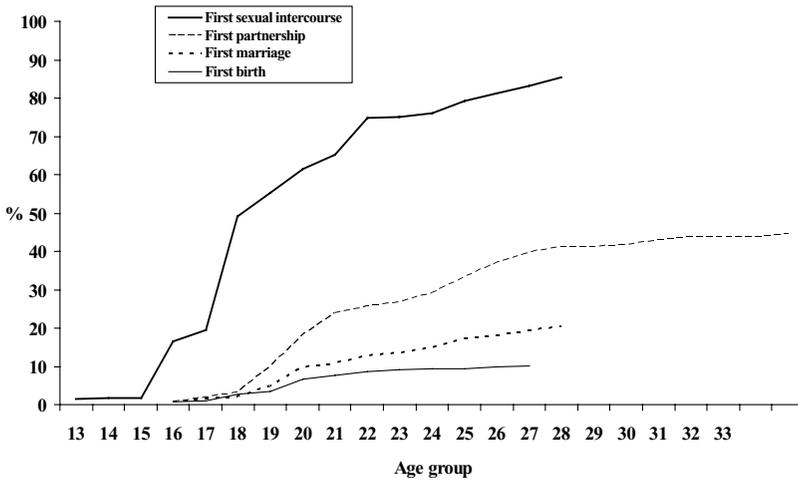
Some additional information on the demographic characteristics and behaviour of people aged 15 to 54 living alone is available from the FFS database.

For the nine EU countries covered – Belgium, Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden – the FFS shows the same general distribution of single person households as the ECHP up to age 54.

The cumulative frequency of age at first sexual intercourse for young people does not vary as between those currently living alone and those with a partner, although among older individuals couples reach higher cumulative levels.

While the differences regarding age at first intercourse are small, there are considerable differences in partnership formation. Lower percentages of persons living alone establish durable partnerships and also at later age than couples. The ages at first sex intercourse, first partnership, first marriage and first birth occur within a much narrower range for couples than for people living alone, for whom the first sex is less likely to be followed by a first durable partnership, first marriage or first birth (Figure 5.20).

Figure 5.20. – Age at first sexual intercourse, first partnership, first marriage and first birth for women living alone aged 35 to 39, pooled data for Belgium, Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden, (FFS)



Source: own calculations (Avramov, 2002).

5.8.3. Marital status and living arrangements

Due to the age composition of the respondents, there are much higher proportions of never married persons among single person households in the FFS than in the ECHP.

The FFS includes additional information on living arrangements and shows that people living alone may well have a partner – in fact one third has a lasting relationship, but does not cohabit with a partner. Regarding sexual activity, the data reveal that 72 percent of single men and 69 percent of single women had had sexual intercourse during the four weeks preceding the interview. The figures also varied by age, ranging from 78 percent of 20 to 24 year olds to 59 percent among those aged 45 to 49.

5.8.4. Family planning

The FFS suggests that in the 9 EU countries covered of these living alone who have a lasting partnership, 83 percent were currently using a contraceptive method, as were half of those without a partner. In total, contraceptive use

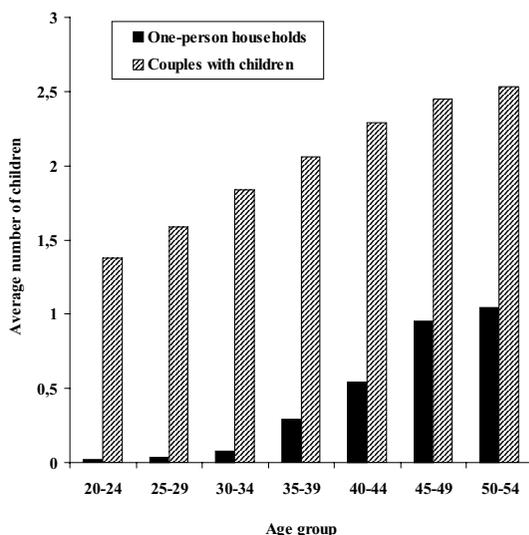
among lone persons stands at 65 percent, with 69 percent using the pill and 23 percent condoms, the two predominant methods. These figures do, however, vary significantly by sex. Hence, 82 percent of lone women use the pill and 9 percent condom, while 51 percent lone men use condoms and 42 percent have a partner who uses the pill. Lone women are more likely to use the pill than women living as part of a couple and lone men the condom than men living with a partner.

Some 10 percent of people living alone, compared to 5 percent of couples without children, would resort to an abortion in case of an unintentional pregnancy.

5.8.5. Number of children

The FFS database also contains information on total number of children irrespective of whether or not they live in the household. Persons under 54 who live alone have fewer children than couples in the same age group, the respective figures being 0.15 and 1.94 children. The figures also vary by respondents' age, but the average number of children is persistently higher for couples (Figure 5.21).

Figure 5.21. – People living alone and couples with children by average number of children and age, pooled data for Belgium, Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden, (FFS)



Source: own calculations (Avramov, 2002).

5.9. Implications for policy

Our analysis shows that most of the persistent disadvantages experienced by single person households are associated with age, and that young adults and the elderly are at the greatest risk of experiencing relative income poverty. The fact that there is only one potential earner makes single people highly vulnerable. This applies particularly to the very young who are dependent on casual jobs and are more affected by episodes of unemployment, and also to lone adults during the later phase of their working lives when they are likely to encounter health problems and face demands for new skills and risks of redundancy. Among the population of working-age, it is the young adults and elderly workers who are at the highest risk of income poverty when living alone. The majority of retired people, on the other hand, are dependent almost entirely on social protection and it is then the type of country specific pension and welfare regime that largely determines the proportions on low incomes or living in poverty.

Women living alone are worse off than men in virtually all countries. Large proportions of single person households depend for their livelihood on social transfer payments – unemployment benefits at younger ages and pensions and other social benefits at higher ages, although these are generally insufficient to lift all people living alone out of income precariousness.

Large proportions of people living alone in the latter phases of their working lives are in bad or very bad health, precisely at the age when dependence on social benefits skyrockets. It is also at the age at which public support through social protection is most effective in lifting single person households out of income precariousness. The overlapping disadvantages of low income, high dependence on public support, high unemployment and bad health are most pronounced for people between the ages of 40 and 55 living alone.

The implications for policy differ as between the population of active age and for the elderly. For the youngest people living alone, public policy should enhance opportunities for skill acquisition so that they can become competitive enough to enter and remain in regular employment. There is also a need to promote access to part-time work and minimum subsistence benefits to supplement financial support that families are able and willing to provide to children who no longer co-reside with them. For the middle aged, it is the enhancement of skills to enable them remain in the labour market and benefits to supplement low incomes from work that reduce the risks of persistent disadvantage, especially in view of their deteriorating health. For the elderly, it is pensions that do not compensate for the life-long accumulation of disparities associated with lower educational attainment, weaker participation in the labour force, particularly of women, and work performance in specific

less lucrative fields of industry that mark out the disadvantages of old people living alone.

The risk of not having sufficient means as opposed to being socially isolated is an area for policy intervention. When people live alone the risks associated with work, ill health and old age are only to a limited extent and moreso at younger than older ages buffered by family members. When unemployment or bad health materialise, especially in middle age, one-person households are more dependent than other household types on public transfer payments.

In general, people living alone are quite satisfied with their financial situation, work or activity and housing. The only household type that scores more highly on the satisfaction scale is couples without children. The least satisfied are single persons in southern Europe where general dissatisfaction with their means is more prevalent among all household types.

Regarding sociability and social relations, single person households are no different to other household types in terms of the frequency of casual contacts with friends and relatives. Furthermore, at younger ages a significant proportion of people living alone have a partner and the majority are sexually active. The available data do not permit the analysis of subjective feeling of loneliness as they might affect people living alone.

Chapter 6

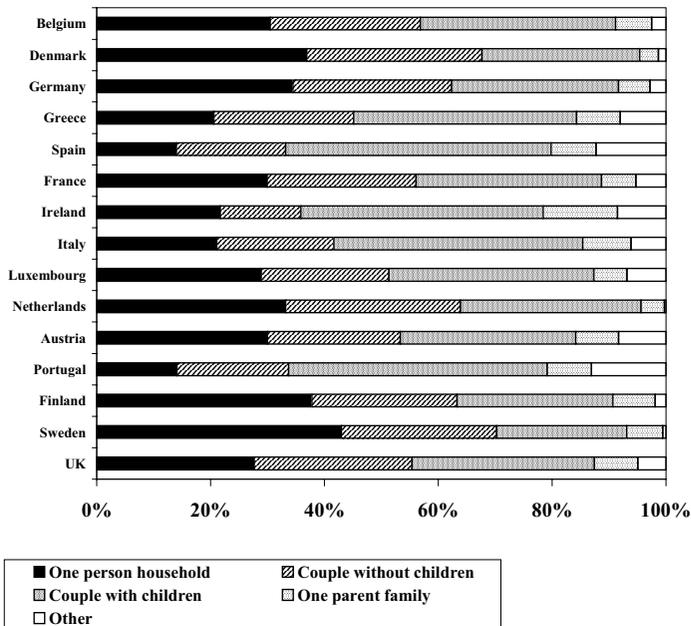
One-parent households and social disadvantage

6.1. Prevalence of one-parent households

Families in European society are changing. One of the features of new family dynamics is the increase of one-parent households due to greater marital separation and increasing numbers of non-marital births, and to a lesser extent than in the past due to widowhood.

Lone parents account for 7 percent of all households in the EU-15, the proportion ranging from 11 and 10 percent in Ireland and the UK to 4 and 5 percent in the Netherlands and Denmark (Figure 6.1.).

Figure 6.1. – Household types by country (ECHP 1996-1998)



Source : own calculations (Avramov, 2002).

Lone-parenthood affects only a small minority of people, with 2.9 percent of men and 14.2 percent of women with children living without a partner. If one-parent households are at the centre of the public debate regarding family changes, it is mainly due to the fact that one-parent families suffer from multiple disadvantage more often than other households. Disadvantages reflect gender inequalities in respect of incomes and family roles and in some countries translate into the nightmare scenario of welfare-state dependence.

In many countries, women make up the majority of low-paid workers partly because so many of them are engaged in part-time work. When their wages are insufficient for the maintenance of personal autonomy and an adequate livelihood, women tend to fall back on their family or spouses for support more often than men. Under these circumstances any change of family composition, be it a birth out-of-wedlock, the premature leaving of the parental home, divorce or widowhood, raises the imminent risk of poverty. Lone mothers are the group most likely to be in poverty and are more dependent on public support than other household types.

One-parent households are usually headed by a female and seven out of 10 lone parents are mothers who face higher than average risks of poverty. Among low-income one-parent households, the proportion headed by women is even higher, with as many as nine out of 10 being on incomes that are less than 60 percent of the median.

It may also be noted that most female heads of one parent households are aged between 30 and 49, i.e. when they are at the peak of their working age.

6.2. Incomes of one-parent households

The average equivalised household income of one-parent families lies significantly below the population mean. According to data from the ECHP, in one-parent families headed by a female it is 20 percent below the general population average. Results of the FFS surveys for the three countries for which relevant data are available give a similar picture of income precariousness.

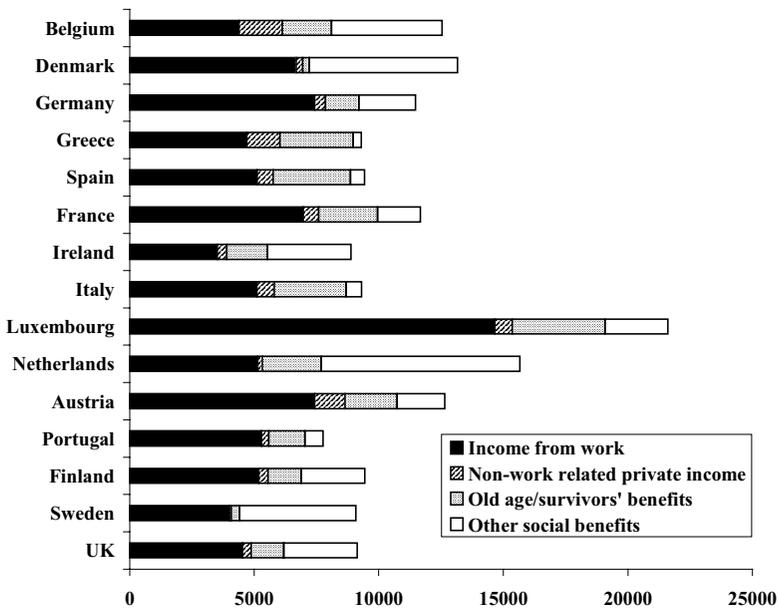
Income disparities between all lone parents and other household types are observed in most countries, with the exception of Denmark and the countries of southern Europe. But when these households are headed by women, the disparities persist in all countries.

There are disparities between average equivalised household incomes for one-parent families and couples with children, but also broad variations in the distribution of incomes exist within each household type. For one-parent families headed by a female, the average equivalised income in PPS is 10,685

with a standard deviation of 9,920, whereas for one-parent families headed by a male the average is 13,578 with a standard deviation of 7,450. For couples with children the figures are 13,058 PPSs and 9,575 PPSs respectively.

There are also substantial differences in the levels and sources of income between countries (Figure 6.2). In terms of level of income, the worst-off are lone mothers in Portugal and Ireland; but whereas in Portugal the bulk of their income comes from work, in Ireland it comes from social benefits and reflects the differences in the respective welfare regimes.

Figure 6.2. – One-parent families with female heads by source of income in PPS and country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

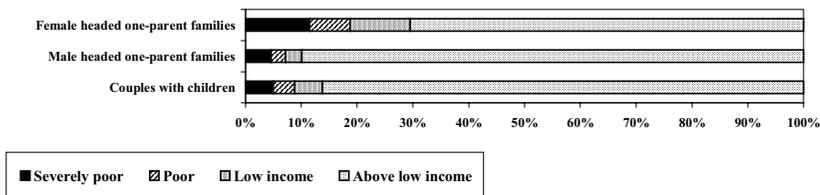
In terms of the overall income, the best off are lone mothers in Luxembourg, the Netherlands and Denmark, where the impact of social benefits in raising their income levels is considerable, especially in the last two mentioned countries.

6.2.1. Low incomes

One in three one-parent families headed by a woman is exposed to income precariousness and for all three categories – low income, poor and severely poor – those headed by females are significantly more prevalent than lone

parent families headed by males. When headed by a male, not only are one-parent families at a considerably lower risk of poverty but they show a lower proportion of income precariousness than any other household type (Figure 6.3).

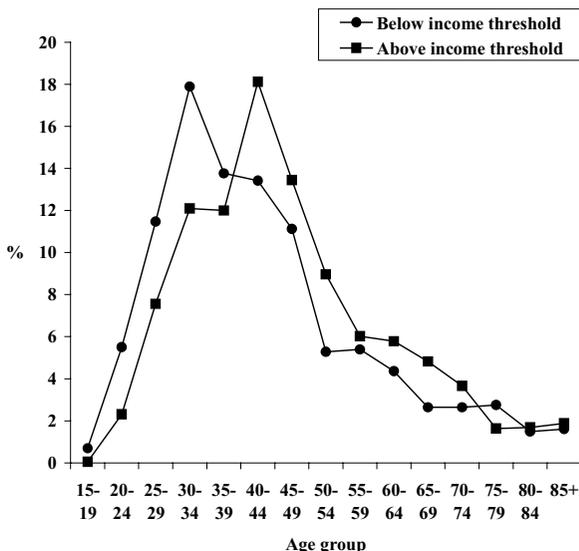
Figure 6.3. – One-parent families by income thresholds (severely poor, poor, low income and non-poor) and sex, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

While the highest proportions of one-parent families are found in the middle aged groups (30-49), the highest proportions with low incomes or living in poverty are younger and are aged between 20 and 39 (Figure 6.4).

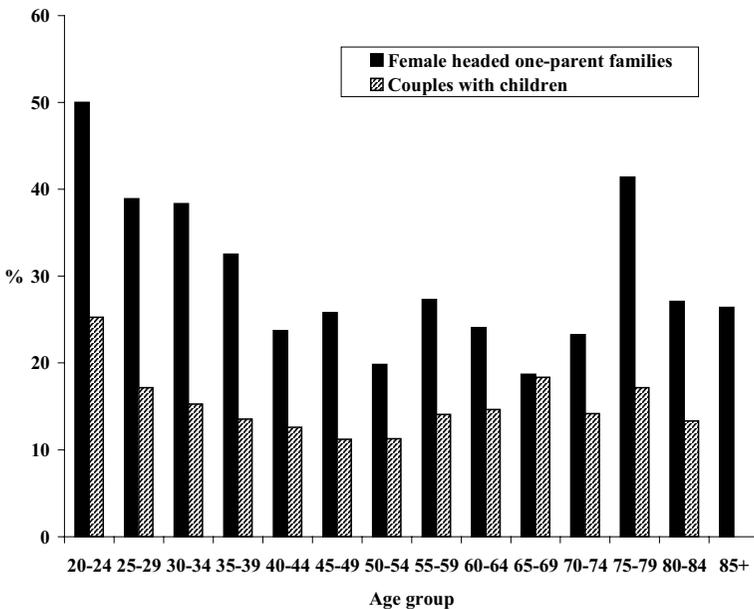
Figure 6.4. – Lone mothers with income below and above the low-income threshold by age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Lone parents exposed to income precariousness are clearly younger than those above the income threshold, with an average age of 43 compared with 47 years for better off lone mothers. The corresponding figures for men are 44 and 43 respectively. The prevalence of low-incomes among one-parent families who are younger can clearly be seen from the age distribution of the two groups, that for women being presented in Figure 6.4.

Figure 6.5. – Lone mothers and couples with children in income precariousness by age group (main earners), 15-EU pooled data (EHP 1996-1998)



Source: own calculations (Avramov, 2002).

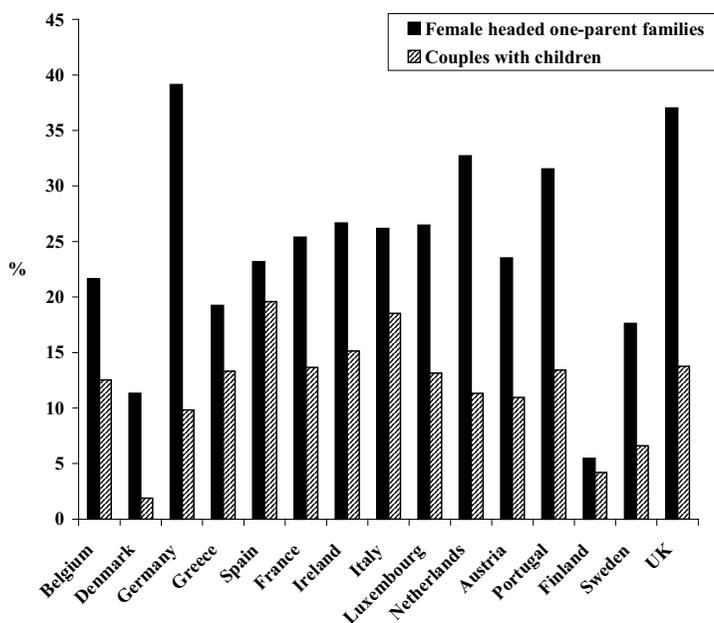
Differences according to age in proportions of lone mothers exposed to income precariousness as compared with couples with children suggest two things (Figure 6.5). Younger single mothers have small children and may experience poverty due to the incompatibilities between motherhood and paid work. By contrast, among older lone mothers whose earnings are the only source of household income or are higher than those of their children who, although no longer dependents in terms of chronological age, are still dependent in terms of income, we are probably observing a different phenomenon; namely, what may be termed as 'poverty risk sharing' between elderly lone mothers and their adult low- or non-earning children. By the

ages of 50 to 55, the proportion of lone mothers with children younger than 16 falls to 5 percent and by the ages of 60 to 65 it is virtually zero. But some 15 percent of elderly lone mothers on low-incomes continue to live with their adult children and the whole household is exposed to income precariousness. In households where older lone mothers are the main earners, while it may be the lack of opportunity for adult children to earn an adequate income that keeps one-parent households in income precarious conditions, it still protects adult children from severe poverty.

In low-income households headed by lone mothers, 68 percent of average household income comes from social transfer payments and shows that socially vulnerable lone mothers clearly depend on public support for their survival. These transfer payments, however, are not sufficiently generous to lift the majority of lone mothers out of poverty.

The proportions of low income lone mothers are particularly high in Germany and the UK as well as in the Netherlands and Portugal, while the lowest proportions are found in Denmark and Finland. Excessive income disparities between lone mothers and couples with children are manifest in all but one country, Finland (Figure 6.6). Otherwise, the greatest disparities in income

Figure 6.6. – Percent of households exposed to income precariousness – lone mothers and couples with children by country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

precariousness between one and two parent families are found in Germany, the UK, the Netherlands and Portugal.

The differential in poverty risk between lone parents and couples with children is manifested more particularly among the younger adults aged between 25 and 39.

6.2.2. One income

The majority, 65 percent, of one-parent families have only one income from work while the remainder, 35 percent, have no income from work at all. By contrast, among couples with children 42 per cent have one income compared with 48 percent who have two incomes from work, while only 10 percent have no earnings from work.

The fact that there is only one breadwinner in the household is, in itself, a risk for lone parents, given the uncertainties of the labour market. Moreover, the fact that women generally earn less than men implies that lone mothers are worse off even when they are employed. In all risk situations associated with the lack or loss of employment – low incomes, low or non-existent maintenance from a former spouse or partner, bad health or old age – the well-being of lone mothers and their children is highly dependent on the system of public support and the amount of public resources allocated for the poverty alleviation.

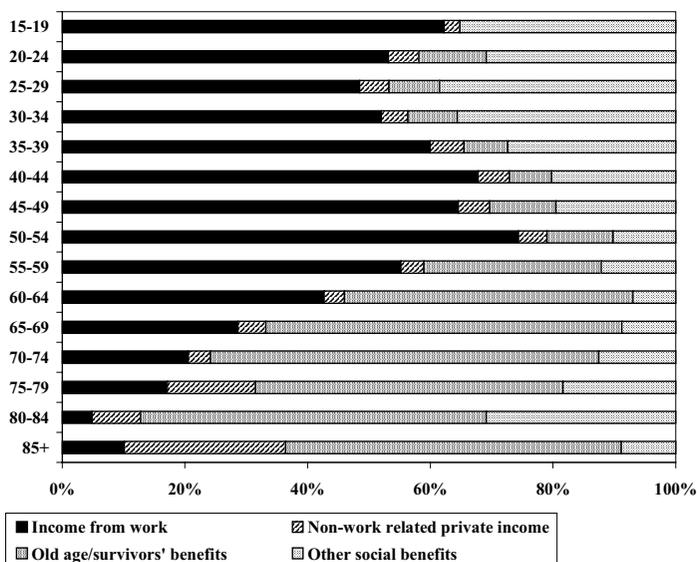
6.2.3. Sources of income

Lone-parent families have three potential sources of income – employment, maintenance from a former spouse and public transfers through social protection.

Lone mothers generate an average of only 55 percent of their household incomes from personal employment. Non-work related private income is only of marginal relevance, accounting for 5 percent of the total, while old age and survivors' benefits and other forms of public support account for a further 19 and 21 percent respectively. In a word, lone mothers are more dependent on social benefits than any other household type, with around 60 percent coming from work and private sources and the remainder being provided by the state.

The dependence on public transfer payments is particularly pronounced among young and elderly lone mothers, needs based benefits predominating when they are young and old age survivor's benefits when they are elderly (Figure 6.7).

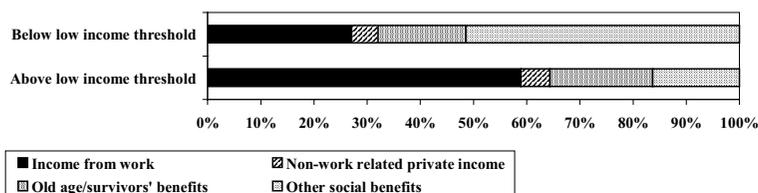
Figure 6.7. – Lone mothers by source of income and age group, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Lone mothers in income precarious conditions because of low earnings from work are at considerably higher risks of poverty and are highly dependent on public solidarity. Only 45 percent of their incomes come from work or private sources, the rest being in the form of publicly funded benefits (Figure 6.8). This is in marked contrast to the 70 per cent that lone mothers with incomes above the 60 percent threshold generate from work and private non-work related sources, with only 30 per cent coming from public support.

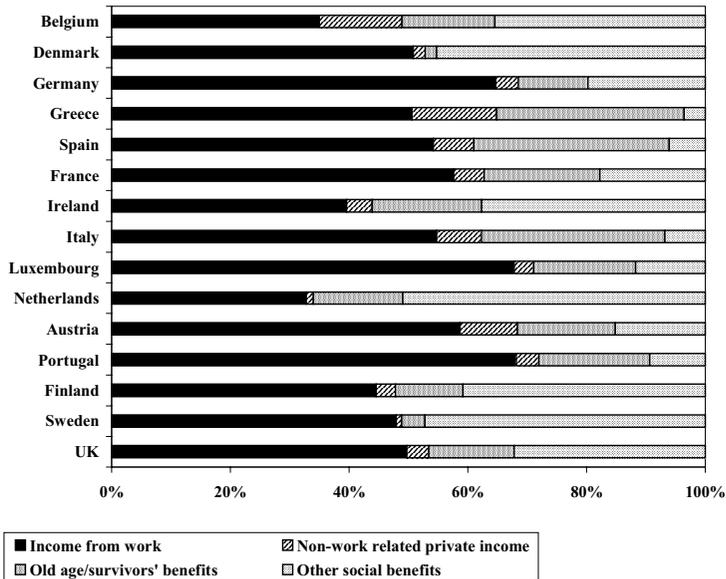
Figure 6.8. – Lone mothers below and above the low-income threshold by source of income, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

There are also substantial national differences in these patterns, with lone mothers generating the highest proportion of income from work in Luxembourg, Portugal and Germany and the lowest in the Netherlands, Belgium and Ireland (Figure 6.9).

Figure 6.9. – Lone mothers by source of income and country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

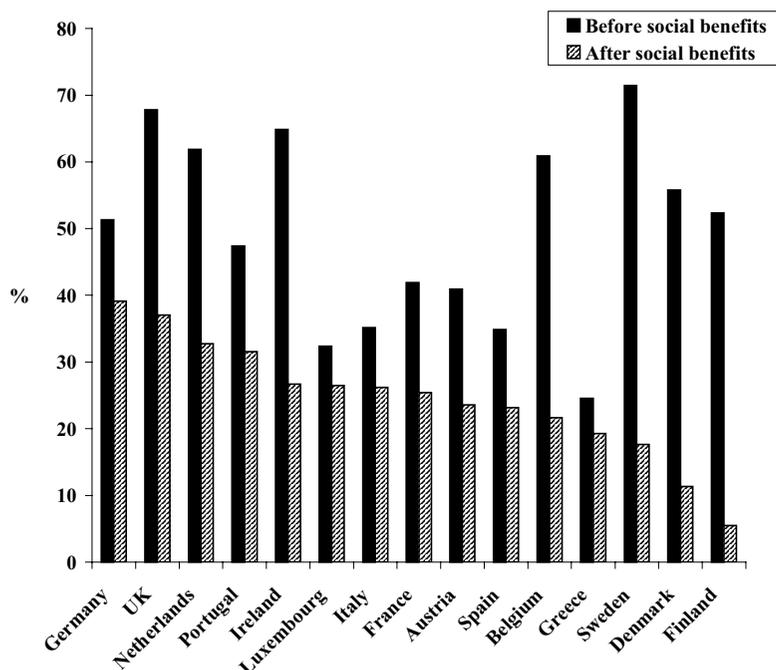
As a source of income, needs-based social benefits are least important in the countries of southern Europe.

