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People, demography and social exclusion

Dragana Avramov

Directorate General III – Social Cohesion
Directorate of Social Affairs and Health
Council of Europe Publishing

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 re-combination 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.

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.

Table I. - Percentage of households exposed to income precariousness (ECHP 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