6.2.4. Low-income households before and after social benefits

In the 15-EU countries, one in two lone mothers would be living in income precarious conditions were it not for public support but this drops to one in three after social benefits are taken into account, i.e. the percentage falls from 49 to 30. The lowest proportions of lone mothers exposed to income precariousness after the payment of social benefits are found in Finland, Denmark and Sweden, and the highest in Germany and the UK (Figure 6.10). The least effective public support systems for the relative reduction of income precariousness within this group are associated with the countries of

southern Europe and Luxembourg while the most effective are the Scandinavian countries.

Figure 6.10. – Lone mothers exposed to income precariousness before and after social benefits to supplement income from work, pension and private non-work related income by country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

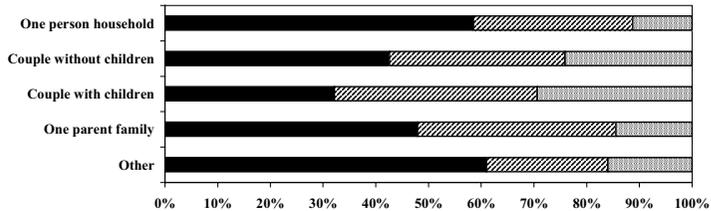
6.3. Education

Lone parents are generally better educated than single persons and the main earners in households made up of couples without children, as well as other household types. It is only the main earners in households composed of couples with children who exhibit a more favourable educational profile. Both the ECHP and FFS surveys give similar rank orders of households in this regard.

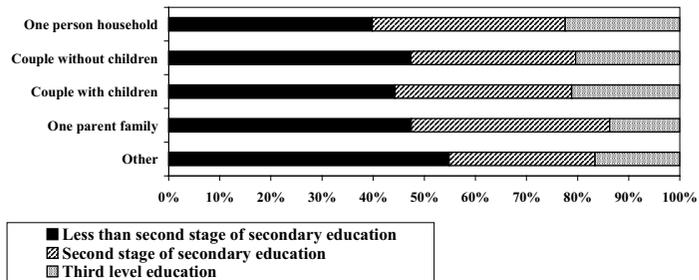
In the 15-EU countries, 48 percent of lone mothers have only primary or incomplete secondary schooling, 38 full secondary and 15 percent third level education. Lone fathers have a similar educational profile, the percentages being 48, 39 and 14 respectively (Figure 6.11).

Figure 6.11. – Educational attainment of women and men (main earner or partner) by household type, EU pooled data* (ECHP 1996-1998)

Women:



Men:



Source: own calculations (Avramov, 2002).

*Data for the Netherlands are not included.

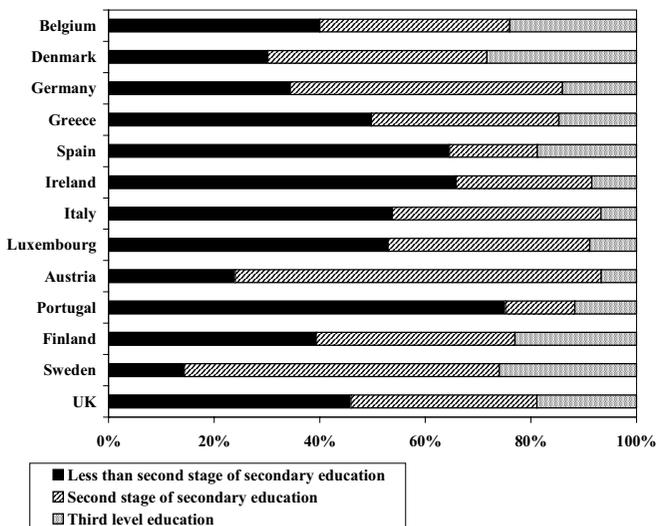
The highest proportions of lone mothers with low educational attainment are found in Portugal, Ireland and Spain and the highest with university level education in Denmark, Finland and Sweden (Figure 6.12). These figures broadly correspond to the country ranking of the general educational attainment of all women. The only exception is Ireland where women with the lowest educational attainment are over represented among lone mothers. The general educational attainment of all women is lower than that of lone mothers because the population at large is composed of higher proportions of elderly women and relatively fewer lone mothers.

6.4. Activity

Only one in two lone mothers are in work (54 percent), 8 percent are unemployed and 38 percent are inactive, the corresponding figures for lone fathers being 73 per cent, 4 percent and 23 respectively.

When taken in conjunction with unemployment, the high inactivity rates of lone mothers go some way towards explaining their overall income precari-

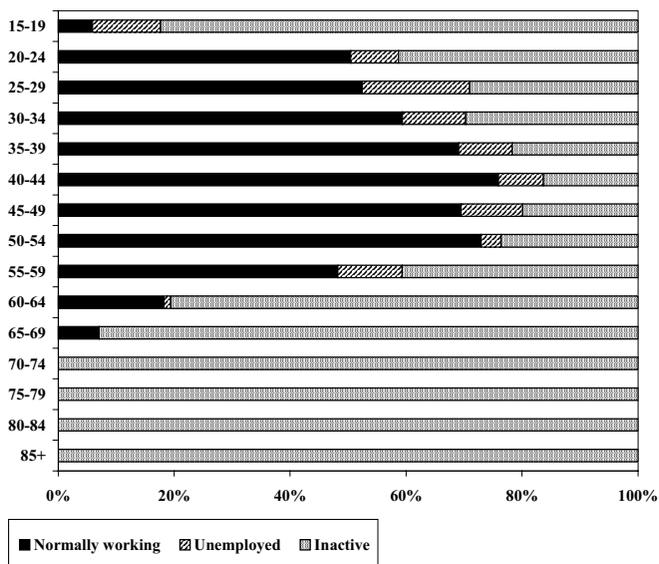
Figure 6.12. – Lone mothers by educational attainment and country* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

* Data for the Netherlands are not included. Numbers for France are too small.

Figure 6.13. – Lone mothers by activity and age group, 15-EU pooled data (ECHP 1996-1998)

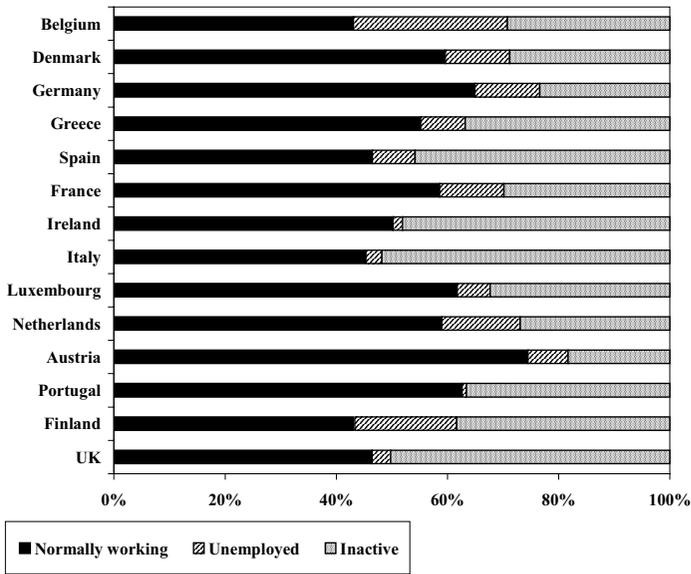


Source: own calculations (Avramov, 2002).

ousness and high dependence on income replacement payments. Although lone mothers are most likely to be inactive around the age of retirement, the proportions who are inactive are persistently high at all ages and are only significantly lower in the 35-45 age group (Figure 6.13).

It is particularly in Finland, Ireland, the UK and in most of the countries of southern Europe that lone mothers display the highest inactivity rates (Figure 6.14).

Figure 6.14. – Lone mothers by activity and country* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

*Data for Sweden are not available.

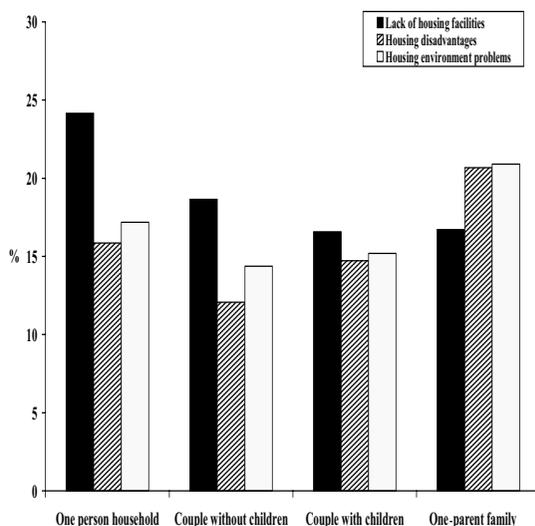
6.5. Housing problems and household durables

6.5.1. Housing stress

In terms of basic facilities, only a marginal proportion of one-parent families lack a bath, shower or toilet (2 percent) or inside running water (5 percent) but 24 percent experience inadequate heating and 19 percent have no place to sit outside.

One-parent households are somewhat more likely to experience specific housing problems than other household types and show the highest percentages of housing disadvantage and housing environment problems (Figure 6.15).

Figure 6.15. – Households that lack housing facilities, and experience housing disadvantages and housing environment problems by household type, EU pooled data* (EHP 1996-1998)



Source: own calculations (Avramov, 2002).

* Data for Sweden are not available.

As expected, one-parent families living in income precarious conditions are confronted with more housing problems than one-parent families who are better-off.

It is generally known that the housing needs of one-parent families in terms of space and equipment do not differ substantially from those of families composed of couples with children, the key differentiating variable being the number of co-residing children. It comes as no surprise that housing costs are a heavy burden for one out of every three lone parents, which is the highest figure for any household type. An average of only 14 percent of couples without children, against 19 percent of one-person households and 22 percent of couples with children, report that housing costs are a heavy financial burden. Those reporting no problem in this regard amount to only one in five of one-person households compared to one in two of households without children (Table 6.1).

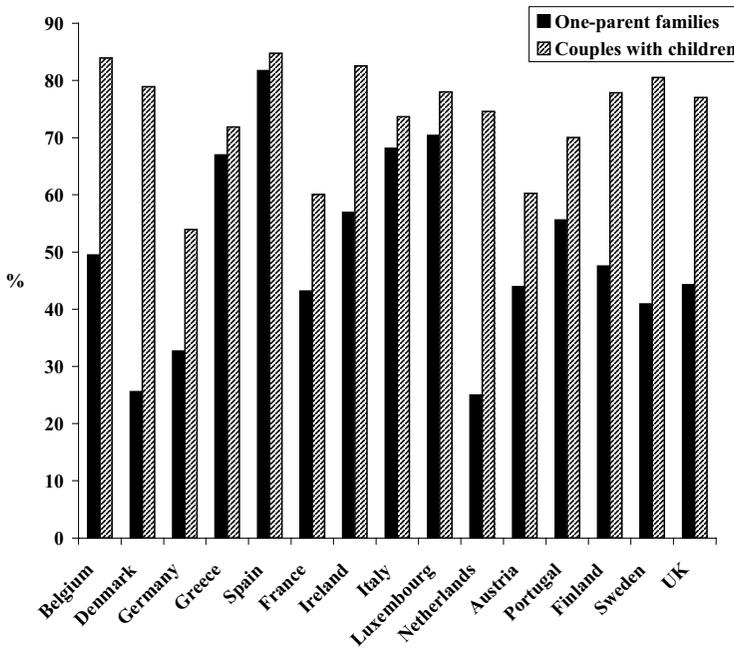
Table 6.1. – The burden of housing costs by household type, EU pooled data* (ECHP 1996-1998)

| Financial burden | One-person household | Couple without children | Couple with children | One-parent family |
|-------------------|----------------------|-------------------------|----------------------|-------------------|
| A heavy burden | 19 | 14 | 22 | 33 |
| Somewhat a burden | 39 | 39 | 47 | 43 |
| Not a problem | 42 | 47 | 31 | 24 |
| N = 100% | 15,360 | 14,490 | 20,172 | 3,926 |

Source : own calculations (Avramov, 2002).

* Data for Sweden are not available.

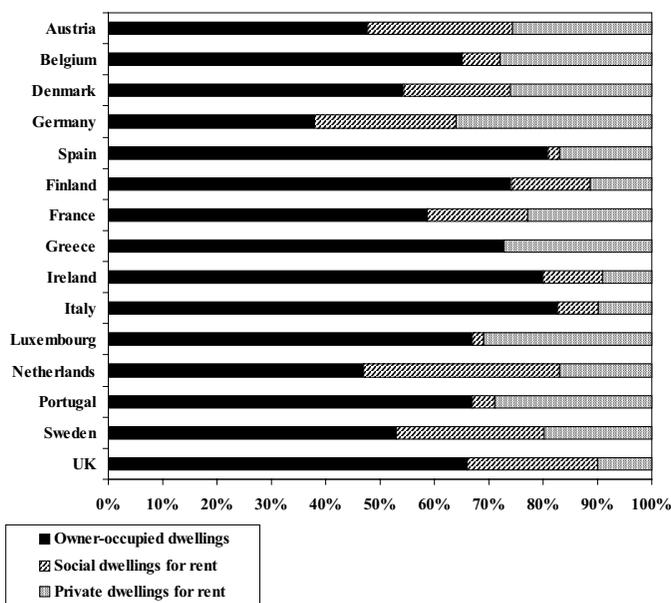
Another difference between lone parents and couples with children lies in housing tenure. On average, one out of two lone parent families lives in an owner-occupied dwelling compared with seven out of 10 couples with children. In addition, the differences in tenure type by country are much more pronounced for lone parents than for couples with children (Figure 6.16).

Figure 6.16. – Homeowners among one-parent families and couples with children by country (ECHP 1996-1998)

Source : own calculations (Avramov, 2002).

The lowest proportions of homeowners among lone parents are found in Germany, Denmark and the Netherlands and the highest in the countries of southern Europe and Luxembourg. These differences should, however, be interpreted in the light of the availability of publicly funded or co-funded social housing. In countries where social housing is in short supply or is non-existent, as is the case in most southern European countries, individuals and families have no other choice than to resort to private coping strategies (Figure 6.17).

Figure 6.17. – Owner-occupied, social and private rented sectors, 1990 (as percent of the total housing stock)



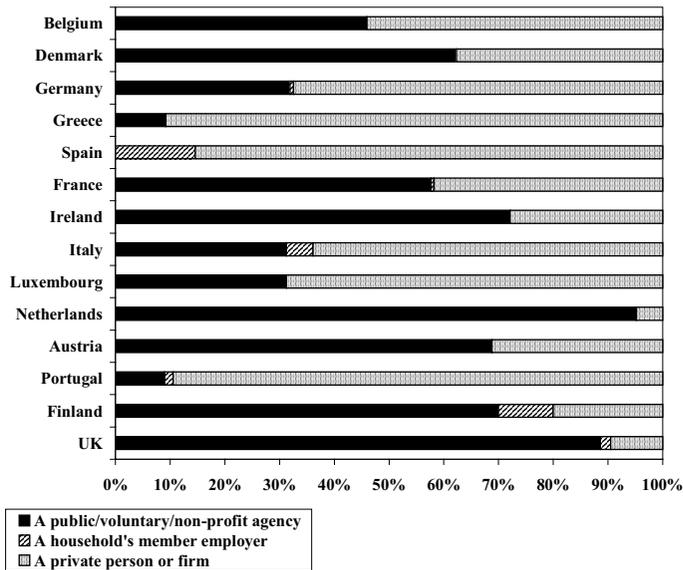
Source: Avramov, 1998.

In all advanced welfare states, single parents have priority access to social housing, which as a rule provides affordable housing and a high degree of security of tenure, albeit of variable quality. The take-up of publicly funded housing is another indicator of the high degree of dependence of lone parents on public support, this time through indirect housing subsidies. On average, 53 percent of one-parent families and 40 percent of couples with children who rent their dwellings live in social housing, whereas couples with children are more dependent on the private rental market.

However, the EU average conceals enormous differences in housing policies in general and policies towards socially vulnerable households in particular among the various countries. Hence, whereas in the Netherlands, the UK,

Ireland, Finland, and Austria the overwhelming majority of lone parents who rent a dwelling are housed in publicly funded social housing, much lower proportions are found in southern Europe, Germany and Luxembourg (Figure 6.18).

Figure 6.18. – Lone parents in rented accommodation by type of landlord and country* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

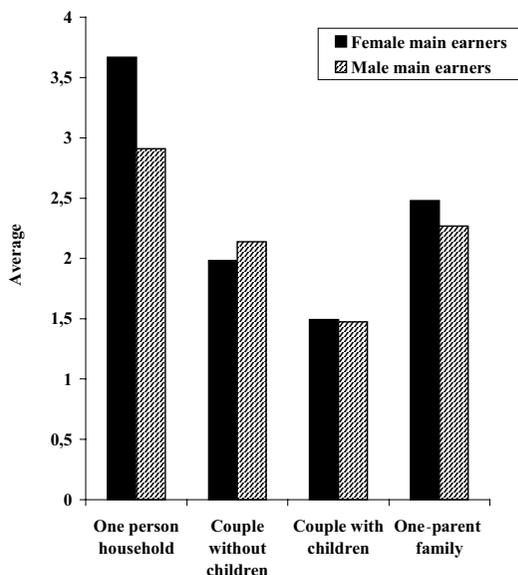
*Data for Sweden are not available.

6.5.2. Household durables

One-parent families tend to possess fewer household durables than couples with children (Figure 6.19) usually because they 'cannot afford them'.

The most pronounced difference is in car ownership, with 34 per cent of one-parent families not owning a car (23 per cent because they 'cannot afford it') compared with only 7 per cent of couples with children (5 per cent because they 'cannot afford it'). The household durable most widely owned by lone parents is a television set, only 2 per cent not having one against 1 per cent of couples with children, while 8 per cent of one-person households do not have direct access to a telephone against 4 per cent of couples with children. The proportions of lone parents not having other household durables are also considerably higher and they are twice as likely to state that this is because they cannot afford them as are couples with children.

Figure 6.19. – Household durable deprivation by household type and sex of main earner, EU pooled data* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

* Some data for France and Sweden are not available.

6.6. Social contacts and satisfaction

In terms of casual social contacts with neighbours and friends, one-parent families do not generally differ from couples with children, although lone fathers have somewhat fewer casual social contacts. However, the proportions are quite different in respect of membership of clubs and organisations, with only 26 percent of lone parents having such membership compared with 40 per cent of couples with children.

Lone parents living in income precarious conditions exhibit similar patterns of casual social contact as others. However, the proportion of lone parents with incomes less than 60 percent of the median belonging to clubs and organisations is remarkably low at only 18 percent compared with 30 per cent for lone parents who are better-off.

One-parent families are clearly the least satisfied of all household types and are most likely to express dissatisfaction with their work or main activity, housing, leisure time and especially their finances as also confirmed by the composite variable 'subjective appreciation of financial situation' (Figure 5.16). Lone fathers, however, are somewhat less dissatisfied than lone mothers.

It is not surprising that one-parent families living on low incomes or living in poverty also report significantly lower levels of satisfaction in income-related life matters than those with incomes above the threshold.

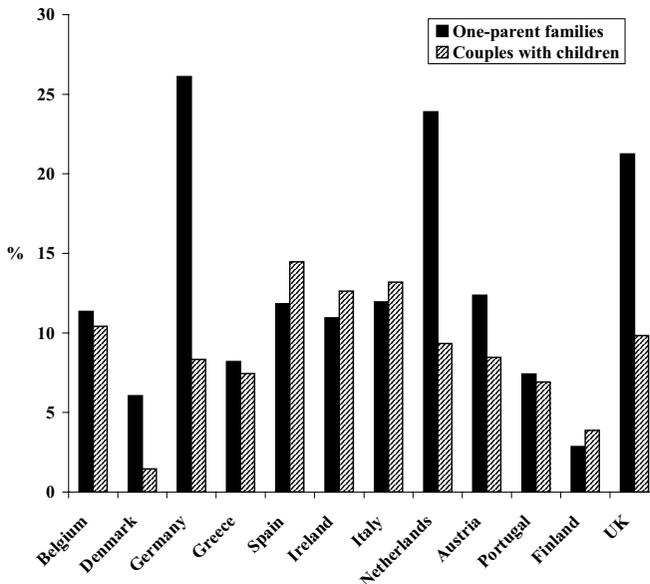
6.7. Composite indicators of vulnerability

Considerably higher proportions of lone mothers fall below the thresholds associated with the composite indicators for poor means (income, education and housing) and low satisfaction (with work/activity, finances and housing) than couples with children. Very high proportions also report that they cannot afford the basic goods, services and activities that make up the composite indicator of financial appreciation.

6.7.1. Composite indicator of means (CIM)

Of all household types, it is lone mothers that experience the highest prevalence of poor means, with 16 percent falling below the threshold value compared with 13 per cent of couples with children (Figure 5.17). There are, however, considerable differences between countries and it is particularly in Germany and the UK that lone parents are most likely to be simultaneously disadvantaged in terms of income, work/activity and housing (Figure 6.20).

Figure 6.20. – Share of one-parent families below the threshold of low means (CIM), by country* (ECHP 1996-1998)



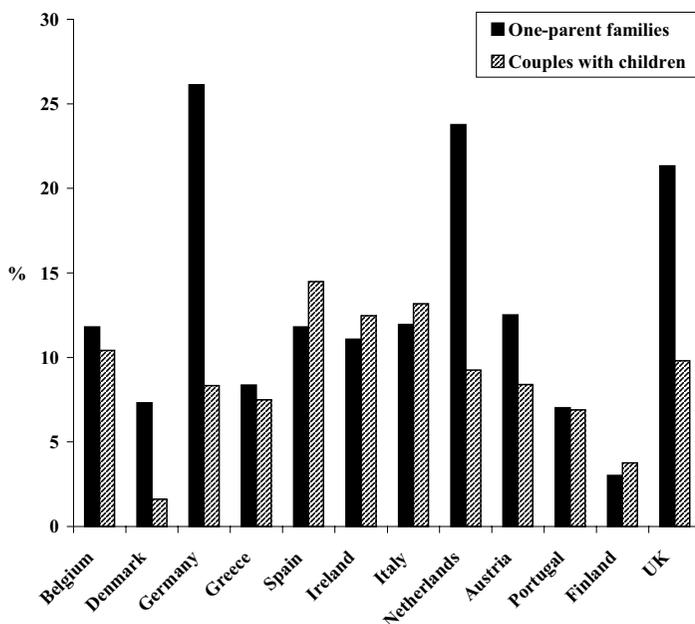
Source: own calculations (Avramov, 2002).

* Data for Sweden are not available. Numbers for France and Luxembourg are too small.

6.7.2. Composite indicator of satisfaction (CIS)

Lone mothers are least satisfied with their financial situation, work or main activity and housing in the countries of southern Europe and the UK. The lowest percentages of dissatisfied are found in Austria, Denmark, and the Netherlands (Figure 6.21).

Figure 6.21. – Percent of one-parent families and couples with children with female heads below the threshold of low satisfaction (CIS) by country* (ECHP 1996-1998)



*Data for Sweden are not available.

Source: own calculations (Avramov, 2002).

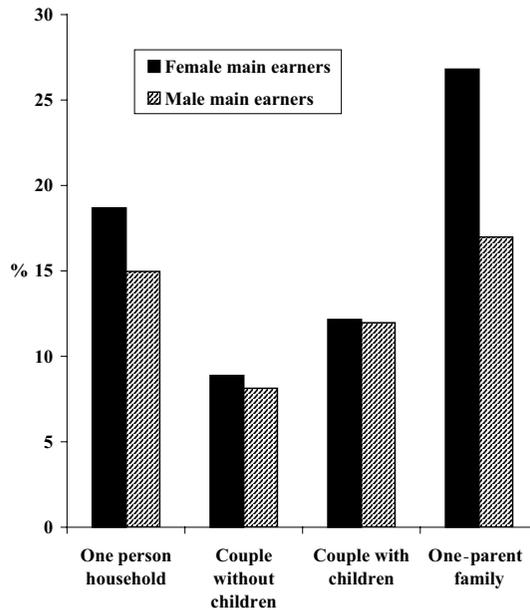
The indicator also suggests that there are strong differences between one-parent families and couples with children in all countries, with lone parents clearly being less satisfied except in the United Kingdom.

6.7.3. Composite indicator of subjective appreciation of financial situation (CIF)

As many as one in four single-mothers fall below the threshold of this indicator compared with one in six one-parent families headed by a man. Although inability to afford things is less widespread among lone fathers than among lone mothers, lone fathers nevertheless subjectively report depriva-

tion more often than men heading any other household type (Table 5.1). The proportion of one-parent families that fall below the threshold of poor financial situation in terms of consumption is higher among lone parents than any other household type (Figure 6.22). This holds true for all countries.

Figure 6.22. – Subjective appreciation of poor financial situation (CIF) by household type and sex, EU pooled data* (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

* Data for Sweden are not available.

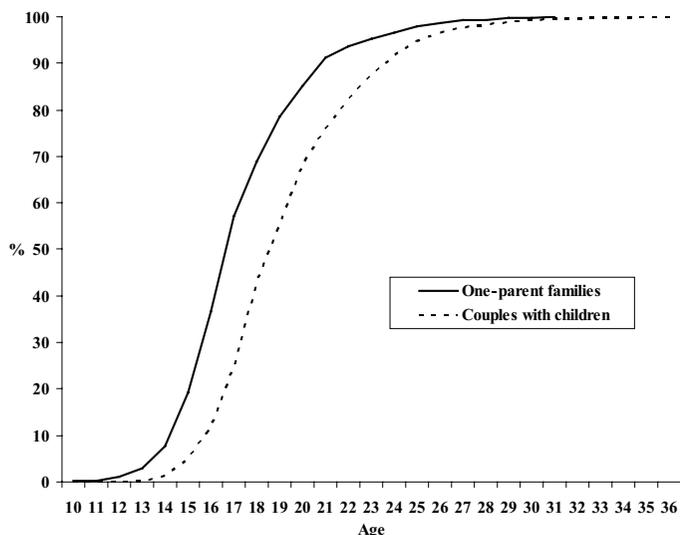
6.8. Demographic behaviour

6.8.1. Age at first sex, first partnership and first marriage

For those countries for which the relevant information is available (Belgium – Flanders, France, Italy, Portugal and Spain), the FFS database suggests that lone parents started their sexual life at an earlier age than couples with children (Figure 6.23).

Moreover, lone parents in Belgium (Flanders), Germany and Italy with equivalised incomes below the 60 percent threshold commenced sexual activity at a slightly earlier age than those with incomes above the threshold.

Figure 6.23. – Lone mothers and women living with a partner and children by age at first sexual intercourse (cumulative frequency), pooled data for Belgium (Flanders), Spain, France, Italy, and Portugal, (FFS)



Source: own calculations (Avramov, 2002).

In addition, the FFS data for the 9 EU countries show that lone parents embarked upon their first partnership somewhat earlier than couples with children. Only a minority of lone parents had never had a durable partnership (Figure 6.24).

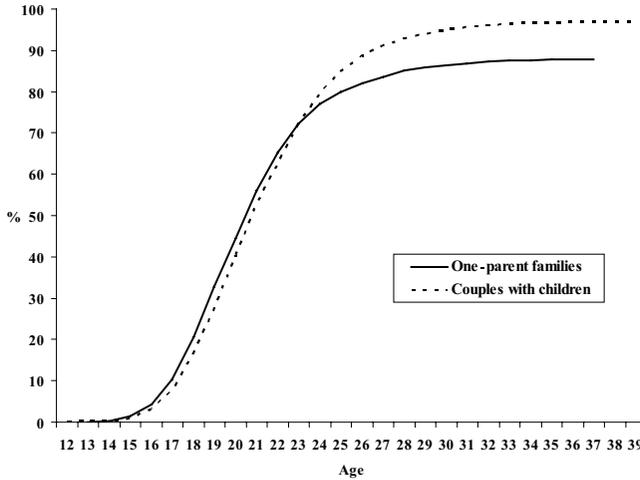
Lone parents are also more likely to conclude their first marriage at a somewhat earlier age, although the proportions of never married remain high, one out of four 35-39 year old lone mothers never having married (Figure 6.25).

The FFS data for Belgium (Flanders) also suggest that one-parent families in income precarious conditions marry at a slightly earlier age than those above the income threshold, the average ages being 20.0 and 21.3 respectively. The same difference, although somewhat less pronounced, is also observed in Germany, where the respective ages are 21.1 and 21.5 years.

6.8.2. Marital status and consensual unions

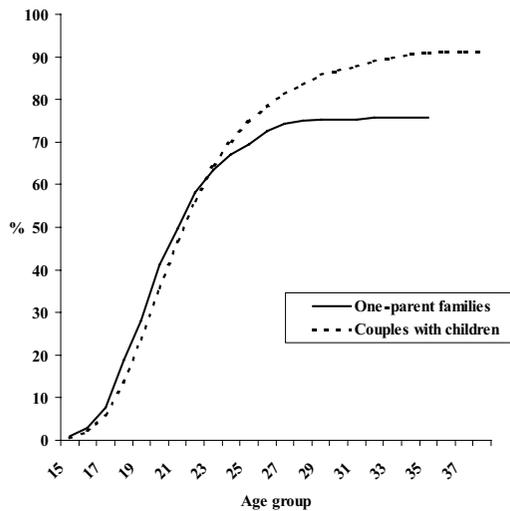
According to the ECHP database, 40 percent of lone mothers are divorced or separated, 29 percent are widowed and 29 percent have never married and are single. By contrast, lone fathers display a quite different pattern – 20 percent are divorced or separated, 17 percent are widowed and 60 percent have never married and are single.

Figure 6.24. – Lone mothers and women living with a partner and children by age at first partnership (cumulative frequency), pooled data for Belgium (Flanders), Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden, (FFS)



Source : own calculations (Avramov, 2002).

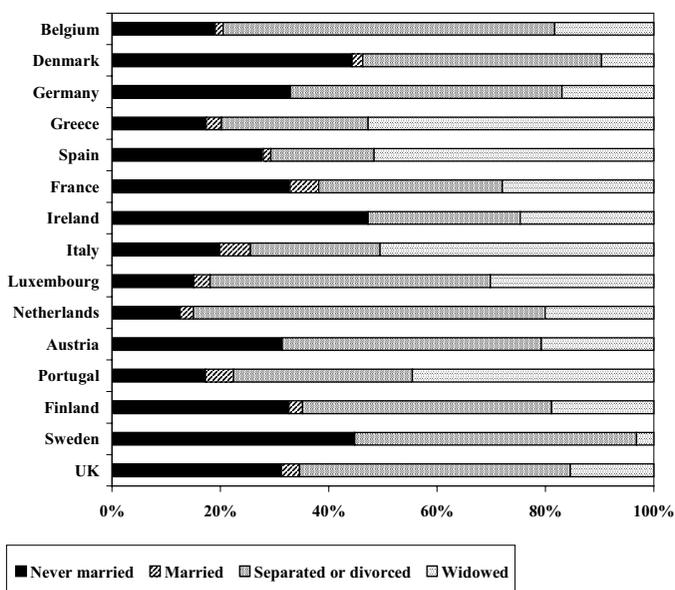
Figure 6.25. – Lone mothers and women living with a partner and children aged 35 to 39 by age at first marriage (cumulative frequency), pooled data for Belgium (Flanders), Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden, (FFS)



Source : own calculations (Avramov, 2002).

There are, however, quite marked differences between countries (Figure 6.26). With respect to motherhood among never married women, countries fall into three groups: (1) the BENELUX and some of the countries of southern Europe exhibit the lowest proportions (under 20 percent) of never married lone mothers; (2) the figures for Spain, France, Germany, Finland, Austria and UK are around 30 percent; and (3) in Ireland, Denmark and Sweden the values exceed 40 percent.

Figure 6.26. – Lone mothers by marital status and country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

With respect to widowhood among lone mothers, the highest percentages are observed in southern Europe.

In addition, data from the ECHP suggest that divorce and separation are more prevalent among one-parent families exposed to income precariousness, whereas among those above the threshold widows are relatively more numerous.

For the five EU countries for which data about partnerships are available from the FFS, it would appear that more than one in four lone parents have a partner living in another household, i.e. a 'LAT' (or living-apart-together type arrangement).

6.8.3. Sexual intercourse during the previous four weeks

One out of every two lone mothers and eight out of every 10 lone fathers had had sexual intercourse in the four weeks preceding the interview (FFS database, Belgium (Flanders), France, Italy and Spain). But as expected, sexual activity was lower among lone parents, especially mothers than among couples with children.

6.8.4. Family planning

Fifty four percent of lone parents currently use contraceptive methods; for those with a partner this figure is 81 percent compared with 43 percent for those without. Eighty six percent of contraceptive users utilise highly effective methods – 10 percent sterilisation, 56 percent the pill and 20 percent the IUD. Lone parents have a somewhat more modern contraceptive profile than couples with children.

In the event of an unintentional pregnancy, lone parents would more likely resort to abortion (23 percent) than couples with children (11 percent) or couples without children (5 percent).

6.8.5. Age at first birth and number of children

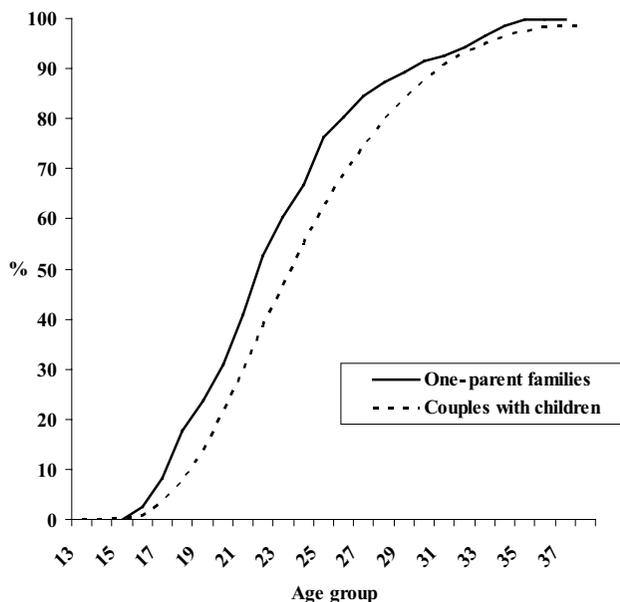
Lone parents tend to have their first birth at an earlier age than couples with children, although the average family size of lone parents is somewhat lower largely because of a higher prevalence of one-child households (Figure 6.27 and Table 6.2).

Table 6.2. – Number of children by household type for women in the 20 to 39 and 35-39 age groups, pooled data for Belgium (Flanders), Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden, (FFS)

| Number of children | Age group 20-39 | | Age group 35-39 | |
|--------------------|---------------------|-----------------------|---------------------|-----------------------|
| | One-parent families | Couples with children | One-parent families | Couples with children |
| 1 | 36 | 55 | 44 | 25 |
| 2 | 46 | 32 | 39 | 50 |
| 3 | 14 | 9 | 11 | 19 |
| 4 | 3 | 3 | 4 | 4 |
| 5+ | 1 | 1 | 2 | 2 |
| Average | 1.63 | 1.89 | 1.82 | 2.11 |
| N = 100% | 1,346 | 14,256 | 523 | 5,189 |

Source: own calculations (Avramov, 2002).

Figure 6.27. – Lone mothers and women living with a partner and children aged 35 to 39 by age at first birth (cumulative frequency), pooled data for Belgium (Flanders), Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden, (FFS)



Source: own calculations (Avramov, 2002).

In addition, the FFS data for Belgium (Flanders) indicate that one-parent families in income precarious conditions have their first births at a significantly earlier age than those above the income threshold – at 21.5 and 23.8 years respectively. The same differential, although less pronounced, can be observed in Germany – the respective ages being 21.6 and 22.4 and also in Italy although the number of cases is very small.

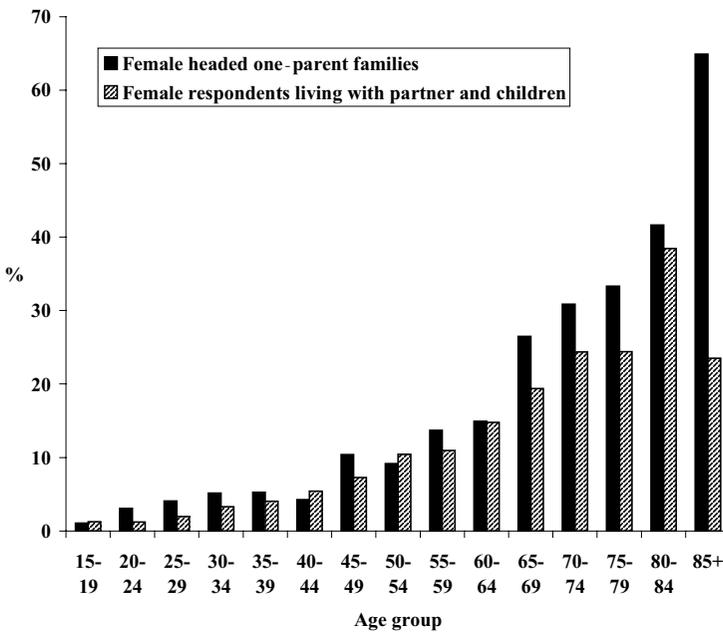
The ECHP shows that the number of co-residing children in households is significantly higher in one-parent families with an equivalised income below the low-income threshold than in better-off households.

Data from the FFS are broadly consistent with this in confirming that parents with low or poor incomes tend to have more children, although the statistical link with one-parent families is weaker.

6.8.6. Morbidity

Among lone parents, 11 percent of women and 6 percent of men report bad or very bad health which is somewhat higher than for couples with children. The patterns are similar for virtually all age groups and are also broadly consistent in all 15 countries. The highest figures for health problems among women with children are recorded in Portugal, Spain, Luxembourg and Italy (Figure 6.28 and 6.29).

Figure 6.28. – Lone mothers and women living with a partner and children reporting bad or very bad health by age group, 15-EU pooled data (ECHP 1996-1998)



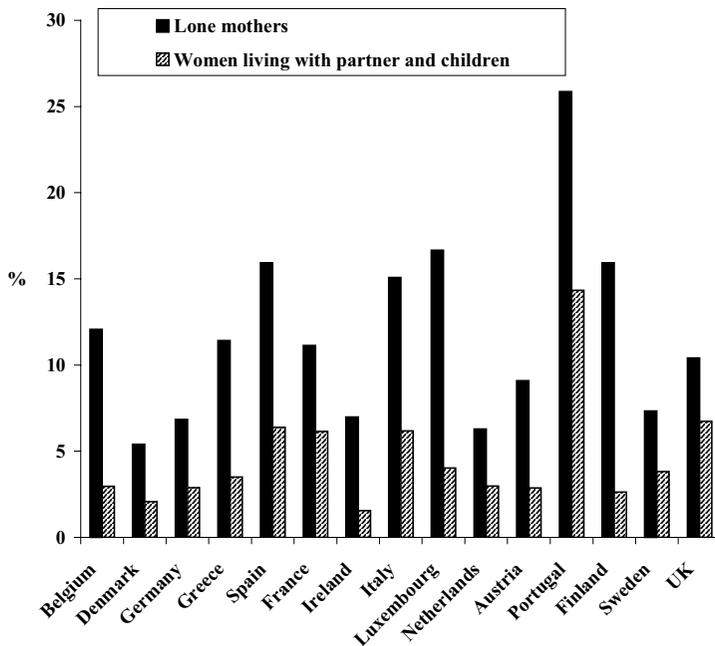
Source: own calculations (Avramov, 2002).

Lone fathers with an equivalised income below the low-income threshold have a somewhat less favourable health distribution than those who are better-off and this is a pattern that applies even more to women.

6.9. Policy implications

Due to the increase in marital separation and the rise in the number of non-marital births, there was substantial growth in the number of lone-parent families in Europe during the last decades of the 20th century.

Figure 6.29. – Lone mothers and women living with a partner and children reporting bad or very bad health by country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

The vast majority of one-parent families are headed by women and face a higher than average risk of poverty as well as being more dependent on public support than any other household type. Indeed, in some countries lone parents depend more or less entirely on the state for their livelihood, but the payments received are insufficient to lift them out of poverty.

Inactivity levels are exceptionally high among lone parents, particularly lone mothers. Private non-work related income or maintenance from a former spouse is generally inadequate and, as a consequence, in the 15-EU the welfare payments account for around half the average incomes of lone mothers.

The composite indicators confirm that one-parent families are worse off than any other household type and are also the least satisfied.

The worst-off in terms of objective measurements of deprivation and subjective reporting on health and satisfaction are lone parents in the countries of southern Europe and the UK. The social condition of lone parents is clearly

associated with the specific welfare regimes in individual countries and the types of preventative and palliative measures they adopt. When judged in this way, the welfare systems of the Nordic countries prove to be the most effective in lifting lone parents out of poverty.

In terms of demographic behaviour, lone parents start their demographic careers (age at leaving the parental home, first partnership, first marriage and first birth) somewhat earlier than couples with children and also exhibit high proportions of the never married women as well as the divorced. Lone parents report persistently worse health than couples with children.

There is an apparent interweaving between the social condition of lone parents, their demographic behaviour and effectiveness of public policies. The current situation indicates that large proportions of lone parents are not well off, are dissatisfied with their conditions and draw heavily on the state for their livelihoods.

The implications of our findings regarding public policies may be summarised as follows. In order to prevent their life-long dependency on public support, it may be necessary to facilitate participation of lone mothers in the labour market. For some, it may be necessary to provide access to new and better skills, but for many lone mothers who have similar educational profiles to other women, it may be the lack of a child-friendly work environment and child-care facilities that constitute the key obstacles to this.

A review of the judicial system surrounding child maintenance by both parents regardless of their partnership status may also be necessary. However, it should be acknowledged that there will always be parents whose own financial situation is precarious because of unemployment, ill health or their age and who may not be able to provide maintenance for their children on an adequate and reliable basis.

In view of the ongoing changes in family dynamics, especially in respect of the high frequency of divorce and growing numbers of births outside wedlock, public policies may need to address the social conditions of families in general and women and children in particular in a more effective and integrated manner. Women should acknowledge that being heavily dependent for their income on a spouse or partner constitutes high-risk behaviour and being inactive while at one's peak working age is a high-risk choice. Public policies need to invest more in people and their capacity for building autonomous lives. Policy targeted only at socially vulnerable one-parent families should be seen as an archaic poverty-relief action and may prove to be a revolving door of dependence on transfer payments and social services.

Chapter 7

Two-parent households with children and social disadvantage

7.1. Changes in family patterns and fertility

Family patterns are undoubtedly changing across Europe. The family demography of modern society not only shows increasing variability in household types but also more complex family life courses. Family and household variation is, however, not a completely new phenomenon. In pre-Victorian societies celibacy, single-parent families and reconstituted families were as common if not more prevalent than today, but the causes – high mortality, economic constraints, ideological pressures – were different (Laslett, 1965). What is also quite different today are the values and norms built into the social structures that underpin the mainstream policy discourse regarding the plurality of family forms. During the overall modernisation process, societies evolved from a uniform ideal of 'the family' towards a tolerant acceptance of a multiform variation of 'families' (Roussel, 1989; Avramov, 1993; Cliquet and Avramov, 1998; Pinnelli *et al.* 2001).

While greater variation in intimate relations, partnership formation and dissolution may be observed there is a striking convergence of reproductive behaviour among women, both in terms of the timing and number of children. Europe now has the lowest fertility in the world (Calot, 2000) and, in the 15 countries under consideration, total fertility rates range from a high of 1.89 in Ireland and France to lows of 1.23 in Italy and 1.24 in Spain (Table 7.1).

Table 7.1. – Total fertility rates by country in 2000

| Country | Total fertility rate | Country | Total fertility rate |
|---------|----------------------|-------------|----------------------|
| Belgium | 1.66 | Luxembourg | 1.79 |
| Denmark | 1.77 | Netherlands | 1.72 |
| Germany | 1.36 | Austria | 1.34 |
| Greece | 1.29 | Portugal | 1.52 |
| Spain | 1.24 | Finland | 1.73 |
| France | 1.89 | Sweden | 1.54 |
| Ireland | 1.89 | UK | 1.65 |
| Italy | 1.23 | | |

Source: Council of Europe, 2001.

Throughout the EU total fertility rates are below the level needed for long term population replacement. Low fertility as a 'bottom-up' determinant of population ageing is observed in all advanced market economies, albeit with varying percentage 'deficits'. The overwhelming majority of couples in advanced welfare states opt for one or two children and large families have become exceptionally rare.

Cross-sectional data from the ECHP and FFS¹ give similar pictures regarding the number of children living with their parents (Table 7.2). Around eight out of 10 families have one or two co-residing children and only 4 to 7 percent of families have four or more co-residing children.

Table 7.2. – Percentage distribution of co-residing children by household type for women aged 20-39, pooled data for Belgium (Flanders), Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden (FFS) and 15-EU pooled data (ECHP 1996-1998)

| Number of co-residing children | Panel A: 9-EU (FFS) | | Panel B: 15-EU (ECHP) | |
|--------------------------------|---------------------|-----------------------|-----------------------|-----------------------|
| | One-parent families | Couples with children | One-parent families | Couples with children |
| 1 | 58 | 37 | 60 | 44 |
| 2 | 30 | 45 | 29 | 42 |
| 3 | 8 | 14 | 9 | 7 |
| 4 | 3 | 3 | 1 | 3 |
| 5+ | 1 | 1 | 1 | 4 |
| N = 100% | 1,348 | 14,256 | 1,666 | 9,231 |
| Average | 1.56 | 1.84 | 1.55 | 1.87 |

Source: own calculations (Avramov, 2002).

If we only select women aged 35 to 39, i.e. those closer to the end of their reproductive lives, the average number of co-residing children is obviously higher and more mothers have two and three children than across the repro-

1. The FFS survey gives information on the total number of children each respondent has as well as on the number of co-residing children. The ECHP gathers only information about the number of children currently living in the household. The age range of mothers that can be analysed from the FFS for the 9 EU countries (Belgium/Flanders, Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden) is 20 to 39 years of age. In order to maintain minimum consistency for reasons of comparison, we have selected the same age range from the ECHP database for the 15-EU countries and have compared the number of co-residing children in both surveys. This procedure is also justified by the fact that most mothers in this age range still live with all of their children.

ductive age span as a whole (Table 7.3). Higher order births are also more numerous and some 6 percent have four or more children, although the overall proportion with one or two children does not differ substantially from the general average. (Table 7.3, Panel A) Regarding the number of children currently living in households in which mothers are aged between 35 and 39, the ECHP data reflect the fact that young adults are already leaving the parental home (Table 3.13, Panel B). Indeed, close to eight out of every 10 mothers aged 35 to 39 and living with a partner have only one or two children in the household and among one-parent families this percentage is even higher.

Table 7.3. – Percentage distribution of co-residing children by household type for women aged 35 to 39, pooled data for Belgium (Flanders), Germany, Spain, France, Italy, Austria, Portugal, Finland and Sweden (FFS) and 15-EU pooled data (ECHP 1996-1998)

| Number of co-residing children | Panel A: 9-EU (FFS) | | Panel B: 15-EU (ECHP) | |
|--------------------------------|---------------------|-----------------------|-----------------------|-----------------------|
| | One-parent families | Couples with children | One-parent families | Couples with children |
| 1 | 49 | 26 | 62 | 36 |
| 2 | 36 | 50 | 26 | 49 |
| 3 | 9 | 18 | 10 | 9 |
| 4 | 3 | 4 | 2 | 3 |
| 5+ | 3 | 2 | 1 | 4 |
| N = 100% | 523 | 5,189 | 516 | 3,892 |
| Average | 1.68 | 2.04 | 1.53 | 1.96 |

Source: own calculations (Avramov, 2002).

A desktop review of the literature regarding explanations for fertility decline in 20th century Europe may be summarised as follows. The description and analysis of the macro-level processes associated with changes in economic production (agriculture → industrialisation → IT technologies) and related changes in education and work patterns, especially of women, together with urbanisation and the globalisation processes associated with increased mobility, provide a basis for the contextual explanations of low fertility. Explanations also build on the assessment of the impact of adaptations of the labour laws, working conditions, social security systems, child-care and non-work related social protection and the degrees to which particular domains of activity and policy responses are family-friendly or not. Furthermore, changes

in partnership formation and dissolution also influence fertility levels. It is generally recognised that individuals strive to establish enduring relationships, even though they will not necessarily or always be of a lifelong nature and that opportunity enhancement for individual gratification and most normative features of modern culture seem to induce low fertility. Many authors have concluded that the disappearance of large families coincides with the fading away of the need for many children in terms of the family economy and that the emotional needs of parents, siblings and other family members can be satisfied with fewer children. People are aware that having many children makes it more difficult for both partners, particularly women, to end a relationship or marriage, which no longer satisfies their emotional needs.

Since there are clearly so many factors and processes that influence family building and dissolution, it is unrealistic to expect an all-encompassing general social theory of fertility. Family formation and dissolution appear to be 'over determined' phenomena. Indeed, there are numerous micro- and meso-scale theories on fertility decline but no consensus about the causal linkages and consequences¹.

There is, however, a high degree of agreement among researchers in Europe that the diversity in family patterns, changes in gender roles, complexity of family relations that extend beyond households as residential units, and last but not least changes in household types are likely to persist and even accelerate in forthcoming decades (Hoffmann-Nowotny, 1987; Roussel, 1989; Höpflinger 1991; Matthijs, 1998).

7.2. Prevalence of two-parent households with children

Although it is a truism that family patterns and household types are changing, the two-parent family still comprises 35 percent of all households (Table 3.4). It is not only the predominant household type and living arrangement, but the majority of adults and children (68 per cent) live in families composed of two parents and children. Although non-marital births and divorce are on the rise, 84 percent of all children still live with two parents, compared with 9 percent with one parent only and seven percent in other household types.

One striking change in family composition relates to the number of children. Large families have mostly disappeared and households with four or more co-residing children account for less than 3 percent of all households (2.8 percent according to the ECHP database). Among all couples co-residing with children, only a small minority – 7.5 percent – live with 4 or more children; the ECHP shows 1,705 such couples out of a total of 21,644 cou-

1. For an extended overview of the literature on the determinants of low fertility see for example Population Index, <http://library.massey.ac.nz/db/populationindex.htm>

ples with co-residing children. However, if we look at the child population only, we also observe that some 20 percent of children (10,099 out of 50,426) live in large households with four or more children.

The number of births out of wedlock has been increasing over past 30 years or so in most European countries. But differences between countries continue to persist and in the late 1990s the figures varied from a high of 55 per 100 births in Sweden to only 4 per 100 births in Greece. However, it is usually the case that, in most countries, couples get married after the birth of a child and the figures presented in Table 7.4 indicate that the majority of couples raising children are, indeed, married. Furthermore, when children are born out of wedlock it does not imply that they do not have two co-residing parents. If in some countries large proportions of adults who bear and raise children never marry, this is of lesser consequence than in earlier times because social legislation and administrative practice, tax and inheritance laws, and the system of rights and obligations built into societal structures and norms make no distinction between married and unmarried couples. In brief, there are neither social rewards nor social penalties for choosing to have and raise children either in or out of wedlock.

7.3. Parenthood and public policies

The presence of dependent children in a household affects the life chances of families in three interdependent ways – there are the financial costs of rearing children, the opportunity costs related to the time devoted to domestic activity and care, and the benefits in terms of emotional bonds, intergenerational continuity and intergenerational solidarity.

The costs of a child may be calculated in various ways and there is literature in almost every European country that deals with the accounting aspect of parenthood. Costs are calculated for different age-related needs – ranging from food and clothing to toys and pocket money. Time-use surveys also provide considerable information on domestic labour and some manage to show how domestic activity translates into the living standard of a household. Studies on the value of children for parents are also in ample supply.

It is not our intention here, however, to address the accounting aspects of childrearing or the emotional gratification of parenthood but rather to examine the overall socio-economic and demographic characteristics of households that comprise couples with children with a view to identifying how well they are protected from poverty and social exclusion. The demographic focus is reflected in the analysis of the interweaving of demographic structures and processes with private and public strategies to deal with risks associated with household composition, age, health, socio-economic characteristics and the life chances of couples and their children.

7.4. – Extra-marital births per 100 births by country

| Country | 1980 | 1990 | 1999-2000 (latest available) |
|-------------|------|------|---------------------------------|
| Belgium | 4.1 | 11.6 | 11.6* |
| Denmark | 33.2 | 46.4 | 44.6 |
| Germany | 4.7 | 18.2 | 22.1 |
| Greece | 1.5 | 2.2 | 3.9 |
| Spain | 3.9 | 9.6 | 16.3 |
| France | 11.4 | 30.1 | 41.7 |
| Ireland | 5.0 | 14.6 | 31.8 |
| Italy | 4.3 | 6.5 | 10.2 |
| Luxembourg | 6.0 | 12.8 | 22.1 |
| Netherlands | 4.1 | 11.4 | 24.9 |
| Austria | 17.8 | 23.6 | 31.3 |
| Portugal | 9.2 | 14.7 | 22.2 |
| Finland | 13.1 | 25.2 | 39.2 |
| Sweden | 39.7 | 47.0 | 55.3 |
| UK | 11.5 | 27.9 | 39.5 |

* 1990.

Source : Council of Europe (2001).

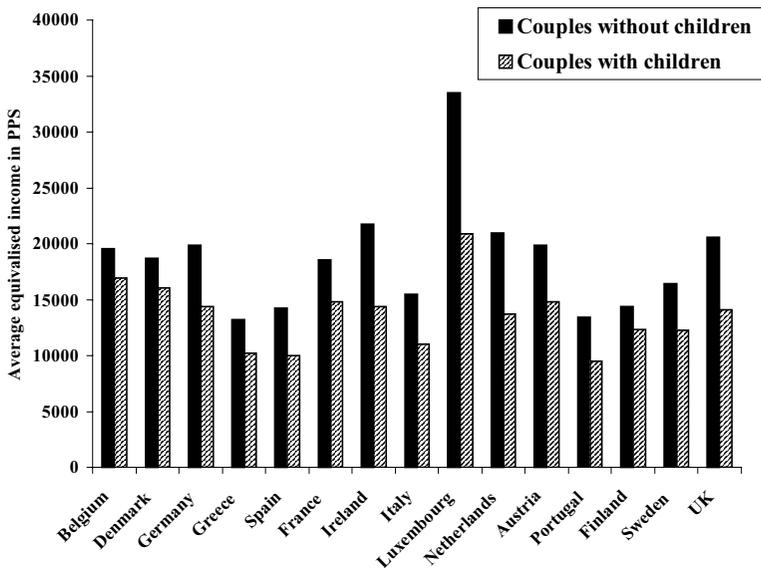
The changes in ideology towards families in Europe have been translated into a changing policy discourse and even more importantly into *de facto* changes in social protection policies. The mainstream discourse is focused on two dimensions: gender and childhood. The first relates to the need to further increase the participation of women in the labour market and strengthen the role of women as wage earners. Thus, policies are expected to decrease discrimination between socially insured men and dependent women and eliminate gender inequities regarding access to education, employment, wages and social protection. They are also likely to include measures aimed at decreasing the incompatibilities between paid labour and parenthood through the provision of public services and the encouragement of greater involvement by fathers in caring activities. In addition, policies may be expected to address excessive disparities in the life chances of children that stem from the unfavourable socio-economic circumstances of the families in which they live. Thus, the mainstream focus of family-friendly policies in the

advanced welfare state is on the well being and enhancement of the life chances of parents and children and not on fertility increase.

In view of the considerable differences in fertility levels between countries with different welfare regimes in Europe, our analysis also examines the various social protection systems as they affect children. Although we cannot establish the direction of the linkages between high levels of public protection for parents and children and the numbers of children parents are willing to bear and rear, we can show that there is a strict connection between objective and subjective indicators of the well being of two-parent families with children and the generosity of public policies.

In order to identify the social disadvantages which parents with children experience, we compare the socio-economic and demographic features of couples without children, who are better-off than other household types in terms of both their objective means and subjective expressions of satisfaction, with those of couples with children who do somewhat less well, especially when there are several children in the household. In order to look at how the risks of deprivation of parents with children may differ from one country to another, we focus on a comparison between couples with children experiencing income precariousness and parents who are better off.

Figure 7.1. – Couples with and without children living at home where the main earner is aged 25 to 54 by income in PPS and country (ECHP 1996-1998)



Source : own calculations (Avramov, 2002).

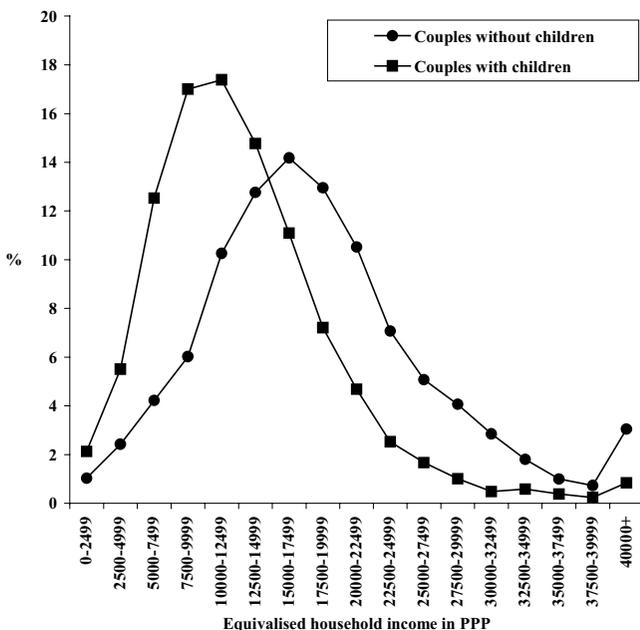
7.4. Incomes in two-parent households with children

The household income per adult equivalent for two-parent households lies significantly below that of couples without children, the figures being 13,058 PPSs and 115,474 PPSs respectively. If only the peak ages for raising children are considered (main earner aged between 25 and 54), this difference is even larger: 13,102 PPSs vs. 18,759 PPSs.

While these income disparities are observed in the 25 to 54 age group in all countries (Figure 7.1), it is more meaningful to compare the two household types at the peak child caring ages, which are also the peak years as far as work capacity is concerned. If all ages are taken into account, then the differences in average income between couples with and without children are smaller or even disappear in some countries mainly due to the presence of high proportions of elderly couples with low incomes.

Like other household types, two-parent households exhibit broad variations in income at all ages. For instance, there are pronounced differences in income in the population between the ages of 25 and 54, while between-

Figure 7.2. – Couples with and without children living at home where the main earner is aged 25 to 54 by income in PPS, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

group disparities are striking in terms of the higher percentages of couples without children in the highest income brackets (Figure 7.2).

7.4.1. Low-income households

Fourteen percent of all two-parent families with children live in income precarious conditions, compared with an overall population average of 17 percent, and 11 per cent among couples without children.

When we consider couples with and without co-residing children according to the three low-income categories, we observe that the relative differences between those living on low incomes between 50 and 60 percent of the median are small. The presence of children does, however, affect the risks for poverty (households with incomes that are 40 to 50 percent of the median). Among couples with children the percentage in poverty stands at 3.8 per cent compared with 2.6 per cent of couples without children. But the most pronounced disparities are for the severely poor (40 percent or less of the median), with 5.0 percent of two parent families and 3.7 percent of couples without children experiencing severe income poverty.

However, if we select those aged 25 to 54, thereby excluding elderly households and reducing the effect of generational income disparities, while the percentage of two-parent families in income precariousness does not greatly change, a considerable decrease is observed among couples without children. Only 6 percent of couples without children of peak working age (and also of potential child rearing age) experience income precariousness compared with 13 percent of couples with children.

The highest percentages of two-parent families with children living in income precarious conditions are found in Spain with 20 percent and Italy with 19 percent, while the lowest proportions occur in Denmark (2 percent) and Finland (4 percent) (Figure 6.6).

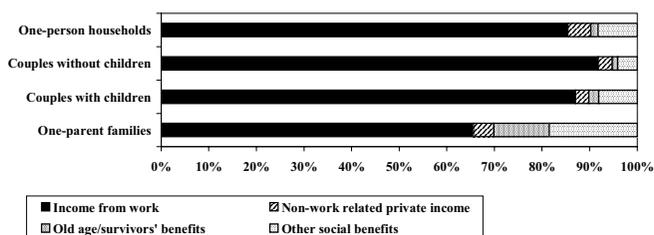
7.4.2. Dual incomes

Couples with children rely more frequently on one income than couples without children – 28 percent of two-parent households have only one income against 19 per cent of couples without children. Moreover, income precariousness is strongly related to the number of earners in a household regardless of the presence of children. Indeed, the proportion of couples with one income who also have children and who fall into income precariousness (22 percent) does not differ greatly from the percentage of all one income couples at risk of poverty (24 percent). What makes two-parent families more at risk of poverty is the fact that they are less likely to have two incomes from work than couples without children.

7.4.3. Sources of income

Among all household types, couples of all ages with children generate the highest proportions of total household income from work (83 percent) and are least dependent on social benefits (Figure 5.6). However, the presence of children does affect the prosperity of the family. Hence, if we compare couples with and without children during their peak working and child rearing ages (25-54) then it is those without children who earn a larger part of their income from work, have a higher proportion of non-work related private income and are only marginally dependent on transfer payments to supplement their earnings. In other words, whereas for this group only 4 percent of average household income is derived from social benefits, the corresponding figure for couples with children is 8 percent (Figure 7.3).

Figure 7.3. – Source of income by household type – main earners aged 25 to 54, 15-EU pooled data (ECHP 1996-1998)



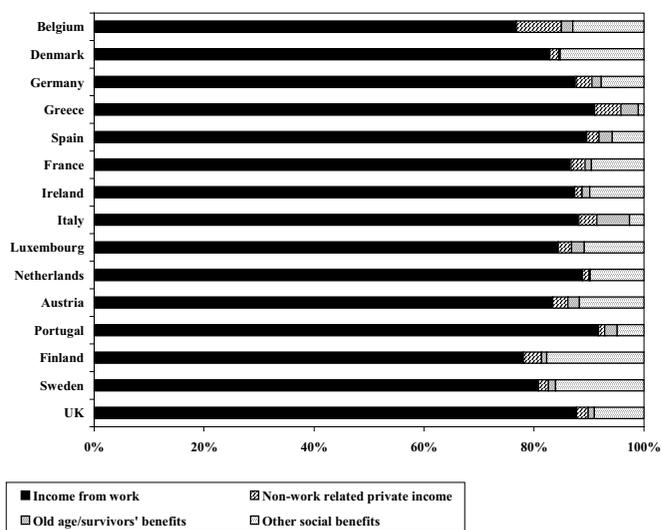
Source: own calculations (Avramov, 2002).

It should also be noted that while the bulk of the income of couples with children comes from work in all countries, differences of welfare regime do, none the less, lead to different level of public support for families with children. In this regard, Finland, Belgium and Denmark are the most generous and the countries of Mediterranean region the least generous in terms of the proportion of family income that comes from social benefits (Figure 7.4).

The most generous towards families with children, in terms of income supplements expressed in PPS are Finland, Denmark, Luxembourg and Belgium and the least are Greece, Italy, Portugal and Spain (Figure 7.5).

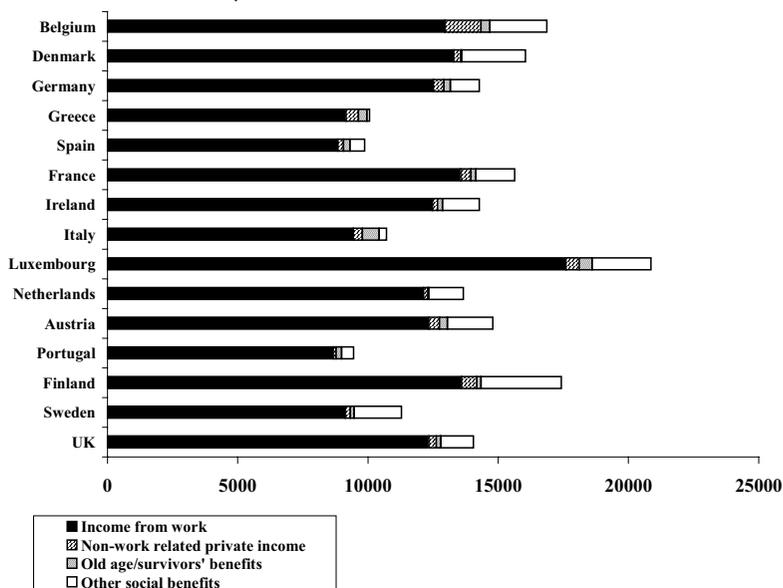
Two-parent families living in income precarious conditions are considerably more dependent on supplementary benefits but when expressed in PPS these are only marginally higher for low-earning parents than for the better-off and do not suffice to pull them out of poverty or to decrease the disparities in incomes (Figure 7.6).

Figure 7.4. – Couples with children where the main earner is aged 25 to 54 by source of income and country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

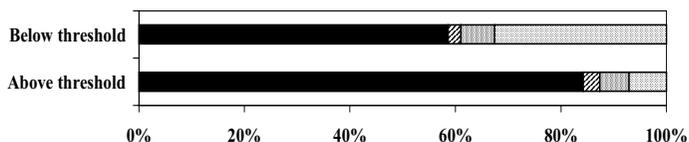
Figure 7.5. – Couples with children living at home where the main earner is aged 25 to 54 by source of income in PPS and country (ECHP 1996-1998)



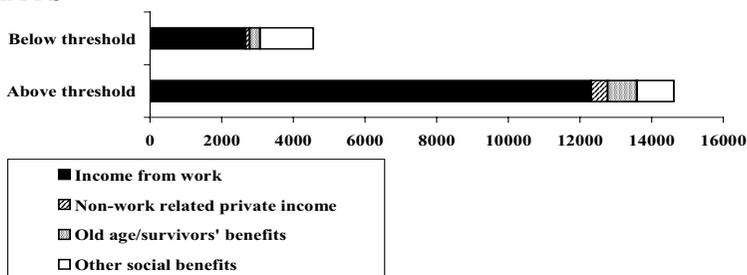
Source: own calculations (Avramov, 2002).

Figure 7.6. – Couples with children living at home and with incomes below and above the low-income threshold by source of income (in percent and in PPS), 15-EU pooled data (ECHP 1996-1998)

Panel A: in percent



Panel B: in PPS



Source: own calculations (Avramov, 2002).

7.4.4. Low incomes before and after social benefits

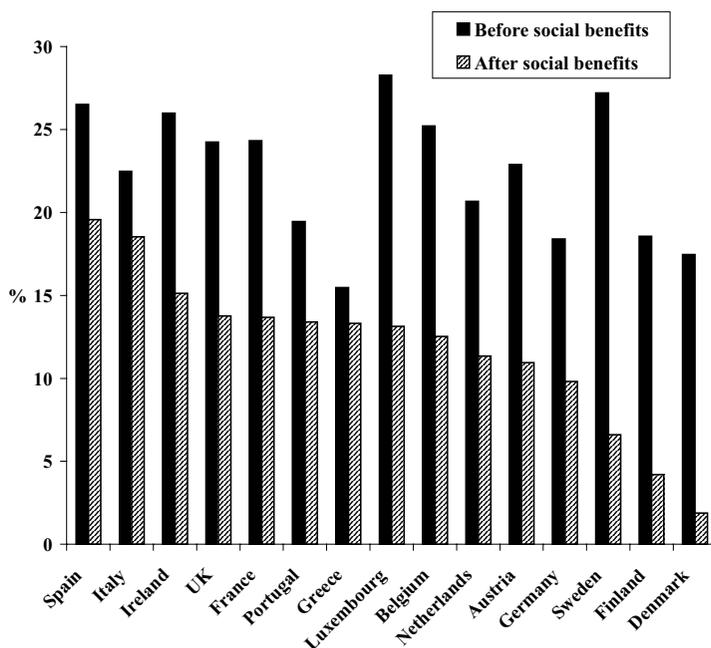
The proportion of two-parent households that would be living in income precarious conditions were it not supplementary social benefits would be 22 percent but is actually 14 per cent once these are taken into account.

For couples with children, as for other household types, there are considerable national differences in access to the public transfers that lift people out of poverty and which are a function of the patterning of welfare regimes. The most effective in reducing income precariousness among two parent families are Denmark, Finland and Sweden, while the least are Spain and Italy (Figure 7.7).

7.5. Education

When compared with other household types, couples with children show the most favourable educational profile, with only 44 percent of fathers and 48 percent of mothers having the lowest educational attainment, i.e. elementary or incomplete secondary schooling (Figure 6.11). But it also remains the case that these households are exposed to a higher risk of income precariousness

Figure 7.7. – Couples with children at risk of income precariousness before and after social benefits to supplement income from work, pension and private non-work related income by country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

when the educational attainment of the main earner is low, i.e. 24 per cent are exposed to income precariousness when main earners have only elementary and incomplete secondary schooling compared with 10 per cent when they have qualifications at secondary or tertiary level.

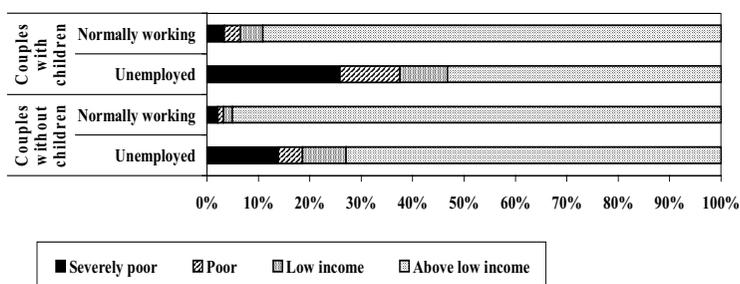
7.6. Activity and occupation

Heads of households in two-parent families are the most active in the labour market and where the main earner falls within the peak working and child rearing age range (25-54) 91 percent are in work, 4 percent are unemployed and 5 percent are inactive.

Households in which couples with children are affected by unemployment have much lower average annual incomes than those in employment: 8175 PPSs for the unemployed compared to 13566 PPSs for those who are working. As might be expected, 42 percent of households in which the main

earner is unemployed, compared to 12 percent of those working experience low incomes or are poor. The combined effect of unemployment, economic inactivity and the presence of children on the risk of poverty may be illustrated by the fact that when the main earner in couples with children is unemployed the household is worse off than when unemployment affects the main earner in couples without children (Figure 7.8).

Figure 7.8. – Working and unemployed couples with and without children living at home by income thresholds (severely poor, poor, low income and non-poor), 15-EU pooled data (ECHP 1996-1998)

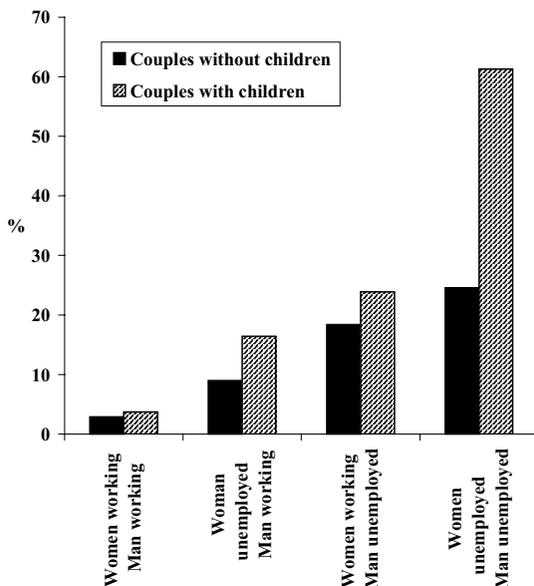


Source: own calculations (Avramov, 2002).

There are also considerable differences when the activity status of couples with and without children living low incomes or in poverty are compared: for both types of household the proportion of those exposed to income precariousness increases as a direct function of the degree of insecurity in the labour market. Hence, the lowest proportions in poverty are found among couples in which both partners are working (Figure 7.9). It is higher in families when the woman is unemployed and higher still when it is the man that is unemployed, while the worst-off are couples in which both partners are unemployed. Over 60 percent of two-parent families with children live in income precarious conditions when both parents are unemployed.

Two aspects of the combined effect of weak activity status and income poverty should be noted. Parents with children are more likely to be income poor when the father is unemployed than when the mother is jobless due to the fact that unemployed mothers are more likely to have had part-time work and to be of lower educational attainment. It should also be noted that the increase in income precariousness associated with the insecurities of the labour market is much stronger for couples with than for couples without children.

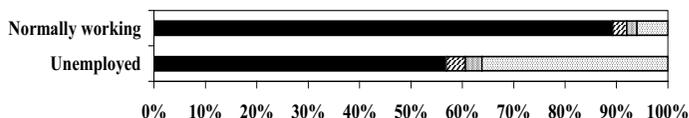
Figure 7.9. – Couples exposed to income precariousness with and without children living at home by partners' employment status, 15-EU pooled data (ECHP 1996-1998)



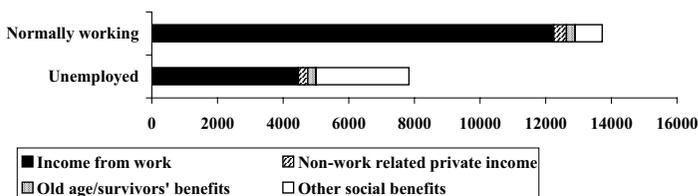
Source : own calculations (Avramov, 2002).

Figure 7.10. – Couples with children living at home by the employment status of the main earner and source of income (in percentage and in PPS), 15-EU pooled data (ECHP 1996-1998)

Panel A: in percent



Panel B: in PPS

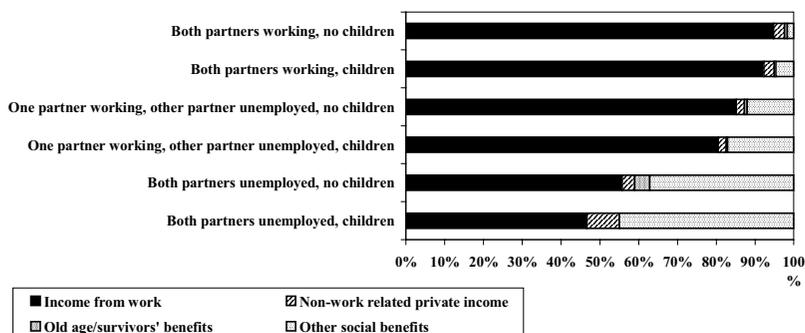


Source : own calculations (Avramov, 2002).

The average annual incomes of households affected by the unemployment of the main earner are supplemented by one third from social benefits (Figure 7.10). Although these transfer payments decrease the income disparities between couples affected by unemployment and those where the main earner is in work they do not suffice to eliminate the impact of unemployment on the poverty of couples with children.

When both parents are working, social benefits account for less than 5 percent of the total household income (Figure 7.11). The proportion received in benefits is obviously higher if the mother is unemployed but the father is still in work and higher still if the father is unemployed but the mother is working. When both parents are unemployed almost half the income coming into households is provided by social benefits.

Figure 7.11. – Couples with and without children living at home by partners' employment status and source of income, 15-EU pooled data (ECHP 1996-1998)

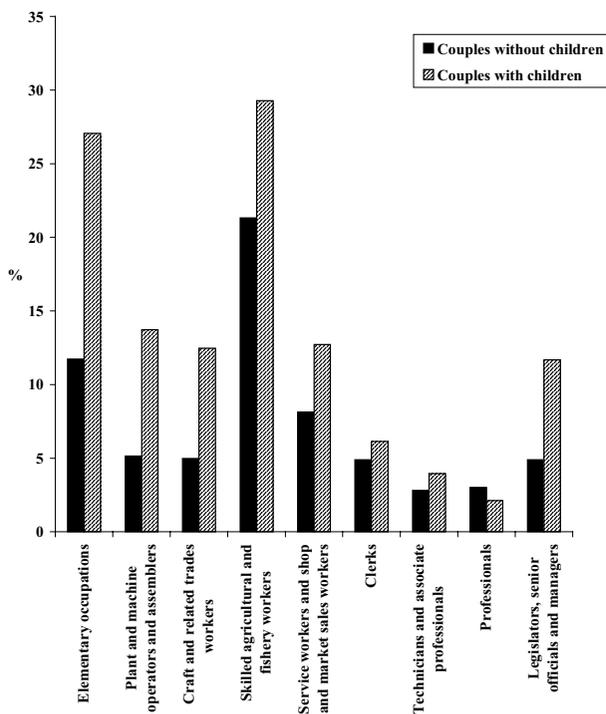


Source: own calculations (Avramov, 2002).

The occupational distribution of couples with co-residing children is only slightly different from that of couples without children, but with a tendency for couples without children to be in better occupations.

Couples with children whose income lies below the low-income threshold are much more likely to belong to the lowest occupational groups. In addition, the differences in income precariousness between couples without and with children are also more pronounced in these occupations (Figure 7.12).

Figure 7.12. – Couples with children exposed to income precariousness by the occupation of the main earner, 15-EU pooled data (ECHP 1996-1998)



Source : own calculations (Avramov, 2002).

7.7. Housing problems and household durables

7.7.1. Housing stress

Seven out of 10 two-parent households are home owners and show the highest levels of home ownership of any household type.

As expected, couples with children who are on low incomes or are poor are less likely to be home owners, with 55 percent owning their own homes compared with 72 percent of those above the low-income threshold. Couples with children exposed to income precariousness are subject to greater housing stress (24 percent) than those above the income threshold (12 percent) (Figure 6.15). Two parent families with children are rather well off when compared to one person or one parent households but are more

likely to experience housing stress than couples without children who are the best housed and display the lowest levels of housing stress.

Among two-parent families with children the most widespread housing problem is shortage of space – 21 percent complaining about this compared with 15 per cent of all households. Housing costs are also regarded as a burden by 22 percent of two-parent households with children compared with 14 per cent of couples without children (Table 6.1).

As would be expected, couples with children living in income precarious conditions are more likely to regard housing costs as a burden (eight out of 10 complaining about housing costs) than those who are not.

7.7.2. Household durables

Couples with children are, in general, better equipped with household durables than other household types and only 4 percent are below the threshold of deprivation on the composite indicator compared with 13 percent of couples without children. Two-parent families are more likely to own a car, a colour TV, a telephone, video-recorder, microwave, dishwasher and home computer than other household types. While the majority of parents and their children have access to most durables, those who do not possess specific items like a dishwasher, microwave or home computer are more likely to state 'other reasons' as the explanation than not being able to afford them (Table 7.5).

Table 7.5. – Couples with children not possessing specific household durables and the reasons for not owning them, EU pooled data* (ECHP 1996-1998)

| Durable | % do not possess | % cannot afford | % other reason |
|----------------|------------------|-----------------|----------------|
| Car | 7 | 5 | 2 |
| Colour TV | 1 | - | 1 |
| Video recorder | 15 | 6 | 9 |
| Microwave | 40 | 8 | 32 |
| Dishwasher | 46 | 16 | 38 |
| Telephone | 4 | 2 | 2 |
| Second home | 89 | 50 | 39 |
| Home computer | 56 | 20 | 36 |

Source: own calculations (Avramov, 2002).

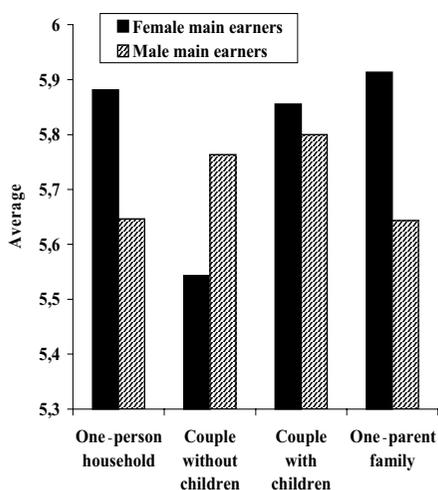
* Some data for Sweden and France are not available.

Among couples with children exposed to income precariousness, 12 percent lie below the threshold of durables deprivation compared with only 2 percent of the better-off.

7.8. Social contacts and satisfaction

Couples with children have more frequent casual social contacts with neighbours and friends than one-parent families, but do not differ substantially from one-person households or couples without children (Figure 7.13).

Figure 7.13. – Number of casual social contacts by household type, EU pooled data* (ECHP 1996-1998)



* Some data for Sweden are not available.

Source: own calculations (Avramov, 2002).

They also score quite highly in respect of sociability as measured in terms of membership in clubs and organisations, with 40 percent engaging in these activities. However, low income or poor parents with children are much less 'active socially' and only 24 percent are members of a club or organisation.

Two-parent families with children are generally more satisfied with their housing situation than they are with their work or main activity and leisure time and are least satisfied with their financial situation.

7.9. Composite indicators of vulnerability

7.9.1. Composite indicator of means (CIM)

The composite indicator of means shows that some 10 percent of two-parent families with children have poor means measured as the combined effect

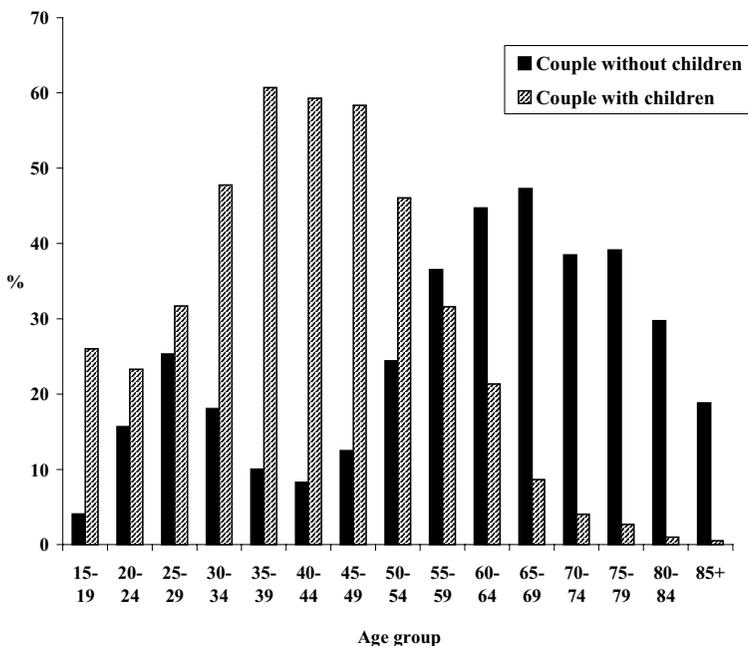
of low income, poor education and housing stress. The only other household type recording a lower proportion is couples without children (Figure 5.17). Differences between countries show that the highest percentages are found in Spain, Italy, Luxembourg and Ireland and the lowest in Denmark and Finland (Figure 6.20)

7.9.2. Composite indicator of satisfaction (CIS)

The overwhelming majority of two-parent families with children are satisfied with their work, housing and financial situation and only 17 percent fall below the low satisfaction threshold (Figure 6.21). Couples without children are the only household type with a lower proportion of dissatisfied (13 percent).

It is interesting to note that the subjective perception of satisfaction suggests higher levels of dissatisfaction than one would expect solely on the basis of the objective indicator of poor means. This, however, does not just pertain to two-parent families but is generally observed in all household types, i.e. the perception of dissatisfaction is greater than the objective measurement of deprivation.

Figure 7.14. – Couples with and without children living at home by the age group of the main earner (as a percent of all households), 15-EU pooled data (ECHP 1996-1998)



Source : own calculations (Avramov, 2002).

The data for individual countries reveal that the highest proportion of dissatisfied couples with children is in the UK, where as many as one out of two fall below the threshold of low satisfaction. Levels of dissatisfaction are also high in Greece, Italy, Portugal and Spain where an average of one out of every five two-parent families lie below the threshold (Figure 6.21).

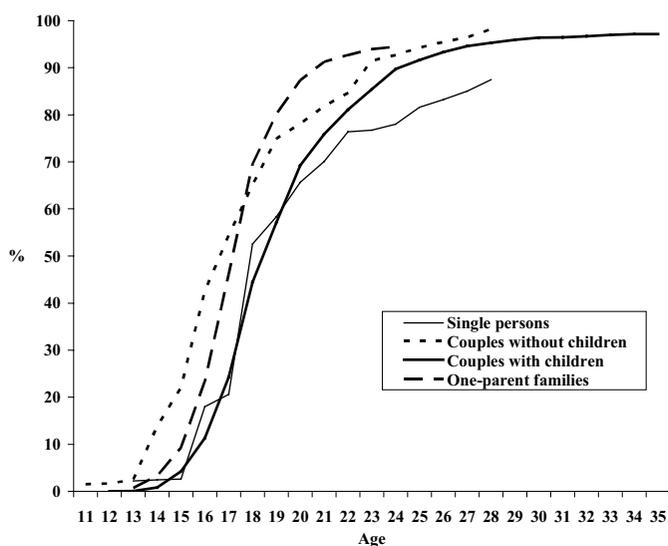
7.9.3. Composite indicator of subjective appreciation of financial situation (CIF)

Couples with children score rather well when it comes to the subjective appreciation of the ability of households to make ends meet and afford specific consumer items, services and activities, and only 12 percent report that they are deprived. The only household type that is better off is couples without children (Figure 6.22).

7.10. Demographic behaviour

The proportion of couples with co-residing children peaks between the ages 35 and 45, whereas couples without children show a bi-modal distribution with a minor peak around 25-29 and a higher peak around 65-69 (Figure 7.14).

Figure 7.15. – Women aged 35 to 39 by household type and age at first sexual intercourse (cumulative frequency), pooled data for Belgium (Flanders), France, Italy, Portugal and Spain (FFS)



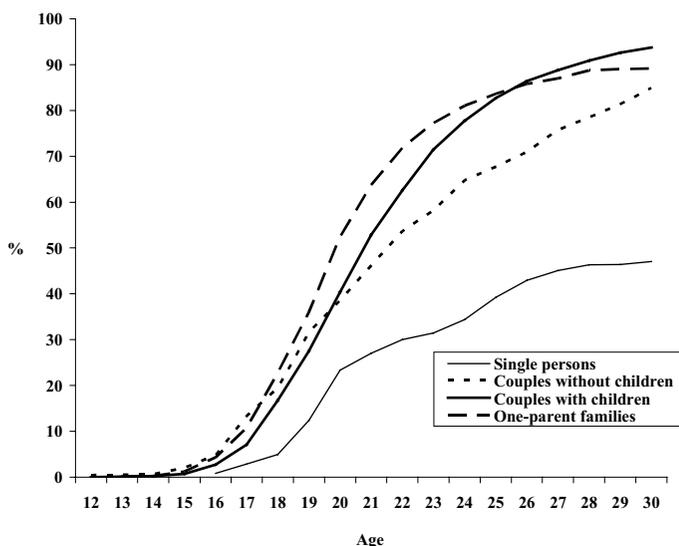
Source: own calculations (Avramov, 2002).

7.10.1. Age at first sex, age at first partnership and age at first marriage

Couples with children generally start their sexual lives at a somewhat later age than one-parent families and couples without children (FFS data for Belgium (Flanders), France, Italy, Portugal and Spain), although this may well be a function of the fact that couples without children are over-represented in the younger age groups in the FFS database (Figure 7.15).

Two-parent families are also more likely to begin their first relationship at a somewhat later age than one-parent families and couples without children (FFS data for Austria, Belgium (Flanders), Finland, France, Germany, Italy, Portugal, Spain, and Sweden) (Figure 7.16).

Figure 7.16. – Women aged 35 to 39 by household type and age at first partnership (cumulative frequency), pooled data for Belgium (Flanders), France, Italy, Portugal and Spain (FFS)

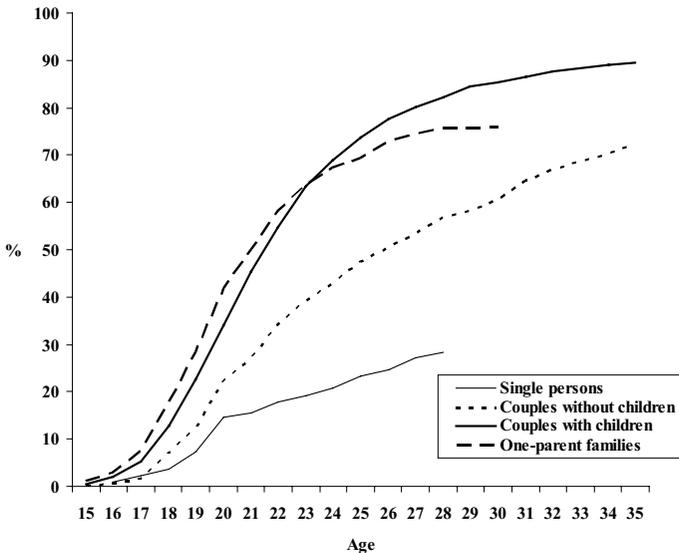


Source: own calculations (Avramov, 2002).

They also tend to marry at a somewhat later age than one-parent families, but earlier than couples without children, and exhibit higher proportions married than other household types at older ages (Figure 7.17).

In addition, couples with children on low incomes or living in poverty tend to start their sexual and reproductive lives as well as to form relationships at a somewhat earlier age than the better-off (FFS data for Belgium (Flanders), Germany and Italy) (Table 7.6).

Figure 7.17. – Women aged 35 to 39 by household type and age at first marriage (cumulative frequency), pooled data for Belgium (Flanders), France, Italy, Portugal and Spain (FFS)



Source: own calculations (Avramov, 2002).

7.10.2. Marital status and consensual unions

Most couples with children are married – 92 percent of women and 89 percent of men – and only 6 percent of women and 10 percent of men living in a household with children are never married.

Although we observe lower proportions of married two-parent families with children in Sweden, Denmark, Finland and France, it remains the case that the overwhelming majority of parents in these countries are married. In Sweden, however, as many as one out of every four couples with children live in consensual unions (Figure 7.18). The FFS data provide a similar picture.

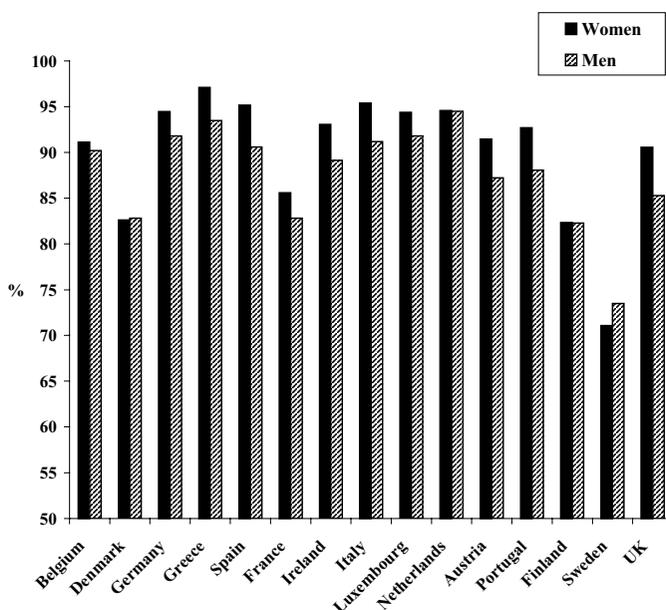
For the five countries Belgium (Flanders), France, Italy, Portugal and Spain, the FFS also includes an explicit question on living arrangements, which shows that the overwhelming majority of couples – 91 percent – live in marital cohabitation against only 7 percent of couples with children who live in a consensual union.

Table 7.6. – Age at commencement of sexual and reproductive behaviour together with the formation of relationships for couples with co-residing children by income thresholds in Belgium (Flanders), Germany and Italy (FFS)

| Variable | Belgium (Flanders) | | West-Germany | | East-Germany | | Italy | |
|---------------------------------------|---------------------|----------|---------------------|----------|---------------------|----------|---------------------|----------|
| | Low income and poor | Non-poor |
| Age at menarche/ first ejaculation | 15.5 | 16.1 | - | - | - | - | - | - |
| Average age at first sex | 19.9 | 19.9 | - | - | - | - | 20.1 | 20.1 |
| Average age at first independence | - | - | 20.4 | 20.8 | 20.2 | 20.6 | 21.4 | 22.1 |
| Average age at first marriage | 20.9 | 22.4 | 22.1 | 22.8 | 21.8 | 21.9 | 22.0 | 22.6 |
| Average age at first birth | 22.5 | 24.8 | 23.3 | 24.5 | 21.6 | 22.3 | 23.7 | 24.4 |

Source: own calculations (Avramov, 2002).

Figure 7.18. – Couples with children by percent married, sex and country (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

7.10.3. Sexual intercourse during the previous four weeks

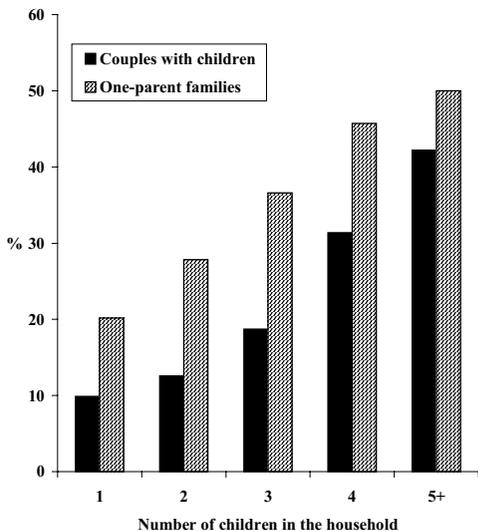
The overwhelming majority of couples with children, 96 percent, had had sexual intercourse during the previous four weeks (FFS data for Belgium (Flanders), France, Italy and Spain). This contrasts strongly with the lower figures for lone parents and people living alone as shown in previous sections.

7.10.4. Family planning

Eighty four percent couples with children use contraceptives. The breakdown by method shows that 10 percent are sterilised, 49 percent use the pill, 14 percent an IUD, 16 percent a condom and only 10 percent use traditional methods (withdrawal and/or periodic abstinence) (FFS data for Austria, Belgium (Flanders), Finland, France, Germany, Italy, Portugal, Spain, and Sweden).

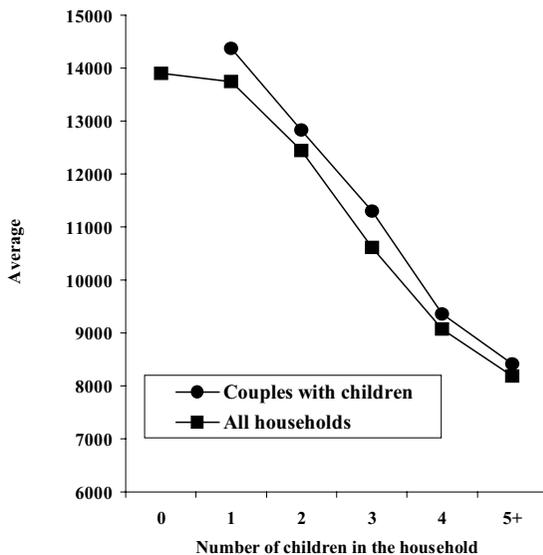
In the case of an unintentional pregnancy, couples with children would be more likely to turn to abortion (11 percent) than couples without children (5 percent), presumably because more have already realised their desired family size.

Figure 7.19. – Percent of one- and two-parent families exposed to income precariousness by number of children in the household, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

Figure 7.20. – Equivalised household income in PPS by number of children in the household, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

7.10.5. Age at first birth and the number of children in the household

The average age at first birth is 23.9 years for women living with a partner against a slightly lower figure of 23.1 years for single-mothers (FFS database).

As would be expected, couples with children have larger numbers of children living with them than one-parent families (ECHP database). In addition, couples with children that find themselves in income precarious conditions have significantly more co-residing children than better-off couples, the figures being 2.6 and 1.8 children respectively.

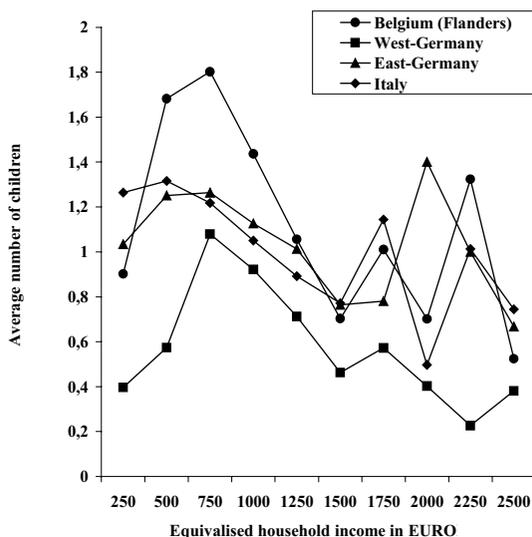
This difference in average number of children is attributable to a higher prevalence of third and higher order birth among households with low incomes or living in poverty (Figure 7.19).

The number of children in households is also related to several indicators of well being.

Income. The more children couples have the lower is the average equivalised household income (Figure 7.20).

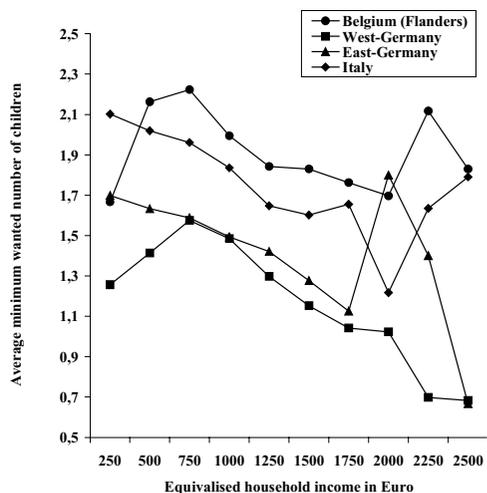
Moreover, the available FFS data for Belgium (Flanders), Germany and Italy also suggest a negative relationship between income and the total number of children as well as desired family size (Table 7.7 ; Figures 7.21 and 7.22).

Figure 7.21. – Number of children by the equivalised monthly household income in EURO for Belgium (Flanders), Germany and Italy (FFS)



Source : own calculations (Avramov, 2002).

Figure 7.22. – Desired family size by the equivalised monthly household income in EURO for Belgium (Flanders), Germany and Italy (FFS)



Source: own calculations (Avramov, 2002).

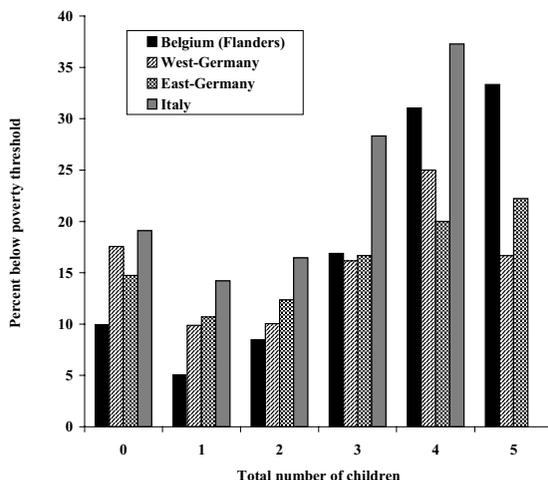
Table 7.7. – Correlation coefficients between equivalised household incomes and indicators of reproductive behaviour for Belgium (Flanders), Germany and Italy (FFS)

| Variable | Belgium (Flanders) | West-Germany | East-Germany | Italy |
|-----------------------------------|--------------------|--------------|--------------|-------|
| Age at first intercourse | 0.02 | - | - | 0.00 |
| Age at first marriage | 0.26 | 0.21 | 0.10 | 0.08 |
| Age at first birth | 0.26 | 0.16 | 0.11 | 0.10 |
| Total number of children | -0.26 | -0.09 | -0.05 | -0.12 |
| Minimum wanted number of children | -0.08 | -0.14 | -0.09 | -0.15 |
| Minimum ideal number of children | | 0.03 | -0.04 | |

Source: own calculations (Avramov, 2002).

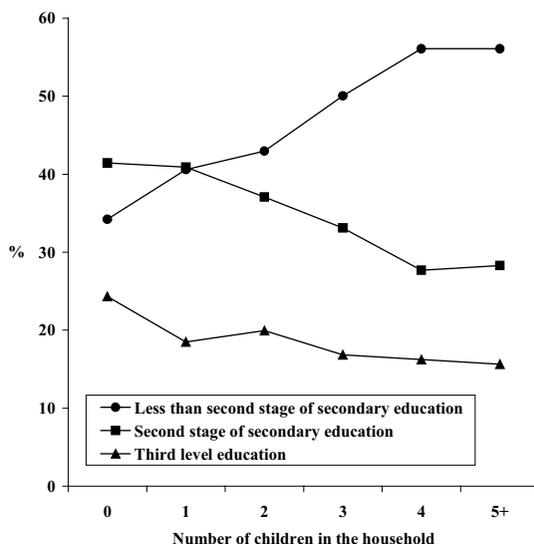
Data for households with incomes below the low-income threshold present the same broad picture, although here a somewhat higher prevalence of poverty among childless households is apparent. The relationship between poverty and total number of children is illustrated from the FFS data for Belgium (Flanders), Germany and Italy in Figure 7.23.

Figure 7.23. – Percent of households exposed to income precariousness by the total number of children in Belgium (Flanders), Germany and Italy (FFS)



Source : own calculations (Avramov, 2002).

Figure 7.24. – Percent of people aged 25 to 54 by educational level and number of children in the household, EU pooled data* (ECHP 1996-1998)



*Data for the Netherlands are not included.

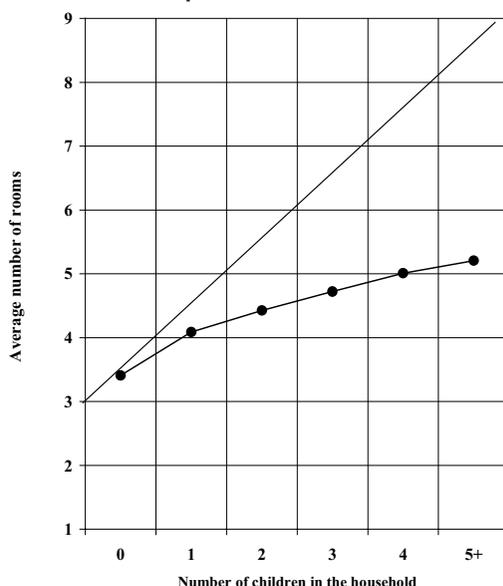
Source : own calculations (Avramov, 2002).

Education. The lower the educational attainment of parents the higher is the number of children in households. For instance, the proportion of women and men (main earner or partner) in the 25-54 age group whose education ended before the completion of secondary schooling is positively related to the number of children in the household (Figure 7.24): in childless households around 30 percent of main earners or partners had only incomplete secondary schooling while in households with five or more children the percentage rises to around 55 percent. The results from the FFS are similar.

Unemployment. The percentage of unemployed main earners is positively related to the number of children in the household, increasing from 3 percent among childless households to 9 percent in households with 5 and more children.

Housing problems. The likelihood of households experiencing housing problems also rises with the increasing number of children, from 16 percent of childless households to 26 per cent of households with five or more children. The relationship is even more pronounced as regards housing disadvantage, the figures being 15 percent of households without children compared with 34 percent of households with 5 or more children. In addition, the percentage of homeowners is slightly lower among households of two or more children.

Figure 7.25. – Average number of rooms by the number of children in the household, EU pooled data (ECHP 1996-1998)



* Data for Greece, Netherlands and Austria are not available.

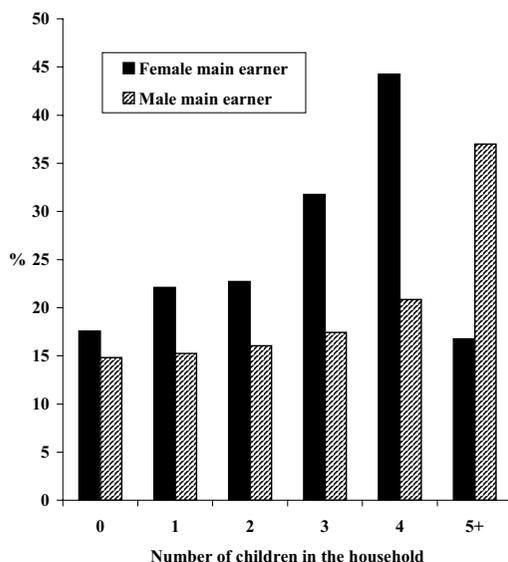
Source: own calculations (Avramov, 2002).

The number of rooms is also positively correlated to family size ($r = 0.31$), although the relationship is not a simple linear one (Figure 7.25).

Household durables. The average number of household durables is slightly lower among larger families (4 or more children).

Satisfaction. Levels of satisfaction with work or main activity, finances, housing and leisure time (CIS) decrease systematically as the number of children in households rises, the negative relationship being most pronounced for finances and leisure time (Figure 7.26). In addition, female main earners also score lower on all four variables than male main earners (Figure 7.27).

Figure 7.26. – Couples with children by the number of children in the household, the sex of the main earner and the percent dissatisfied with income, work and housing (composite indicator CIM), EU pooled data* (ECHP 1996-1998)



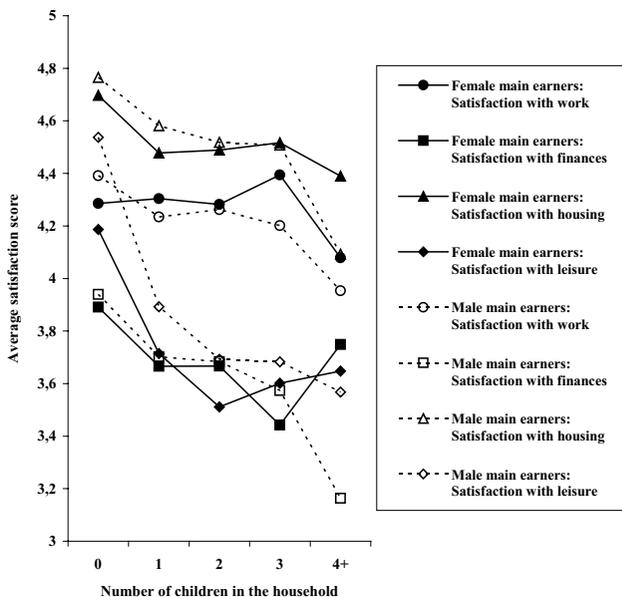
* Data for Sweden are not available.

Source: own calculations (Avramov, 2002).

7.10.6. Morbidity

In comparison with other household types, two-parent households exhibit a generally favourable health profile, with only 5 percent of men and women living in such households reporting bad or very bad health. However, when the incomes in these households fall below the low-income threshold, this figure rises to 11 percent of men and women. Unemployed men and women in two parent households also report comparatively high levels (8 percent) of bad or very bad health, although it should be noted that this disparity is even greater among other household types.

Figure 7.27. – Couples with children by the number of children in the household and average satisfaction scores of main earners with work, finances, housing and leisure time, EU pooled data* (ECHP 1996-1998)



* Data for Sweden are not available.

Source: own calculations (Avramov, 2002).

7.11. Policy implications

Two-parent families are less exposed to income precariousness than lone parents or people living alone. Couples, as a rule, have better chances of sharing risks associated with unemployment, casual employment and low-paid work and are less dependent on public support through the benefits system. On average, they generate the bulk of their income from work and only a minor part is made up of supplementary transfer payments.

Two-parent families with children have lower than average proportions of households living on low incomes or in poverty. However, the differences between countries are considerable and the highest percentages of parents and their children in income precarious conditions are found in southern Europe.

None the less, the presence of children does impact on both incomes and general levels of satisfaction, and this is apparent when we compare couples with and without co-residing children. Indeed, couples without children, especially those of prime working age constitute the best-off household type; both in terms of the composite indicator of means and the composite indicator of satisfaction they record the lowest proportions exposed to or experiencing multiple deprivation.

Although female labour force participation has been increasing persistently, almost one out of every three two-parent families still has only one income. It is precisely these one-income two-parent families that are at a considerably higher risk of deprivation, with one in four living in income precarious conditions.

It is particularly two-parent families with incomes below the 60 percent median that are more dependent on social benefits to supplement their low incomes from work.

If there were no social benefits to supplement personal income from work or personal assets almost one out of five two-parent families would be living in income precarious conditions and transfer payments do lift considerable numbers of couples with children out of poverty. But even so, some 14 percent of two-parent families still remain in income precarious conditions after receiving benefits to supplement income from work. The most effective countries in reducing the risks of income related deprivation in such households are Denmark, Finland and Sweden, while the least effective are Spain and Italy. Indeed, the highest percentages of parents and children in income precarious conditions are found in the countries of southern Europe.

As for other household types, a poor education increases the risk of income precariousness. It is unemployment, however, that poses the greatest risk, and the worst-off families with children are those where both parents are unemployed. It is also clear that families are at a higher risk of low income and poverty when it is father, as opposed to the mother, that is unemployed.

Two-parent families and their children are generally well housed and possess most modern household durables. But as would be expected, the proportion of low-income parents that experience housing stress and deprivation is double that observed in better-off two-parent families.

The composite indicator of means which measures the combined effect of low income, poor education and housing stress shows that only 10 percent of two-parent families have poor means. However, the composite indicator of dissatisfaction shows that almost one in five two-parent families is dissatisfied with their work or main activity, financial situation and housing, the highest proportions being found in the United Kingdom and the countries of southern Europe.

Large families are clearly exposed to multiple deprivation more often than couples with one or two children. The larger the number of children in a household the lower is the equivalised household income. Moreover, the parents of large families are more likely to be of low educational attainment, and among mothers with 5 or more children as many as 55 percent have only primary or incomplete secondary schooling against 30 per cent of women with no co-residing children. The percentage of unemployed main earners is highest in families with four or more children, while overall living conditions, measured in terms of hous-

ing and possession of household durables also shows that large families are more likely to be of poor means than couples with one or two children.

Of all couples with children, parents with many children are the least satisfied with their work or main activity, financial situation, housing and leisure. They are most dissatisfied with their income and leisure time.

The policy implications of our findings may be summarised as follows. The interplay of chances and choices regarding education, number of children, activity status, health, income and living conditions in general implies that any kind of strict targeting only at particular risk situations may become an 'administrative nightmare' with little effect.

Two-parent families are, as a rule, of prime working age and cope better than single persons or lone parents with the risks associated with loss of work or ill health. It is only a minority of two-parent families with poor means that have disproportionately high risks of poverty.

While it is not possible to determine the causal relationship between a poor education, low income and family size, it is evident that under prevailing welfare regimes large families are not well protected from the risks of poverty.

Encouraging inactive mothers into work is the best protection against poverty even though it may require skill enhancement. But while policies may need to evolve in this direction, there is also the need to continue reducing the incompatibilities between paid work and motherhood.

Child support payments fall well below the basic costs of child rearing in all countries and policies may need to shift towards more generous child benefits for all parents with dependent children to avoid creating a two-tier system by targeting support only on children in poverty. Instead of contributing to population solidarity, targeting risks becoming a measure that penalises (by omission to assist) parents in work who are only marginally above whatever threshold of poverty a government may wish to choose. Targeting child support only at poor children may also reduce the willingness of better-off parents to contribute to a policy measure from which their own children cannot benefit.

Last but not least, large families are clearly more deprived than those with one, two or three children. Our analysis therefore suggests that large families may require more and better public support to enhance the educational and qualification levels of both mothers and fathers, reduce the incompatibilities between labour force participation and parenthood, and increase child-related benefits. However, large families form only a small minority and fertility and family surveys indicate that their numbers are expected further to decrease. In other words, if envisioned as a generalised measure, the specific targeting of benefits on high parity births only would reach as few as one out of every 10 children.

Chapter 8

Groups most at risk and the socially excluded

8.1. Comparisons of the groups most at risk

Our analysis has shown that there are several household or individual features that entail greater risks of poverty and multiple deprivation – being elderly, a single parent, living in a large family, being of working age and having bad health, being poorly educated, being unemployed, living in a household where the level of income is low, or being a non-EU national. Moreover, some of those risk factors and risk groups partially overlap.

It is pertinent, from both a research and policy perspective, to identify and compare risk groups on a number of risk indicators. This can be done by reference to data on the main earners in households. When we examine households it is necessary to identify a reference person and given the centrality of income to our analysis the person selected is the household member bringing in the highest income, namely the main earner. The analysis proceeds by comparing the characteristics of main earners in the different risks groups with those of the totality of main earners in the ECHP database.

The basic approach is a demographic one based on the analysis of the combined effects of age, sex and household type, whereby the different risks groups are compared according to the characteristics of main earners as the reference group and not the characteristics of all individuals in the ECHP database.

The implication of this approach is that the values on some variables will be lower than in the total sample of all individuals. By way of example, unemployment data are for main earners only and are not based on all unemployed people in the ECHP sample. In this regard, the unemployment among all main earners (inactive included) is 4 only percent compared with a rate of 6 percent for all individuals (including the inactive) in the ECHP sample.

For purposes of consistency, the variable 'activity' is used throughout this report. Hence, where reference is made to the proportion unemployed this is based on the total that includes those in work, the inactive and the unemployed. The analysis of precarious activity status based on the proportions of main earners who are unemployed and inactive is given in columns 4 and 5 of table 8.1.

The proportions unemployed when calculated from the sum total of those in work plus the unemployed are considerably higher. When only people in work and those currently looking for work are considered the proportion of main earners who are unemployed is 6.2 percent and among all respondents above age 15 it is 11.4 per cent.

Our analysis shows that not only does the degree of risk vary between groups, but the type of risk may also be group-specific (Table 8.1). Namely:

- The unemployed are at the highest risk of poverty: they score highly on financial risk indicators, a high percentage experience housing problems, and they are very dissatisfied.
- Non-EU nationals score highly on unemployment and experience high levels of poverty (twice the average rate for all main earners) and a high percentage of housing problems. They are twice as likely to express dissatisfaction with their general living conditions (work or main activity, finances and housing) as all main earners.
- Main earners of working age who are in bad health (adults aged 15 to 64) are in many respects worse off than other risk groups and a high percentage are severely hampered in their daily activities. They have relatively high unemployment rates and show particularly high inactivity rates. They also score highly on the indicators of financial deprivation and dissatisfaction, and face many housing problems.
- People on low incomes or living in poverty obviously score highly on the financial risk indicators, show a substantially higher prevalence of low educational attainment, higher unemployment, and a significantly higher risk of multiple deprivation.
- The elderly have the highest prevalence of bad health, which is twice as high as that of main earners as a whole. They also stand out in terms of a lack of household durables, which is largely a generational phenomenon.
- Main earners in large families have poor educational profiles, experience a higher prevalence of poverty, are more likely to be unemployed and report much higher levels of dissatisfaction than the main earners as a whole.
- One-parent families are more likely to be unemployed than main earners as a whole. But although they have financial problems, they do not seem to be the worst-off when compared to the other high-risk groups identified here.
- People with a poor education are more at risk than main earners as a whole, but their situation is no worse than for other high-risk groups.

Table 8.1. – Social deprivation indicators in the different risk groups – main earners as the reference population, EU pooled data (ECHP 1996-1998)

| Risk group | Incomplete secondary schooling (in %) | | Bad health (in %) | | Severely hampered in daily activities by physical or mental health problems (in %) | | Unemployed (in %) | | Inactive (in %) | | Average annual equivalised household income in PPS | In income precarious conditions (in %) | | Meet ends with difficulty (in %) | Below the threshold of poor appreciation of financial situation (in %) | Below the housing stress threshold (in %) | Below the poor durables threshold (in %) | Below the composite indicator of poor means (in %) | Generally deprived and dissatisfied (in %) | Below the low satisfaction threshold (in %) |
|--|---------------------------------------|-----------|-------------------|----------|--|--------------|-------------------|-----------|-----------------|-----------|--|--|------------|----------------------------------|--|---|--|--|--|---|
| | | | | | | | | | | | | | | | | | | | | |
| Elderly | 68 | 23 | 20 | - | 98 | 11383 | 22 | 46 | 16 | 18 | 41 | 17 | 1.7 | 16 | | | | | | |
| One-parent families | 48 | 10 | 7 | 7 | 34 | 11519 | 24 | 64 | 24 | 21 | 15 | 17 | 1.0 | 26 | | | | | | |
| Large families | 62 | 5 | 8 | 9 | 22 | 8193 | 44 | 67 | 28 | 26 | 10 | 26 | 1.3 | 33 | | | | | | |
| Adults (15-64) in bad health | 60 | - | 47 | 9 | 50 | 10514 | 29 | 72 | 33 | 26 | 20 | 19 | 2.1 | 44 | | | | | | |
| People with incomplete secondary schooling | - | 16 | 12 | 4 | 50 | 10542 | 23 | 55 | 21 | 19 | 25 | 17 | 1.9 | 24 | | | | | | |
| Unemployed | 50 | 10 | 9 | - | - | 9306 | 45 | 79 | 40 | 24 | 25 | 29 | 2.1 | 59 | | | | | | |
| People in income precarious conditions | 65 | 16 | 13 | 10 | 55 | 4724 | - | 70 | 33 | 26 | 35 | 75 | 4.6 | 33 | | | | | | |
| Non-EU nationals | 42 | 9 | 5 | 18 | 24 | 10340 | 38 | 66 | 21 | 18 | 14 | 19 | 1.0 | 37 | | | | | | |
| ALL MAIN EARNERS IN DATABASE | 47 | 10 | 9 | 4 | 37 | 13347 | 17 | 46 | 14 | 15 | 17 | 13 | 0.8 | 17 | | | | | | |

Data on the specific risk characteristics have also been systematically analysed by country and reveal substantial variability:

- The specific risks facing the unemployed – low incomes, financial dissatisfaction, housing problems and dissatisfaction in general – vary strongly between countries differences, and are lowest in Denmark and the highest in southern Europe, notably Portugal and Greece, as well as in Ireland and the UK. Unemployed main earners also tend to be poorly educated in most southern European countries and in Ireland.
- The risk factors confronting households in income precariousness – poor education, high levels of inactivity, a lack of household durables and relatively high percentages of multiple deprivation – also vary substantially by country and are again generally lowest in Denmark and highest in the countries of southern Europe.
- The health profile of the elderly is most favourable in the Netherlands and least in Portugal. Their education level tends to be best in Germany and Austria and worst in the countries of southern Europe. As far as the ownership of household durables is concerned, the elderly in the BENELUX and some Scandinavian countries are the best off, while Greece and Portugal show the worst figures. Otherwise, Sweden, the Netherlands and Finland show the most favourable situation for incomes, and Portugal and Greece the worst. Dissatisfaction among the elderly is low in Denmark, Austria, the Netherlands and Luxembourg, but is very high in Greece, Italy and Portugal.
- Adults in bad health are more likely to be severely hampered in their daily activities in the Netherlands, Belgium and the UK than elsewhere and are most likely to be inactive in the UK, Ireland and Denmark. Significantly higher percentages of this group of people are not able to make ends meet and express dissatisfaction with their financial situation in Greece and Portugal, where they also face more housing problems and a lower availability of household durables. Low levels of educational attainment are particularly prevalent in Portugal, Italy, Spain and Greece.
- Compared with the 15-EU pooled average, large families are less likely to be confronted with poverty in the Nordic countries of Denmark, Sweden and Finland, but more likely in France and Italy. Unemployment among large families is more prevalent in France and Ireland. The level of educational attainment is relatively low in some parts of southern Europe, and is highest in Germany and Finland. Main earners are also most likely to be dissatisfied in Portugal, Greece Italy and UK, and least so in Finland and the Germanic countries.
- One-parent families exhibit the lower levels of poverty in Finland and Denmark and highest in the UK and Germany. Unemployment rates are strikingly above the EU average in the Netherlands, Belgium and Finland and

inactivity levels are clearly higher in the UK and Italy. Housing problems are most prevalent in southern Europe, especially in Portugal and Greece, and are least important in Denmark, France and Luxembourg. Dissatisfaction with work or main activity, finances and housing is low in Austria, Denmark and Luxembourg, but much higher in Greece, Portugal and the UK.

- The data for non-EU nationals cannot be analysed by individual countries because of the low number of respondents in each case.

8.2. Poverty, generalised deprivation and social exclusion

We have so far pursued a demographic approach to the study of income poverty and the risks of deprivation by addressing the combined effect of age, sex and household type based on data from large-scale representative population surveys. We have also identified the most striking risk from these data and have highlighted the effects of the most important causes for deprivation.

In view of the limitations inherent in quantitative analysis and the under-representation of specific risk groups in general population surveys – which may be small in number when compared to the total population, but in view of the severity of their deprivation are considered as unacceptably numerous in countries with advanced welfare regimes – we address here the income poverty and other deprivations of severely vulnerable minorities.

We shall first look at children in poverty and people in bad health. We then identify those groups that may unequivocally be defined as socially excluded on the basis of their access to means and self-perception of deprivation as well as generalised dissatisfaction, and socially deprived immigrants, people in housing need and the homeless.

8.2.1. Children in poverty

Dependent children, as a rule, share the same socio-economic conditions and levels of well being as their parents. In the advanced welfare context of Europe being a child is not a cause for poverty. However, the prevalence of children under 16 who experience income precariousness is higher than the overall mean, with some 23 percent living in households exposed to income precariousness compared with 17 per cent in the population at large.

Extrapolating the figures from the ECHP to the entire child population in the 15-EU suggests, at the 95 percent probability level, that between 15.4 and 16.1 million children under the age of 16 live in households exposed to income precariousness. As to the degree of income poverty they experience, between 5.5 and 5.9 million live in severely poor households, 4.8 to 5.2 million live in poverty and 4.9 to 5.3 million live in low-income households.

It is household type and the socio-economic characteristics of parents together with the relative generosity of public transfers that determine the level of income precariousness among children. Whether one or two parents are present makes a significant difference in this regard. Hence, whereas 20 percent of children under 16 living in two-parent families are exposed to income precariousness, the corresponding figure for children living with one parent only stands at 42 percent.

However, in terms of absolute numbers, more children living with both parents are exposed to income precariousness, particularly if there are several siblings. This is due to the fact that the overwhelming majority of children under 16, i.e. 83 percent or 24,548 children live with both parents, out of which 4,972 survive on low incomes or live in poverty. By contrast, only 8 percent or 2,253 children live with one parent, of which 939 exist in precarious income conditions¹.

Table 8.2. – Percentage of children under the age of 16 living in households exposed to income precariousness by country (ECHP 1996-1998)

| Country | Share of children < 16 living in households exposed to income precariousness |
|-------------|--|
| Belgium | 18 |
| Denmark | 2 |
| Germany | 20 |
| Greece | 19 |
| Spain | 26 |
| France | 22 |
| Ireland | 23 |
| Italy | 27 |
| Luxembourg | 23 |
| Netherlands | 18 |
| Austria | 16 |
| Portugal | 27 |
| Finland | 5 |
| Sweden | 10 |
| UK | 27 |

Source: own calculations (Avramov, 2002).

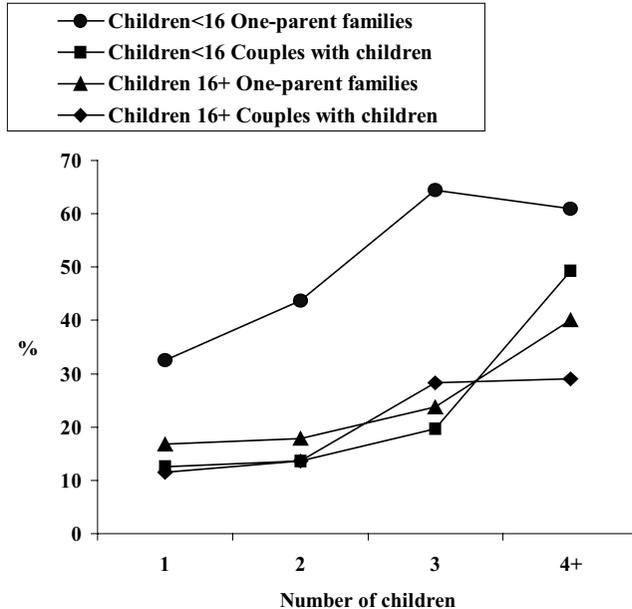
1. Another 10 percent (2,841 children) live in other types of household.

The largest proportions of children living in low-income and poor households are found in the UK, Italy, Portugal (27 percent), Spain (26 percent) and France (22 percent) and the lowest proportions in Denmark (2 percent), Finland (5 percent) and Sweden (10 percent) (Table 8.2).

Large families (3 or more children) in Denmark, Finland and Sweden do not experience a significantly increased risk of poverty compared to smaller families, with the proportions fluctuating between 2 and 10 percent, and this is in sharp contrast to the countries of southern Europe where the risks of poverty increase sharply with family size. Indeed, the majority of families with four or more children are exposed to high risks of poverty in Italy, France, Spain and Portugal, where between 50 and 80 percent are in income precarious conditions. In other countries of the EU between 40 and 50 per cent of large families live on low incomes or are in poverty.

Furthermore, the risks of poverty are somewhat higher for children under than over the age of 16, again especially in large families. Also, for all parities, one-parent families face a greater risk of poverty (Figure 8.1).

Figure 8.1. – Households with children below and above the age of 16 exposed to income precariousness by the number of children in the household, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

It is clear that young families in their early childbearing and childrearing years are at particular risk of income precariousness largely because of the pronounced incompatibilities between labour force participation and parenthood which lead to mothers either opting out of work or settling for low-paid, casual or part-time jobs. It also implies that the early phases of work are generally associated with lower incomes precisely when childbearing is at its peak. The income precariousness of young families strongly suggests that public policies do not sufficiently address the needs of children in most countries.

A multivariate analysis of the data has also shown that the average number of children in households varies according to a number of individual and household characteristics, with 38 percent of the variance in family size being explained by the age, education, marital status, activity status and income of parents.

Age, more so in the case of women than of men, obviously has a substantial and persistent effect, notwithstanding the interactions with other variables. Hence, women with children at home tend to be middle aged with a peak around 40-44 years.

The negative association between the average number of children and the equivalised household income also largely holds after controlling for other factors while socio-positional characteristics such as education, social status, and income are still negatively associated with number of children in most countries.

However, the negative relationship with income may not be entirely due to the fact that people on lower incomes have more children. Large families may be in poverty precisely because income has to be shared by a larger number of individuals. Although in the present analysis, the equivalised income, which takes account of the number and composition of the household has been used, the equivalence scale may not be best suited to reflect the needs of large families. According to the generally used equivalence scale all children below the age of 16 are given the same weight irrespective of the total number present in the household. Yet, large families, those with four or more children, have a considerably greater need for housing space, a larger car, more equipment, more services and care. Thus the relative 'weight' of the fourth and higher order children may be greater than that of the first, second or even third child.

Activity status, more particularly of women, has an appreciable effect in that women active in the labour force tend to have fewer children.

Married couples clearly have more children than cohabitants, since having children is still largely confined to those who are married.

8.2.2. People in bad health

Bad health consistently appears as a significant risk factor for income poverty and social vulnerability. Suffering from a chronic physical or mental health problem, being hampered in one's daily activities by a physical or mental health problem, or having to cut down on things one usually does whether around the home, at work or in free time because of illness or injury, are phenomena which increase progressively with age (Figure 4.24).

Our analysis shows that some 6 percent of people of working age (15-64) report that they are in bad or very bad health. Among the population of prime working age, that is in the age range 25 to 54 when 85 percent of people are working, as many as 5 percent report bad or very bad health.

Among those of working age who live alone and who also are poorly educated, inactive or unemployed even higher proportions say that they are in bad or very bad health (Table 8.3).

The health and financial status of individuals is also strongly interlinked. Those of working age (15-64 years) who are in bad or very bad health not only report a considerably higher prevalence of financial distress than healthy people, but they record an even higher level of deprivation than elderly people in bad health (Table 8.4). As many as seven out of every 10 are not able to make ends meet, and one in four is exposed to income precariousness. They are also worse off on most deprivation thresholds considered in this study – the 'low income threshold', 'composite indicator of poor satisfaction', 'housing stress threshold', 'low affordability threshold', and 'heavy burden of housing costs'. They only do better than the elderly in bad health on the 'low household durable threshold' and 'generalised deprivation and dissatisfaction', where the generational effects are strong.

8.2.3. Immigrants experiencing deprivation

It is generally known that immigrants, especially those who are not EU nationals originating from developing countries are at higher risk of income poverty than any other population sub-group (Tentschert *et al.*, 2000; EUROSTAT, 2000b; 2000c). Being a non-national almost by default implies being less well protected by the social benefits system and being at a higher risk of unemployment.

Following the logic of our household approach, we have identified 771 households in which the household heads (main earners) are not nationals of the country in which the household holds legal residence or of any other EU country. Since the age composition of non-EU citizens differs strongly from that of nationals (the proportion of elderly households in the latter being four times greater), we have selected only those households headed by a person of working age (Table 8.5).

Table 8.3. – Percentage of people in bad or very bad health by the sex, education, activity and household type of the main earner or partner by age groups, EU pooled data* (EHP 1996-1998)

| | | Percentage in bad or very bad health | | | |
|--------------------------------------|-------------------------------|--------------------------------------|---------------------------|---------------|----------|
| | | Working age (15-64) | Prime working age (25-54) | Elderly (65+) | All ages |
| Sex | Women | 6 | 6 | 25 | 11 |
| | Men | 5 | 4 | 21 | 8 |
| Education of women | Less than secondary education | 9 | 8 | 29 | 16 |
| | Secondary education | 4 | 4 | 15 | 5 |
| | Higher education | 3 | 2 | 9 | 3 |
| Education of men | Less than secondary education | 8 | 7 | 25 | 12 |
| | Secondary education | 4 | 3 | 14 | 5 |
| | Higher education | 3 | 2 | 12 | 4 |
| Activity status of women | Working | 3 | 3 | (15) | 3 |
| | Unemployed | 8 | 9 | - | 8 |
| | Inactive | 10 | 9 | 26 | 16 |
| Activity status of men | Working | 3 | 2 | (20) | 3 |
| | Unemployed | 10 | 9 | - | 9 |
| | Inactive | 14 | 25 | 21 | 18 |
| Low income threshold of women | Below threshold | 10 | 10 | 28 | 15 |
| | Above threshold | 6 | 5 | 25 | 10 |
| Low income threshold of men | Below threshold | 11 | 9 | 22 | 13 |
| | Above threshold | 5 | 4 | 20 | 7 |

* Data for the Netherlands are not included.

Source : own calculations (Avramov, 2002).

Table 8.4. – Percentage breakdown of main earners by health status, deprivation and level of dissatisfaction, EU pooled data* (ECHP 1996-1998)

| | Age groups | | | | | | | |
|---|------------|-------------|------------|-------------|------------|-------------|------------|-------------|
| | 15-64 | | 25-54 | | 65+ | | All | |
| | Bad health | Good health |
| Exposed to income precariousness | 23 | 11 | 24 | 11 | 21 | 16 | 22 | 12 |
| Composite indicator of appreciation of poor financial situation (CIF) | 23 | 9 | 24 | 9 | 23 | 9 | 23 | 9 |
| Composite indicator of low satisfaction (CIS) | 33 | 14 | 30 | 14 | 27 | 10 | 30 | 13 |
| Composite indicator of poor means (CIM) | 13 | 9 | 13 | 9 | 14 | 14 | 14 | 10 |
| Multiple deprivation and dissatisfaction | 1.1 | 0.3 | 1.2 | 0.3 | 2.6 | 0.7 | 1.8 | 0.3 |
| Not able to make ends meet | 661 | 41 | 63 | 42 | 59 | 41 | 62 | 40 |
| Below housing stress threshold (CIH) | 25 | 12 | 27 | 13 | 24 | 9 | 24 | 12 |
| Housing costs are a financial burden | 36 | 19 | 34 | 19 | 30 | 14 | 33 | 18 |
| Below household durables deprivation threshold (CID) | 8 | 3 | 7 | 3 | 41 | 19 | 24 | 6 |

Source: own calculations (Avramov, 2002).

* Some data not available for all 15 EU countries.

While unemployment affects 5 percent of households headed by main earners who are EU nationals, the corresponding figure for foreigners who are not nationals of an EU country is 19 percent. Looking at the indicators of deprivation, it is evident that non-EU nationals are particularly vulnerable to income poverty (38 percent compared to 15 percent), bad housing, lack of household durables, and are not only dissatisfied with their living circumstances but subjectively perceive their financial situation to be one of deprivation.

Among non-EU nationals there are higher proportions of couples with children and lower proportions of one-person households than among nationals.

The ECHP data on immigrants are quite poor. Only nationality status is available for all countries; information on country of origin is treated as confidential information in Germany, the Netherlands and Greece and is therefore not available for statistical analysis. The database contains no information on the naturalised population or on children born to two foreign born parents (frequently referred to as the second generation immigrants), nor does it have any information on the language normally spoken at home. Furthermore, the selective attrition associated with mobility and the dropping out of panel surveys due to language difficulties or other social handicaps, results in very small numbers of non-nationals being included in the ECHP database.

Table 8.5. – Socio-economic and demographic characteristics of main earners aged 15 to 64 and their self-perception of their circumstances by nationality status, EU pooled data* (ECHP 1996-1998)

| Variable | EU-nationals (%) | Non-EU nationals (%) |
|---|------------------|----------------------|
| Exposed to income precariousness | 15 | 38 |
| Not able to make ends meet | 46 | 65 |
| Composite indicator of appreciation of poor financial situation (CIF) | 13 | 19 |
| Composite indicator of low satisfaction (CIS) | 17 | 36 |
| Composite indicator of poor means (CIM) | 11 | 19 |
| Below housing problems threshold (CIH) | 14 | 20 |
| Housing costs are a financial burden | 21 | 24 |
| Below durables threshold (CID) | 9 | 11 |
| Unemployed | 5 | 19 |
| Inactive | 17 | 13 |
| Incomplete secondary schooling | 40 | 41 |
| Couples without children | 21 | 13 |
| Couples with children | 45 | 61 |
| Households with 4+ children | 4 | 26 |
| Bad or very bad health | 6 | 16 |
| Number of main earners aged 15-64 | 45,826 | 715 |

Source: own calculations (Avramov, 2002).

* Some data not available for all 15 EU countries.

However, despite data poverty our findings about generalised deprivation are consistent with targeted research about the vulnerability of foreigners. Research based on data from the Norwegian population registers shows that, even in a country where overall unemployment is only 3 per cent, the corresponding figure among immigrants is five times higher at 15 per cent and amounts to as much as 37 per cent among Somali nationals (Ostby, 2000). These disparities are only partly attributable to differences in educational qualifications since they remain visible even among those with university degrees. Moreover, whereas only 5 per cent of natives fall below the poverty threshold, three out of every 10 immigrants have incomes that are less than 50 per cent of the median. In addition, overcrowding is more prevalent among immigrants, as are feelings of social isolation and loneliness.

In a Swiss study of the deprivational anomie, a condition that comes about when individuals are not satisfied with one or more features of their position in society, it was shown that both the measurement of absolute disadvantage and comparisons with reference groups are relevant (Hoffmann-Nowotny, 2000). The study reported that structurally disadvantaged people display greater deprivational anomie (perception of socio-economic status) and orientational anomie (perception of social identity) and that lower status positions lead to higher levels of stress and strain. In this study the Swiss population was used as the control group and comparisons made with Turkish and Italian immigrant groups. The results indicate that 'ethnic' or 'cultural' factors also have an effect on the integration and adaptation patterns as shown by the different deprivational anomie of Turkish and Italian immigrants.

8.2.4. People experiencing generalised deprivation and dissatisfaction

The past or current labour market situation of individuals and their family circumstances have a pivotal impact on life chances and living conditions and general population surveys clearly demonstrate that particular households face higher than average risks of poverty and deprivation. The way risks associated with a poor employment history and disruptive family events such as divorce, the death of a spouse, or circumstances like out-of-wedlock births or large families are buffered depends largely on the mediating role of the welfare state.

The analysis presented in the previous chapters has shown that several indicators of deprivation are partially correlated, meaning that, in addition to income poverty, some people may experience several other forms of deprivation. But when does income poverty and non-material deprivation translate into social exclusion? If social exclusion is defined as multiple,

overlapping deprivation how many different forms of deprivations can we measure from existing databases?

If we use the ECHP database that contains information on some 60,000 households to identify the population with simultaneous low scores on several key indicators of social integration then we need to construct an indicator of multiple deprivation that is as close as one can get to the definition of social exclusion as a generalised condition of material and non-material deprivation and dissatisfaction.

The composite indicator of multiple deprivation, based on the simultaneous presence of low income, low educational attainment, bad housing, a lack of household durables and a low level of satisfaction, relates to 516 households in the ECHP sample for the 15-EU countries, i.e. only 0.8 percent of surveyed households fall into the category of multiple material and self-appraised deprivation.

Households experiencing multiple deprivation therefore tend to be under-represented in general population surveys and even more so in panel studies. Indeed, the numbers experiencing generalised deprivation that can be unequivocally identified as socially excluded are very small in the ECHP database and little can be said about differences by country. However, Greece and Portugal stand out with considerably higher than average proportions in that 5 and 6 percent respectively of households in those two countries live under conditions of generalised deprivation and dissatisfaction.

The key policy issue relates not just to the prevalence of generalised deprivation experienced by the socially excluded but also in reaching a better understanding of the living conditions of those who are not protected by existing welfare systems or who have fallen through all the existing social protection nets. This is particularly relevant in the context of the better targeting of policies, measures and services.

The ECHP database does enable the identification of some of the general characteristics of the severely deprived and dissatisfied and it is clear that these are most likely to consist of women, the elderly and the widowed. In terms of the household characteristics of the socially excluded, there is a strikingly higher proportion of lone people and one-person households account for the majority of those living under conditions of generalised deprivation (Table 8.6). One-parent families are slightly over represented among the socially excluded, while couples with and without children are underrepresented. Those suffering from multiple deprivation are much more often in bad health, and are more likely to be in unskilled and semi-skilled occupations. Men are more often unemployed while women are more often inactive.

Table 8.6. – Demographic and socio-economic characteristics of households experiencing generalised deprivation and dissatisfaction and non-generally deprived households, EU pooled data (ECHP 1996-1998)

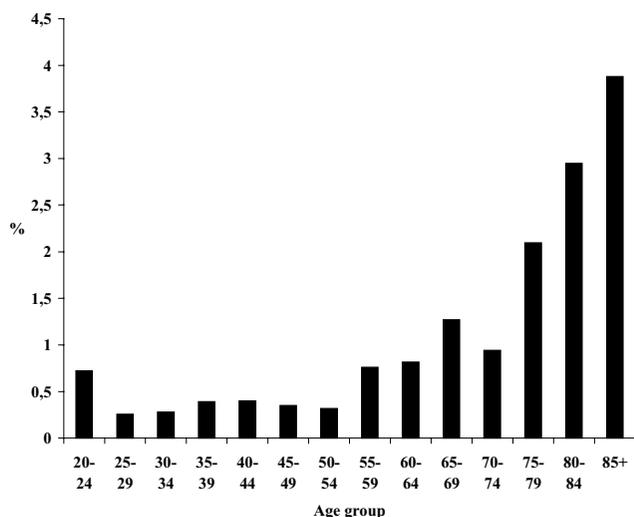
| Item | As a per cent of the generally deprived and dissatisfied | As a per cent of the non-deprived population |
|--|--|--|
| Women (main earner or partner) | 61 | 53 |
| Elderly (main earner) | 56 | 25 |
| Widowed women | 35 | 13 |
| Widowed men | 11 | 3 |
| Single person households | 50 | 28 |
| One-parent families | 9 | 7 |
| Households with three or more children | 10 | 6 |
| Women in bad or very bad health (main earner or partner) | 43 | 11 |
| Men in bad or very bad health (main earner or partner) | 42 | 8 |
| Women with incomplete secondary schooling (main earner or partner) | 99 | 53 |
| Men with incomplete secondary schooling (main earner or partner) | 100 | 45 |
| Unskilled & semi-skilled occupations (main earner) | 30 | 7 |
| Unemployed women (main earner or partner) | 4 | 4 |
| Unemployed men (main earner or partner) | 21 | 5 |
| Inactive women (main earner or partner) | 82 | 54 |
| Inactive men (main earner or partner) | 52 | 30 |
| NUMBER (and horizontal percentage) | 514 (0.8) | 61,414 (99.2) |

Source : own calculations (Avramov, 2002).

* Some data not available for all 15 EU countries.

Generalised deprivation and dissatisfaction is found mainly in the oldest age groups (Figure 8.2).

Figure 8.2. – Households experiencing generalised deprivation and dissatisfaction by age group of main earner, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

One of the essential characteristics of households exposed to generalised deprivation and dissatisfaction is low income and the socially excluded score highly on virtually all items that are associated with financial precariousness. They all report a lack of money to save, cannot afford to replace worn-out furniture or take annual holidays, while eight out of every 10 such households cannot afford to keep the home adequately warm. Financial constraints are also experienced as an obstacle to sociability as six out of every 10 households cannot afford to invite friends or family for drinks or dinner once a month compared with only one in 10 other households. Five out of every 10 socially excluded households also experience great difficulty in making ends meet, one in two consider housing costs to be a heavy burden and one third cannot afford an adequate diet (Table 8.7).

They also experience poor housing conditions, namely widespread problems associated with a lack of adequate heating facilities, damp walls, leaky roofs, shortage of space, inadequate light, rot in the windows, no running hot water (Table 8.8). It therefore comes as no surprise that in excess of 90 percent of all socially excluded households have no home computer, no second home, no dishwasher, no microwave, no video and no car. One in two do not have access to a phone and one in five do not have a colour TV (Table 8.9).

Table 8.7. – Goods, services and activities that households experiencing generalised deprivation and dissatisfaction cannot afford compared with non-deprived households, EU pooled data* (ECHP 1996-1998)

| Item | As a per cent of the generally deprived and dissatisfied | As a per cent of the non-deprived of population |
|--|--|---|
| Are only able to make ends meet with great difficulty | 50 | 6 |
| Cannot afford keeping home adequately warm | 76 | 12 |
| Cannot afford a week's annual holiday | 93 | 29 |
| Cannot afford replacing worn-out furniture | 96 | 38 |
| Inability to save money | 98 | 57 |
| Cannot afford new as opposed to second-hand clothing | 64 | 12 |
| Cannot afford to eat meat, chicken or fish every second day | 35 | 5 |
| Cannot afford friends/family for drinks/dinner once a month | 62 | 13 |
| Housing costs are heavy burden | 56 | 20 |
| Unable to pay rent for their accommodation during past 12 months | 8 | 2 |
| Unable to pay utility bills | 21 | 5 |

* Data for Sweden are not available.

Source: own calculations (Avramov, 2002).

Data on socially excluded households illustrate that their income from work is not always sufficient to lift people out of deprivation (Figure 8.3) – the existence of the working poor has been documented in numerous studies. Furthermore, after earning a subsistence income from insecure or casual employment or from jobs in the grey and black economy, many people have no time and lack the resources to establish and maintain social bonds or participate in other activities, which leaves them both poor and socially isolated. The fact that one out of five socially excluded households does generate work related income, that the same proportion receives social entitlements, and that one out of two benefit from a pension confirms that neither the market nor the state are efficient mechanisms for securing social inclusion and protection against multiple deprivation.

Table 8.8. – Housing problems among households experiencing generalised deprivation and dissatisfaction compared with non-deprived households, EU pooled data (ECHP 1996-1998)

| Item | Percent among the generally deprived and dissatisfied | Percent among non-deprived population |
|-------------------------------------|---|---------------------------------------|
| No separate kitchen | 25 | 7 |
| No bath | 32 | 2 |
| No flush toilet | 20 | 2 |
| No running hot water | 38 | 4 |
| No central heating | 83 | 18 |
| No place to sit outside | 43 | 17 |
| Shortage of space | 51 | 15 |
| Noise from neighbours | 21 | 12 |
| Noise from outside | 38 | 24 |
| Lack of natural light | 47 | 9 |
| Lack of adequate heating facilities | 66 | 9 |
| Leaky roof | 34 | 5 |
| Damp walls | 55 | 10 |
| Rot in windows | 47 | 7 |
| Pollution | 23 | 14 |
| Vandalism | 30 | 17 |
| Owner occupied | 55 | 59 |

* Some data not available for all 15 EU countries.

Source: own calculations (Avramov, 2002).

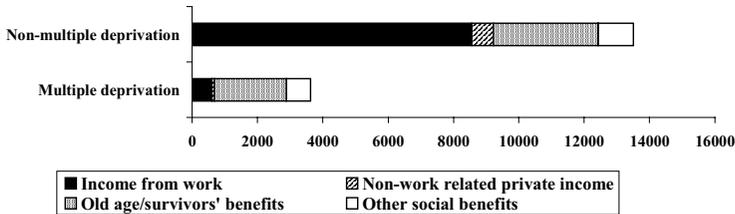
Table 8.9. – Ownership of household durables by households experiencing generalised deprivation and dissatisfaction compared with non-deprived households, EU pooled data* (ECHP 1996-1998)

| Item | Percent among generally deprived | Percent among non-deprived |
|------------------|----------------------------------|----------------------------|
| No car | 92 | 25 |
| No colour TV | 22 | 3 |
| No video | 93 | 33 |
| No microwave | 97 | 50 |
| No dishwasher | 99 | 68 |
| No telephone | 51 | 5 |
| No second home | 99 | 91 |
| No home computer | 100 | 71 |

* Some data are not available for Sweden and France.

Source: own calculations (Avramov, 2002).

Figure 8.3. – Households by deprivation and source of income in PPS, 15-EU pooled data (ECHP 1996-1998)



Source: own calculations (Avramov, 2002).

It may be assumed that a considerable proportion of elderly socially excluded women have at some time been active in agriculture and have therefore not earned or inherited adequate contribution-based pensions, particularly in the Mediterranean countries. This group of the 'old and deprived' will, however, gradually disappear due to the forces of nature. But at the same time, very young, one-parent families and large families are not the 'new poor'. They experience generalised deprivation because, for a variety of reasons, they are not sufficiently competitive in the regular labour market, have no family able and willing to help them out, while public solidarity does not suffice to lift them out of deprivation.

8.2.5. People in housing need

In advanced welfare states, general population surveys are not the best of tools to identify severely deprived people who only constitute a small minority. Targeted surveys that seek out socially excluded people in the areas where they are concentrated geographically or based on their disposition to turn to public assistance are better suited to highlight the ways into and out of deprivation.

With this end in view, we have drawn samples of 100 families with dependent children in priority need from the waiting lists for publicly funded or subsidized housing from each of the middle size towns Vienne (France), Peterborough (UK) and Espoo and Vantaa (Finland). People applying for social housing are, by definition, those not able to meet their needs without public support, and low income is either the basic condition or criteria, which gives priority access to public housing.

The first striking finding when the three countries are compared relates to the socio-demographic profile of families in priority need of housing, which clearly reflects the specific characteristics and normative standards of the individual welfare regimes (Avramov, 2000).

In France and the UK, poverty and single parenthood are the key characteristics of people in housing need, whereas in Finland it is young families in need of more spacious housing that form a high proportion of priority applicants (Table 8.10).

This may partly be explained by the social protection and welfare policies of Finland in general and of its housing policy in particular. Social and housing protection is more universalistic than in most other European countries, and addresses a broader population base than in either the UK or France. As a consequence, social housing is not residual housing type for the destitute.

Table 8.10. – Living arrangements among people in housing need (Demulog, 2000)

| Living arrangement | Finland | France | UK |
|--------------------|---------|--------|----|
| Single parent | 5 | 72 | 53 |
| Consensual union | 47 | 9 | 13 |
| Living with spouse | 49 | 19 | 34 |
| Total (N = 100%) | 103 | 100 | 98 |

Source: Avramov, 2000.

The relatively low proportion of one-parent families among applicants for social housing in the Finnish sample may tentatively be put down to the generous social policies which, while not specifically targeting lone parents, do give them priority in the allocation of social housing. As a consequence, the provision of housing for one-parent families is easier to accomplish when there are fewer of them on the general waiting lists. In Finland consensual unions and married people dominate whereas in France and the UK people without partners form the largest group.

When we look at living arrangement in conjunction with marital status we observe that most single people in Finland live in consensual unions (86 per cent), with a large majority of those who are married living with their spouses (81 per cent). In France, by contrast, most single people live alone (76 per cent) as do most of the divorced and separated. In the UK, on the other hand, while most of those who are single also live alone (71 per cent), most of the married live with their spouses (84 per cent).

The equalised household income of people in housing need in Vienne and Peterborough is around half the national average and it would appear that income precariousness is two to three times more widespread than among the general population. Sixty eight and 45 per cent of respondents in Vienne and Peterborough respectively fall below the low-income threshold.

Dependence on replacement income is exceptionally high among people in housing need in both countries (Table 8.11). Close on half of all respondents in France depend on social benefits – 73 percent already benefit from a housing allowance. The picture in the UK is not dissimilar and in 36 percent of all households one or both partners depend on unemployment benefits, 23 percent receive sickness benefits and 34 percent other social benefits. Moreover, 45 percent of households receive rent allowances and 71 percent child allowances.

In only 46 percent of households do respondents or their partners (or both) generate a work-related income. In France one third of respondents are unemployed, 13 percent are homemakers not looking for work, 18 percent work part-time and only 23 percent have a full-time job. Four out of every 10 of those who worked in the past, but are currently no longer in a paid job, stopped working because of business closure, dismissal or the termination of their contract, while 30 percent stopped working because of childbirth/child minding (Table 8.12).

Table 8.11. – Source of income of household on waiting lists for social housing by country (Demulog, 2000)

| | Finland | France | UK |
|-------------------------|---------|--------|----|
| Work of respondent | 77 | 51 | 35 |
| Work of partner | 78 | 12 | 16 |
| Other | 1 | 7 | 2 |
| Alimony | 17 | 22 | 5 |
| Pension respondent | | 3 | 2 |
| Pension partner | | 1 | 2 |
| Unemployment respondent | 4 | 7 | 32 |
| Unemployment partner | 5 | 4 | 12 |
| Sickness/disability | 3 | 4 | 21 |
| Child allowance | 97 | 11 | 70 |
| Rent allowance | 28 | 72 | 47 |
| Scholarship respondent | 9 | 21 | - |
| Scholarship partner | 3 | 1 | 1 |
| Other social benefits | 26 | 45 | 35 |
| Investments | 15 | 11 | 2 |
| Other sources | 10 | 6 | 1 |

Source : Avramov, 2000.

A low skill level implies poor job opportunities and possible dependence on casual work – 60 percent of respondents are unskilled, semi-skilled or skilled manual workers. In the UK, 53 percent of respondents and/or their partner are in work and 43 percent perform household activities only. There are also strong sex differences regarding employment and unemployment. Hence, 28 percent of women (respondents or partners) are in paid work compared with 48 per cent of men (respondents or partners). Unemployment is also more widespread among men, of whom 29 percent are unemployed compared to 11 percent of women.

Table 8.12. – Main economic activity of respondents or partners by sex and country (Demulog, 2000)

| Activity | Finland | | France | | UK | |
|------------------------------------|---------|-------|---------|-------|---------|-------|
| | Females | Males | Females | Males | Females | Males |
| Working | 34 | 90 | 41 | 63 | 28 | 51 |
| Unemployed | 6 | 3 | 31 | 34 | 13 | 31 |
| Parental leave/career interruption | 27 | 1 | 5 | - | 3 | 2 |
| Household activities | 19 | 1 | 20 | 3 | 52 | 4 |
| Other | 13 | 5 | 3 | - | 4 | 12 |
| Total (N = 100%) | 103 | 98 | 97 | 32 | 79 | 49 |

Source: Avramov, 2000.

The main reason that women stop work is associated with motherhood ; 60 percent report childbirth/child minding and 11 percent illness as the reason for not being in paid work.

In France and the UK, 16 and 14 percent of respondents respectively reported that they had health problems that required special adaptations to their homes compared with only 4 per cent in Finland.

The figures for France and the UK are similar in terms of the broad characteristics of deprivation ; only a minority of respondent is satisfied with their general situation due to multiple deprivation resulting from low incomes, weak social participation, and lack of intimate partnership.

The high concentration of people with accumulated handicaps – low incomes, a poor education, low skills, low proportions attending training to improve their work opportunities, weak economic activity status, heavy dependence on social benefits, a high proportion of large families with 3 or more children – highlights the fact that the large majority have poor chances in the regular employment and on private rental markets.

Motivation and ability to shape their future is considerably lower among respondents in France and the UK. Only 3 and 9 percent respectively engage in a training course or further education compared with 22 per cent in Finland.

Very high proportions of respondents benefit from housing allowances and at the same time complain that housing related costs are a heavy burden in France and the UK. Clearly, housing allowances help the poor to pay their rent but do not lift them out of poverty and poverty related deprivation. Our study confirms that the poor spend disproportionately more of their incomes on poor quality housing than do people who are well-housed, which leaves a very low net disposable income for other basic needs and is a key issue for the poor.

Problems with respect to housing include: the heavy burden of housing costs, shortages of space, noise and vandalism in the neighborhood. In their qualitative comments, many respondents stated that what they wished for most was peace and quiet and a balcony.

Due to the high proportions who are unemployed and or who are home makers, many respondents spend an above average amount of time at home. This has important implications for their quality of life: the badly housed spend more time at home than those who are well housed.

The majority of respondents are tenants in social housing and complain about the poor quality of their homes and the insecure and dilapidated environment in which they live. They have problems with humidity, lack adequate heating, space and light, and experience vandalism and crime in their local areas. This is all indicative of the degradation of social housing units and social housing estates in general.

In Finland, by contrast, the vast majority of respondents or their partners are in paid work and dependence on replacement income is very small. Their educational profile, economic activity status and the fact that many are following training courses to improve their employment opportunities imply that people in housing need in Finland do not face a life-long accumulation of handicaps.

The majority of respondents in the Finnish sample are tenants in social housing and their problems relate mainly to shortage of space and high housing costs. The finding regarding space and costs corresponds to results from other research. In other words, social housing in Finland is no longer cheap and, while it generally provides a high standard of equipment as shown in our survey, it is not sufficiently family-friendly and is not well suited to young families in the early stages of family building. Respondents experience a shortage of space which is likely to be further aggravated in the future if fam-

ilies realize the desired number of children. Given the fact that additional children are expected to bring the average number of household members to 3.8 implies that larger, more family-functional housing is needed and desired.

In addition to validating findings from other research regarding the risks of poverty, this survey targeted at people in housing need shows the importance of prioritisation in the welfare system. It also demonstrates the multiplicity of disadvantages experienced by population groups who are heavily dependent on public solidarity, particularly when public support is mainly in the form of traditional poverty relief that is not sufficiently generous.

One notable finding relates to the measurement of deprivation. In all three countries, respondents had access to basic facilities – an inside toilet, shower or bath, and running hot water. This, however, does not mean that they no longer face serious housing problems related to overcrowding, bad housing and fuel poverty. Almost all households own a refrigerator, freezer, microwave, washing machine and video recorder, and high proportions also own a computer (65 percent in the UK, 63 percent in Finland and 48 percent in France); but this should not be interpreted as implying that they are not deprived in terms of income, housing, work, health, social capital and satisfaction with their life chances. Last but not least, ownership of basic household durables does not appear to alleviate the subjective feeling of deprivation and dissatisfaction with life chances.

8.2.6. Homeless people

Groups suffering multiple deprivations are generally small in number and live under specific conditions that require particular research and policy attention. There is general agreement both in the research and policy communities that homeless people are socially excluded people. There is, however, little consensus on how to estimate their numbers, study their living conditions, assess their needs for assistance and open routes to social inclusion.

Homeless people are the smallest, albeit the most visible, part of society who encounter obstacles in accessing affordable housing, general welfare protection and care. The composition of the homeless varies between countries and over time, but it is generally known that those who become homeless have a combination of handicaps and have experienced multiple severely stressful life experiences. Troubles in the family, dropping out of school, a poor education, no qualifications, casual income or no work-related earnings, a history of mental health problems, disabilities or personality disorders, alcohol and drug abuse, institutionalisation (psychiatric hospitalisation, jail, orphanage, foster care), chronic illness, sexual abuse and domestic violence all constitute a web of handicaps and traumatic events which may be conducive to homelessness. Our research shows that the accumulation of handicaps that

leads to youth homelessness is a process that may take 10 or more years. The mere fact that there are so many symptoms of deprivation, self-destructive and anti-social behaviour that may be observed in the years that precede homelessness indicates that the process of exclusion needs to be addressed by systematic policies, measures and services and not just dealt with as a 'social emergency' when people end up sleeping rough.

As a rule, homeless people lack resources, opportunity and ability to make use of social institutions. Their exclusion is associated with social stigmatization and isolation, low self-esteem, the feeling of not belonging and never having been given a chance to be included in society. Research shows that homelessness cannot be reduced solely to the housing dimension since the provision of accommodation, as a rule, needs to be combined with varying degrees of care (Avramov, 1995; 1999).

8.2.6.1. Excluded from housing = excluded from official statistics

Data collected in household surveys provide an abundance of information about the housing conditions of people who have a home. But they tell us nothing about homeless people and their living conditions. Technically the absence of homeless people from household surveys, from which data on the housing conditions of the population are drawn, are easy to explain. The sampling method for household and family budget surveys is based on a selection of respondents from a pool of people who have a home. A private household is generally defined as a unit composed of people who share a dwelling and housing-related costs. In some countries the definition of a household focuses on the sharing of accommodation and income (e.g. Ireland). In others, it focuses on whether members share accommodation and meals (e.g. Spain), or household chores or the use of a living room (e.g. UK). But although the meaning of living together and sharing may vary between countries, everywhere a household implies an address, a dwelling, a fixed abode. The majority of homeless people do not have an address in a conventional sense. They do not live in private households and do not have a principal residence.

Population censuses in Europe adopt a different procedure to housing and household budget surveys and homeless people are not, by default, left out of the count. But even though they are included in a statistically significant manner in the general population count, it is difficult to identify this population as a specific group and only one country, France, has developed an official definition of the conditions of homelessness for census purposes. In any case, one should not expect to obtain from a population census data that can be better gathered in targeted surveys. Indeed, population censuses are a massive exercise and are too bulky a tool and too expensive an enterprise to

be used for collecting data about homelessness, and housing deprivation, which affect only a tiny proportion of the total population.

But while technical aspects explain how homeless people remain beyond official statistics, they do not explain why in a value-knowledge society, in which services are planned and resources allocated on the basis of information, we have so little reliable data about homelessness.

One of many reasons for the lack of data about the prevalence of homelessness is a lack of agreement about what homelessness is, and in order to distinguish homeless people as a separate category we need a specific definition. It comes as no surprise that it is only in countries in which there is a statutory obligation to assist the homeless or a high degree of political commitment to house them that there is an administrative definition of homelessness in official use.

In the United Kingdom, the Housing Act of 1985 imposes a statutory obligation on local authorities to house homeless people found to be in priority need. There, people are homeless if they do not have access to housing or if they do have housing but access to it is denied. The criteria for the identification of people eligible to be accommodated are developed in the guidelines for the implementation of the legislation. They are: that the applicant is homeless or threatened by homelessness, that she/he is not homeless or potentially homeless intentionally, that she/he has a priority need.

The legislative definition in Ireland is enshrined in the 1988 Housing Act. Under its provisions, someone is homeless if, in the opinion of the authority, there is no accommodation available which he/she can reasonably occupy or remain in occupation of, or, if a person is living in a hospital, country home, night shelter or other such institutions because they are unable to provide reasonable accommodation from their own resources.

The Housing Fund of Finland, which conducts an annual survey on homelessness, uses an operational definition which lists a series of situations of homelessness. These include persons living outdoors or in temporary shelters, night shelters or other shelters for the homeless, institutions or institutional homes either temporarily or permanently due to lack of housing, prisoners soon to be released who have no housing, persons living temporarily with relatives or acquaintances due to a lack of housing, families who have split up and are in temporary accommodation.

If we resort to administrative definitions, the population that is included in the homeless category will obviously vary from one country to another. Furthermore the opinions of public authorities as to who should and who should not be considered homeless and entitled to assistance may vary from

year to year as a function of the resources allocated rather than as a function of the level of need.

A group of experts responsible for a report on homelessness for the Council of Europe proposed the following definition of homeless people "individuals or families socially excluded from lasting occupancy of a suitable dwelling" (Council of Europe, 1993 p. 23). The authors operationalised the definition by identifying situations of homelessness, which ranged from rooflessness to unacceptable housing conditions. Homelessness is frequently identified as deprivation as it relates to a variety of conditions ranging from being without a roof, being without a house or having insecure to sub-standard housing.

While descriptive definitions provide a useful nomenclature, the variety of descriptive and normative elements used has left too much space for free-handed interpretations of concepts such as 'unacceptable', 'insecure' or 'inferior'. Outside the research community, such definitions provide grounds for the 'game of numbers' in which figures are blown up to imply that tens of millions of people in Europe are homeless. What the figures actually show in fact is a small proportion of literally homeless people and an overwhelming majority of housed, albeit badly housed, people, i.e. those living in old sub-standard or overcrowded dwellings.

We are convinced of the usefulness of a causal approach when defining homelessness. The housing dimension of deprivation is characterised by the absence of a personal, permanent, adequate dwelling. Difficulties and obstacles in accessing and maintaining a home are seen as criteria of homelessness and, as a social condition, it is thus defined through the social mechanisms and processes which induce it. In other words, the homeless are those who are unable to access a personal, permanent, adequate dwelling or to maintain such a dwelling due to financial constraints and other social barriers. In addition, they also include those who are unable to access and maintain such a dwelling because they are unable to lead a fully independent life and need care and support but not institutionalisation.

Concepts such as personal, private and adequate, which we refer to, have been extensively elaborated by the United Nations (see for example 1996b). Exclusion from housing is a process marked by the accumulation of problems associated with poverty, breakdown of family and social networks, personality disorders, isolation and the social detachment of individuals. Homelessness is neither a group characteristic nor is it a static condition. For the overwhelming majority who find themselves homeless, it is not a life-long condition but rather an episodic experience.

A socially correct way of assessing the level of need for housing assistance and care for those unable to access and maintain a home from their own

resources would be to establish a statutory obligation to provide and monitor demand over time. In practice, however, what is usually monitored is the level of provision by a variety of institutions, which range from soup kitchens run by charities to social housing funded or co-funded by public authorities. Thus the services currently on the market are (wrongly) identified as defining the level of need and, by analogy, it is assumed that the number of service users stands for the number of homeless people.

8.2.6.2. Homeless people and services to assist them

Services for homeless people are often the only source of information concerning the tip of the iceberg of housing deprivation since, in many European countries, the number of current users of services depends on the supply rather than on the demand for accommodation assistance and care (Table 8.13). Thus, countries with weak institutional frameworks of assistance record the smaller number of homeless people as countries with strong preventative policies and measures.

The number of people dependent on the services for homeless people cannot be explained by macro economic parameters. Indeed, the less prosperous countries of Europe do not register higher numbers of service users than countries with higher per capita GDPs. The proportion of people estimated to be homeless in Greece, a country with no minimum income scheme, is lower than in the Netherlands, one of the forerunners in social protection. The number of people officially recognised as homeless or threatened with homelessness in the UK is 40 times higher than the estimated number of homeless users of services in Spain. In the UK, local authorities have a statutory obligation to house homeless people found to be in priority need while the Spanish authorities make no such commitment. Hence, figures provided by public and voluntary services for homeless people tell us more about housing standards and the level of development of services than about the extent of housing exclusion.

The interpretation of the prevalence of homelessness and exclusion from adequate housing in an international comparative perspective needs to take into account national housing standards as well as environmental factors, infrastructure, climate and the general habitat. People living in shacks, tents, containers and caravans are not considered to be homeless in Portugal and the public authorities there cannot be held responsible for providing proper housing. In Sweden, by contrast, a caravan is not considered to provide adequate housing and local authorities can expect to receive a court order if they fail to offer accommodation which is compatible with the Swedish standard of human dignity. In the United Kingdom, guidelines for the implementation of legislation on homelessness have in practice become guidelines for the

allocation of social housing. It is for these reasons that the authorities argue that the number of people accepted for housing under the homeless legislation is much higher than the actual number of homeless. In other words, comparing figures about service users in Portugal, Sweden and the United Kingdom requires considerable circumspection.

Table 8.13. – Number of people dependent on services for the homeless in the 1990s

| Country | Average daily users of services, or use on the day of a survey | Number of users of services over the course of a year | Users of services over the course of a year as a percent of the national population |
|-------------|--|---|---|
| Austria | 6,100 | 8,400 | 0.10 |
| Belgium | 4,000 | 5,500 | 0.05 |
| Germany | 490,700 | 876,450 | 1.07 |
| Denmark | 2,947 | 4,000 | 0.08 |
| Spain | 8,000 | 11,000 | 0.03 |
| Finland | 4,000 | 5,500 | 0.11 |
| France | 250,000 | 346,000 | 0.59 |
| Greece | 5,500 | 7,700 | 0.07 |
| Ireland | 2,667 | 3,700 | 0.10 |
| Italy | 56,000 | 78,000 | 0.14 |
| Luxembourg | 194 | 200 | 0.04 |
| Netherlands | 7,000 | 12,000 | 0.08 |
| Portugal | 3,000 | 4,000 | 0.04 |
| Sweden | 9,903 | 14,000 | 0.16 |
| UK | 283,000 | 460,000 | 0.77 |

Source: Avramov (1999).

In order to understand homelessness in a comparative perspective, we need to take into account the social context within which risks of homelessness materialise. Comparing only numbers of users of services for homeless people and the social, demographic and medical profiles of those who are considered to be homeless in different countries can be misleading. Currently available information about service users is a useful indicator (not a measurement) of needs that are met. The number of users of services is furthermore useful information for service providers, which in market economies justifies their existence.

The stronger public and/or family support is, the stronger and more serious are the handicaps that lead a person into homelessness. Typically, families at risk of homelessness are better protected than single persons; women are better protected than men. If a woman falls through all social support safety nets and ends up sleeping rough she is more likely than a man to have a history of mental health problems preceding the experience of homelessness. Research confirms that among people sleeping rough and those using soup kitchens, temporary shelters and other emergency services for the homeless, women are more likely to have had severe mental disorders before and during their transition to homelessness. But mental disorders are a risk factor of homelessness that does not operate independently from other social and personal handicaps. Risks can be reduced or reinforced by the system of social support, while the nature and the targeting of the system of protection determine which personal handicaps are likely to lead to homelessness.

The number of service users is a measure of the emergency demand for shelter that is met. While no systematic count of people in housing need has even been attempted by the statistical offices, it is still possible to use the available data for an initial estimation of the number of people living under conditions of severe housing stress due to bad housing, overcrowding and tenure insecurity in some European countries. On the basis of available data from public and non-profit service providers, primary research, population censuses and secondary sources we have estimated the prevalence of housing deprivation for the 15 European Union countries as a whole.

People living in economic hardship form the core of the groups at risk of housing stress and housing deprivation. In the European Union those at highest risk emerge from the low incomes group which encompass some 31 million people dependent on welfare and some 18 million unemployed dependent on unemployment benefits or family transfers.

In terms of bad housing conditions, it is estimated that, out of its total European Union population of 374 million inhabitants, at least 15 million people live in substandard and/or overcrowded dwellings, while a further 2.4 million people are housed in 'unconventional dwellings' which are mobile, semi-permanent or not built for human habitation.

In terms of housing insecurity, it is estimated that 1.6 million people are under eviction procedures, and 400,000 people are evicted each year (Avramov, 1996). In addition, 1.8 million people avail themselves of the services for the homeless people or other social emergency reception centres each year, and 1.1 million people are dependent on the public services, voluntary organizations or charities for their daily accommodation.

Since the above conditions may overlap, it is therefore invalid to sum the given numbers in order to estimate the prevalence of housing exclusion. The above figures should therefore only be considered as a preliminary indicator of the housing dimension of deprivation and social exclusion.

Some of the methodological difficulties in capturing the complexity of homelessness have been dealt with by researchers at the National Institute for Demographic Studies (INED) in France who undertook a survey of the users of night shelters and food and meal distribution points in the inner city of Paris in the mid-1990s. The survey was drawn from a random sample of individual services and the persons who used them and comprehensive sampling techniques were used to establish the probabilities of selection (Marpsat and Firdion, 2000). In total, 591 interviews were conducted among the users of emergency and longer-stay centres and food distribution sites.

The results of the French survey (Marpsat, 2001) indicate that 83 per cent of those – the overwhelming majority – without a fixed abode were men, with most of the homeless being the 25 to 59 age range. The age distributions for men and women were, however, somewhat different, in that 9 per cent of men were aged 18 to 24 compared with 17 per cent of women while 6 per cent of men were aged 60 and over compared with only 2 per cent of women. A majority of both sexes had never been married – 57 percent of men and 53 percent of women, followed by divorced or separated (25 percent and 7 percent respectively for men and 19 percent and 17 percent respectively for women). Half the men and one third of the women did not have children and among those that did only a minority of women, 37 percent, lived with at least one child, a figure that was insignificant among men. The most widespread traumatic event reported among interviewees concerned problems in the family, often associated with dropping out of school. Indeed four out of every 10 respondents had no formal school qualifications

Regarding the trajectory into homelessness, Marpsat reports that three out of every 10 respondents had experienced a negative event which had marked them profoundly, such as a death in the family, divorce of parents, quarrels, and abuse. Significant numbers had had personal problems such as bad health, experience of prison, and alcohol or drugs abuse. Among people with no fixed abode, those born abroad were over represented, as were non-nationals.

The feeling of isolation is the most commonly reported problem and one out of every four homeless persons had separated from their family by the age of 16. Even when contacts are maintained, they do not suffice to pull people off the street.

8.3. Implications for policy

Implications for social policies may be summarised as follows.

Regarding the protective role of the family, it appears that in all countries and for the majority of people, the family is a solution to problems associated with transitional vulnerabilities. However, dysfunctional families may also be a cause for deprivation as can be seen from research among severely vulnerable groups. Furthermore, high demands placed on families are a cause for dissatisfaction and general stress.

Regarding the mediating role of social policy in reducing risks and lifting people out of deprivation, all the severely vulnerable groups identified are better protected in the universalistic and generous Nordic welfare states. There, fewer people fall through the existing safety net of standard social protection and the services provided are of a higher standard. However, even in the most advanced welfare states, small numbers of people who are both at risk and also risk carriers, depend at some stage in their lives on services made available for crisis intervention. These are necessary in all countries especially in view of the fast changing nature of problems associated with domestic violence, substance abuse, and the behavioural and cognitive traits of risk carriers. Indeed, emergency services are efficient instruments of social inclusion provided there is a continuum between universal social protection and crisis intervention.

Implications for research policies may be summarised as follows.

In recent years, numerous activities have been undertaken with a view to producing a comprehensive list of social indicators to capture the essence and complexity of social exclusion. Atkinson *et al.* (2002) has proposed a list of 33 recommendations ranging from the identification of the principles for constructing indicators to the identification of the level 1 and level 2 indicators common in all 15 EU countries. Level 1 would consist of a limited number of lead indicators and level 2 would support the lead indicators and describe other dimensions of the problem. Level 3 indicators would be optional and their aim would be to highlight national specificities in particular areas.

For the monitoring of social development and the efficacy of the implementation of the principles adopted for social protection, the OECD (2001) has proposed four clusters of indicators to monitor autonomy, equity, health, and social cohesion. However, the organisation has acknowledged that the data it collates for the 30 member states are not absolutely comparable.

Researchers in many countries are now addressing the issue of social exclusion (European Commission, 1995). By way of example, Cagiano *et al.*

(2001) address social exclusion indicators on the basis of case studies for Ireland, Italy, France and Spain, where they deal with four dimensions of social exclusion: income, education, health and housing. They propose several methodologies to verify the stability of their results, using nationally available data.

But however complex the requirements for the construction of social indicators to monitor national performance, they are but the first step on the European research and policy agenda. Systems to collate consistent data to document the different dimensions and fast changing aspects of social exclusion are still in the making. The various composite indicators that can be constructed from existing databases are only a selection of what is possible rather than what is optimal.

The moment the multidimensional nature of social exclusion is introduced, population sub-groups become small in size and population surveys permit little more than a description of the characteristics of the people exposed to the different dimensions of deprivation. As a rule, existing population databases are poor on the relational aspects of social exclusion, namely on issues of self perceived social identity, loneliness, access to community and general public institutions, political life, leisure and recreation.

As important as the monitoring and ranking of national performance is in terms of assessing how well different countries include most of their citizens, there are also questions about the transitions into and out of poverty and social exclusion, and the capacity of individuals for reflexivity and ability to adapt to fast changing social circumstances.

At the moment, some of the key challenges facing social exclusion research pertain to the difficulties of identifying the socially excluded and the undertaking of non-intrusive surveys. Methods range across making the best use of quantitative cross-sectional, repetitive cross-sectional, and longitudinal or panel studies to qualitative non-intrusive life histories, narratives, in-depth interviews, participant observation, and expert interviews. The ways of identifying the socially excluded range from relying on chance to track them down via population surveys to the selection of respondents during random walks in deprived urban areas or surveys in institutions to which needy people may turn.

We have examined ways of making best use of existing large scale quantitative surveys to identify population sub-groups with simultaneous, overlapping forms of deprivation that are also dissatisfied with their general life chances. Two groups were identified on the basis of the ECHP data that are unequivocally socially excluded: namely, persons who are severely deprived and dissatisfied and individuals who are not nationals of the country in which

they reside or of any other EU state. Although a number of the general characteristics of these populations have been identified, it must be underlined that interviewing some 60,000 households in order to 'catch' 516 socially excluded households or 731 households of non-nationals exposed to severe deprivation is not the most effective way of analysing social exclusion.

Targeted surveys, even when based on small samples, seem likely to supply more information and provide a better picture of the severity of living conditions and the complexity of the routes out of deprivation.

Glossary of concepts

Citizenship status refers to nationals, all foreigners legally residing in the country and asylum seekers.

Composite indicator of low satisfaction (CIS) is constructed on the basis of an 18-point scale to include people who score less than 10 for the combined self-appraisal of their financial situation, work or main activity and housing.

Composite indicator of poor means (CIM) is constructed to include people whose income is less than 60 percent of the median, who have not completed secondary school and who experience 3 or more housing problems.

Composite indicator of the subjective appreciation of poor financial situation (CIF) is constructed to include people who cannot afford certain goods, services and activities. The threshold of CIF is fixed at the average minus one standard deviation. The indicator includes the following: cannot afford to keep their home adequately warm; cannot afford to pay for a week's annual holiday away from home; cannot afford to replace worn-out furniture; cannot afford new clothes and buys second-hand clothes instead; cannot afford to eat meat, chicken or fish every second day even if they want to; cannot afford to have friends or family for drinks/dinner once a month; unable to pay rent for their accommodation during the previous 12 months; unable to repay mortgage during the previous 12 months; unable to pay utility bills during the previous 12 months; unable to pay hire purchase instalments or other loan repayments during the previous 12 months.

Data weighting is a statistical procedure to achieve national representativeness of survey data and international representativeness for pooled data. It is necessary to know the overall selection probabilities of households within national surveys and to compensate for differences in the probabilities of selection due to the varying size of national populations for the pooled data.

Equivalised household income is the income per adult equivalent. The equivalence scale is used to adjust incomes for the varying sizes and composition of households. The first adult in the household is given a weight of 1, every subsequent adult a weight of 0.5 and every child below the age of 16 a weight of 0.3.

General non-contributory minimum income is a universal welfare allowance – it is an individual, needs-based entitlement, subjective and non-discretionary right of all citizens irrespective of their past or current labour market participation.

Generalised deprivation and dissatisfaction is characterised by the simultaneous presence of low income, low educational attainment, bad housing, a lack of household durables and low levels of satisfaction.

Household income is the equivalised household income expressed in purchasing power parity.

Income precariousness refers to households with less than 60 percent of the equivalised median income i.e. households that are below the low-income level. This indicator includes three income categories: low income, poor and severely poor households.

Low-income households have an income that lies between 50 and 60 percent of the median equivalised net income.

Main earner is the individual with the highest income in the household and is selected as the reference person.

Pillars of social inclusion are conceptualised as access to resources and opportunities, and ability to make use of public institutions and family and informal networks.

Poor households have an income that lies between 40 and 50 percent of the median equivalised net income.

Poverty relates to inadequate material resources and is measured in terms of relative deprivation.

Poverty thresholds are cut-off points to measure monetary poverty. Three percentage cut-off points based on the median equivalised net income are used in this study to identify severely poor households, poor households and low-income households.

Purchasing power parity (PPP) is the real equivalised net income of households adjusted for the national cost of living.

Purchasing power standard (PPS) is a common reference unit used to convert national currencies so that every unit can buy the same amount of goods and services across a group of countries in a given year.

Severely poor households have an income of less than 40 percent of the median equivalised net income.

Social benefits refer to retirement pensions, unemployment, sickness and invalidity transfer payments, family and housing allowances, social exclusion and other public transfer payments.

Social cohesion refers to the social ties established through political, economic, cultural and civil institutions and organisations.

Social disadvantages are indicators of social vulnerability experienced by individuals and families due to a lack of means and limited access to or poor participation in several of the most important domains of human activity: education, labour, family and informal networks, consumption of goods and services, communication, community and general public institutions, political life, leisure and recreation.

Social exclusion is a condition of deprivation and generalised disadvantage experienced by individuals due to an accumulation of social handicaps. Social exclusion as a social process is the denial of access of particular individuals or groups of individuals to opportunities and social rights.

Social inclusion is a condition that entails the enjoyment of social rights by individuals regarding social participation and access to social protection, assistance and care. Social inclusion as a social process entails public enhancement of opportunities for access to social activity, public institutions, social protection and programmes and services for assistance and care for all citizens.

Social integration is a condition that entails individuals' participation in the regular labour market and/or other forms of social activity. Social integration as a social process entails public enhancement of opportunities for occupational and social participation of individuals.

Social protection refers to a system of public regulation that addresses a broad range of risks associated with sickness, old age, maternity, family dynamics, unemployment and general neediness, by means of income transfers and social services.

Social vulnerability is conceptualised as a condition of exposure to risk of social exclusion due to low income, poor education, weak economic activity status, high dependence on public support, and specific demographic traits. Individuals express it as dissatisfaction with particular domains of their economic activity or living circumstances coupled with the awareness that they cannot afford certain basic goods, services and activities accessible to the majority of the population.

The risk concept is used to identify households who would be living in poverty if they did receive social transfer payments.

Welfare regime refers to a system of public regulation that aims at assuring the well being of individuals and securing social cohesion by means of legal measures and the redistribution of resources.

Methodological annotations

A. Indicators of social exclusion risks

The following variables have been used for identifying risk groups in the population: household type; education of respondent (or main earner) and partner; economic activity of respondent (or main earner) and partner; occupation of respondent (or main earner) and partner; household income (total household income, equivalised household income, low income and poverty thresholds, sources of income, single or dual income, income before and after receiving social benefits); housing (tenancy status, housing stress); household durables; sociability of main earner and partner; satisfaction of respondent or main earner and partner.

On the basis of the available information on income and pertinent demographic data in the major data bases used for this study, the following groups of demographic variables have been analysed: household type and size; sex and age; demographic antecedents; partnership; fertility; morbidity (health).

A more detailed analysis has been made for the following groups of demographic variables: household type and size; age and sex; demographic antecedents (age at first intercourse, age at independence, age at first marriage, age at first birth); partnership (intimate relationships, marital status, cohabitation); living arrangements; fertility, number of children, and desired number of children.

Unemployment rates can be calculated as the proportion of unemployed among all people in work and those looking for work i.e. unemployed, or as the proportion unemployed in the total sample, which includes those at work, the unemployed and the inactive. In this study the percentage unemployed is based on the latter method of calculation.

A.1. Composite indicators of deprivation

The composite indicator of means (CIM) is a measure of poor means and includes the following thresholds: income (60 of the median), education (incomplete secondary schooling) and housing stress (threshold: average number plus one standard deviation).

The composite indicator of satisfaction (CIS) is constructed on the basis of an 18-point scale whereby the threshold of low satisfaction is fixed at the aver-

age plus one standard deviation of individuals' self-appraisal of their financial situation, work or main economic activity and housing.

The composite indicator of the subjective appreciation of financial situation (CIF) measures the ability to afford basic goods, services and activities. It includes the following household variables: ability to afford keeping its home adequately warm; ability to afford a week's annual holiday away from home; ability to afford replacing worn-out furniture; ability to afford buying new, rather than second-hand clothes; ability to afford eating meat, chicken or fish every second day if they want to; inability to have friends or family for drinks/dinner once a month; inability to pay rent for accommodation during the previous 12 months; inability to repay the mortgage during the previous 12 months; inability to pay utility bills during the previous 12 months; inability to pay hire purchase instalments or other loan repayments during the previous 12 months. CIF is operationalised by assigning the score 0 to 'inability' and the score 1 to 'ability' to pay for or afford each of the above items and then summing the individual scores to arrive at an overall total and fixing the threshold variable at the average minus one standard deviation.

Four composite indicators have been constructed to characterise housing (CIH): lacking of housing facilities, prevalence of housing difficulties, experience of problems with the housing environment and the sum of these three indicators to produce a fourth labelled "housing stress". The lack of housing facilities is based on the absence of a separate kitchen, bath, flush toilet, running hot water and central heating. The housing difficulties indicator was constructed from the following variables: shortage of space, too dark, inadequate heating, leaky roof, damp walls, and rot in windows. The housing environment problems indicator is based on: noise from neighbours; noise from outside, pollution and vandalism. For each of these indicators the threshold variable was fixed at the average plus one standard deviation.

A durables composite indicator (CID) was constructed to measure lack of access to household durables – durable deprivation. It includes ownership of: a car, colour TV, video, microwave, dishwasher, telephone, second home and home computer. The threshold variable was fixed at the average plus one standard deviation.

B. Data sources

The European Community Household Panel is the main currently available source of comparable micro-level data on income and the social position of individuals and households. It covers 15 northern, western and southern European countries.

The Fertility and Family Surveys (FFS) undertaken in the 1990s in 22 countries to collect data on demographic behaviour and socio-economic variables included questions on income in only three European countries: Belgium (Flanders), Germany and Italy. The other countries participating in the FFS chose not to gather information on income as one of the key indicators of the socio-economic position of individuals and families.

The latest available database of the ECHP (December 2001) includes data for five ECHP waves, each wave covering a variable number of 15-European Union member states. In order to use the most recent data for each of the 15 EU countries, the present study has made use of the database for the following years:

- Wave 3 (1996): Germany, Luxembourg, UK;
- Wave 4 (1997): Finland;
- Wave 5 (1998): Belgium, Denmark, Greece, Spain, France, Ireland, Italy, Netherlands, Austria, Portugal, and Sweden.

This three wave combined database includes information on 62,775 households. In the ECHP all household members aged 16 and over were subjected to a detailed personal interview (EUROSTAT, 1996). The ECHP database includes household files and personal files about the different household members interviewed, i.e. 128,719 adults above 15 years of age. The total number of persons in the households is 163,574 (unweighted).

In order to link ECHP household variables with some of the personal variables of particular household members it is necessary to select a reference person in the household. This can be done in several ways by using age, education or income. The reference person can be selected as the oldest person in the household, the person having the highest level of education or the highest income. For the purpose of this study that takes income as one of the basic markers of social vulnerability, the reference person was selected as that household member having the highest income in the year previous to the interview and is named the main earner.

The 'main earner data file' includes, in addition to all the household variables, all the personal ECHP variables of the main earner as well as those of the partner of the main earner. In this way information is available for representative samples of men and women who are either main earners (with or without a partner) or are the partner of the main earner.

Given the aims of this study, the socio-economic and demographic information on 'main earners and their partners' was retrieved from the ECHP database in order to link specific household variables to a series of personal variables. In the 15 countries, a total of 41,951 households have a male main

earner and 19,972 a female main earner. The ages of 'main earners' range from 16 to 87.

To summarise, the following combined data files have been used for this report:

- Merged personal-household data file: the common household variables have been assigned to each household member in the merged file. This file includes all 131,021 respondents from the different waves for the EU 15 countries.
- Main earner data file: the household and personal variables of the main earner and the partner have been merged to produce a file containing 61,923 cases, of which 41,951 are male and 19,972 female main earners. In total it includes 48,782 men and 53,326 women.

C. Weighting factors

This study has focused on the analysis of those household types that may be at risk of social exclusion based on pooled data for the 15 EU countries. For the pooled data the following weighting has been applied:

Total weight = Internal weight per country x (Number of households per country/Total number of households for the 15 countries)/(Number of households per survey/Total number of households for the 15 surveys).

The internal weight and the number of households for each country are given in the ECHP users' database (UDB, December 2001).

Whenever possible or desirable the analysis has also been made for each individual country, and the ECHP internal country household or personal weighting factors have been systematically applied.

Fertility and Family Surveys have been undertaken in 22 countries of the ECE region and the Standard Re-code File of 19 countries is available on the database currently provided by PAU. For this report, data for only 9 countries – Belgium, Finland, France, Italy, Portugal, Spain, Sweden, Austria and Germany – have been analysed so as to maintain consistency between FFS and ECHP data for the purposes of comparison. The FFS data for Germany are usually subdivided between what was formerly East and West Germany.

The number of respondents in the FFS survey for the nine countries under consideration totals 58,212. All the available socio-economic and demographic behavioural data were analysed for both the male and female samples, cover a total of 19,184 male and 39,028 female respondents. However, in only three countries – Belgium (Flanders), Germany, and Italy – is information sought about income. The Greek FFS also included a question on income but the database was not available at the time of drafting this report. The

number of respondents for which income data is available totals 15,458. The age range covered by the FFS database is 15 to 54 and data on the elderly are therefore not available.

The FFS weighting factors have been systematically applied for analyses of each country and also to the pooled data for the nine FFS countries, the weighting factors and the number of surveys being taken from the FFS database. Data on the most appropriate age-specific national populations have been retrieved from the FFS country reports or, in absence of such information, from the demographic yearbooks of the European Population Committee (Council of Europe, 2000). The weighting factors for the pooled data have been calculated separately for the female and male samples.

C.1. Weighting factors for aggregated variables and composite indicators

In order to facilitate the analysis of the data several groups of variables have been aggregated into two single indicators: housing facilities, housing disadvantages, housing environment problems (CIH), and household durables (CID). In addition, three composite indicators have been constructed: the composite indicator of means (CIM), the composite indicator of satisfaction (CIS), and the composite indicator of financial appreciation (CIF).

Instead of assigning the same weight to each variable making up an aggregated or composite indicator, these have been weighted according to their population frequency, following the procedure of Heady et al (2000). Each variable is assigned a weight equal to the proportion of the population not experiencing or reporting the relevant problem or phenomenon. As a result, problems or phenomena that rarely occur are given a high weight and vice versa. The weights on the different variables to be aggregated are summed and multiplied by the ratio of the sums of the unweighted and weighted distributions.

The frequency distribution of the aggregate and composite indicators are subsequently regrouped into "threshold variables", the cut-off points of which are fixed at the mean + or – one standard deviation.

D. Sample size of the three poverty categories

Desegregation by the three cut-off points (40, 50 and 60 percent of the median equivalised net income) and household type is only meaningful for pooled data for the 15 countries in the ECHP database. The sample sizes of the three poverty categories for each country are too small for the analysis of the combined effect of household type and other socio-demographic characteristics at all three poverty thresholds in the ECHP and FFS databases (Tables D.1 and D.2).

In accordance with the requirement of EUROSTAT, wherever the number of respondents has fallen below 30, the data have been deleted from the graphs and tables presented in this study.

Table D.1. – Numbers of surveyed ECHP households according to income thresholds (non-weighted data)

| Country | Severely poor | Poor | Low income | Above low income | Total |
|--------------|---------------|--------------|--------------|------------------|---------------|
| Belgium | 99 | 120 | 167 | 2,470 | 2,856 |
| Denmark | 81 | 80 | 136 | 2,217 | 2,514 |
| Germany | 234 | 153 | 235 | 3,956 | 4,578 |
| Greece | 588 | 237 | 285 | 3,170 | 4,280 |
| Spain | 350 | 232 | 373 | 4,504 | 5,459 |
| France | 312 | 297 | 390 | 4,859 | 5,858 |
| Ireland | 74 | 148 | 183 | 2,259 | 2,664 |
| Italy | 482 | 260 | 426 | 5,430 | 6,598 |
| Luxembourg | 32 | 30 | 62 | 806 | 930 |
| Netherlands | 227 | 102 | 257 | 4,356 | 4,942 |
| Austria | 137 | 132 | 214 | 2,475 | 2,958 |
| Portugal | 526 | 439 | 419 | 3,416 | 4,800 |
| Finland | 118 | 73 | 131 | 3,776 | 4,098 |
| Sweden | 186 | 117 | 181 | 4,725 | 5,209 |
| UK | 226 | 242 | 275 | 3,020 | 3,763 |
| Total | 3,672 | 2,662 | 3,734 | 51,439 | 61,507 |

Source: own calculations (Avramov, 2002).

Table D.2. – Numbers of surveyed FFS households in Belgium (Flanders), Germany and Italy according to income thresholds (non-weighted data)

| Country | Severely poor | Poor | Low income | Above low income | Total |
|--------------------|---------------|------|------------|------------------|-------|
| Belgium (Flanders) | 72 | 110 | 174 | 3308 | 3664 |
| West-Germany | 373 | 46 | 135 | 3161 | 3715 |
| East-Germany | 249 | 142 | 170 | 3744 | 4305 |
| Italy | 260 | 154 | 291 | 3069 | 3774 |

Source: own calculations (Avramov, 2002).

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Group of specialists on the demographic implications of social exclusion (PO-S-ES)

List of members

Austria: Mr Richard GISSER, Statistics Austria, Population Directorate, Hintere Zollamtstrasse 2b, 1033 WIEN, tel: +43.1.711.28.72.09, fax: +43.1.715.68.30, e-mail: Richard.Gisser@statistik.gv.at (Chairman)

Belgium: Mr Ronald SCHOENMAECKERS, Head of the Demographic Analysis Section, Population and Family Study Centre, Markiesstraat, 1, 1000 BRUSSEL, tel: +32.2.553.36.17, fax: +32.2.553.35.57, e-mail: ronald.schoenmaeckers@wvc.vlaanderen.be

Mr Edmond LAMBRECHTS, Head of the Family and Welfare Section, Population and Family Study Centre, Markiesstraat, 1, B-1000 BRUSSELS, tel: +32.2.553.36.17

France: Mme Maryse MARPSAT, Institut National d'Etudes Démographiques (INED), 133, boulevard Davout, 75980 PARIS CEDEX 20, tel: +33.1.56.06.21.33, fax: +33.1.56.06.21.93, e-mail: marpsat@ined.fr

Germany: Prof. Dr. Charlotte HÖHN, Director, Bundesinstitut für Bevölkerungsforschung (BIB), Friedrich-Ebert-Allee 4, Postfach 5528, 65180 WIESBADEN 1, tel: +49.611.75.22.35, fax: +49.611.75.39.60, e-mail: bib@destatis.de

Italy: M. Raimondo CAGIANO DE AZEVEDO, Président, Università di Roma, Facoltà di Economia e Commercio, Via del Castro Laurenziano 9, 00161 ROMA, tel: +39.06.497.66.423/44.51.903/49.76.69.21, fax: +39.06.49.57.606, e-mail: presecon@scec.eco.uniroma1.it

Malta: Mr Reno CAMILLERI, Adviser, Central Office of Statistics, Lascaris Wharf, VALLETTA CMR 02, tel: +356.23.66.86, fax: +356.24.98.41, e-mail: reno.s.camilleri@magnet.mt (Vice-Chairman)

Netherlands: Ms Tineke FOKKEMA, Netherlands Interdisciplinary Demographic Institute (NIDI), P.O. Box 11650, 2502 AR THE HAGUE, tel: +31.70.356.52.32, e-mail: fokkema@nidi.nl

Prof. Dr. Jenny GIERVELD, Director, Netherlands Interdisciplinary Demographic Institute (NIDI), P.O. Box 11650, 2502 AR DEN HAAG, tel: +31.70.3.56.52.27, fax: +31.70.3.64.71.87, e-mail: gierveld@nidi.nl

Poland: Mrs Irena KOWALSKA, Senior Research Fellow, Warsaw School of Economics, Institute of Statistics and Demography, SGH, Al. Niepodleglosci 162, 02-554 WARSAW, tel: +48.22.495.397, fax: +48.22.495.312, e-mail: ikowal@sgh.waw.pl

Slovak Republic: Mr Peter GURAN, Director General, Ministry of Labour, Social Affairs and Family, Family Policy Section, Spitalska 6, 816 43 BRATISLAVA, tel: +421.2.59.75.18.14, fax: +421.2.52.96.21.50, e-mail: guran@employment.gov.sk

Slovenia: Mrs Nada STROPNIK, Senior Researcher, Institute for Economic Research, Kardeljeva ploscad 17, 1000 LJUBLJANA, tel: +386.1.53.03.864, fax: +396.1.53.03.874, e-mail: stropnik@ier.si

Consultant

Mrs Dragana AVRAMOV, Maria-Louizasquare, 33, B2, 1000 BRUSSEL, tel: +32.2.230.02.24, fax: +32.2.230.02.24, e-mail: Dragana.Avramov@skynet.be

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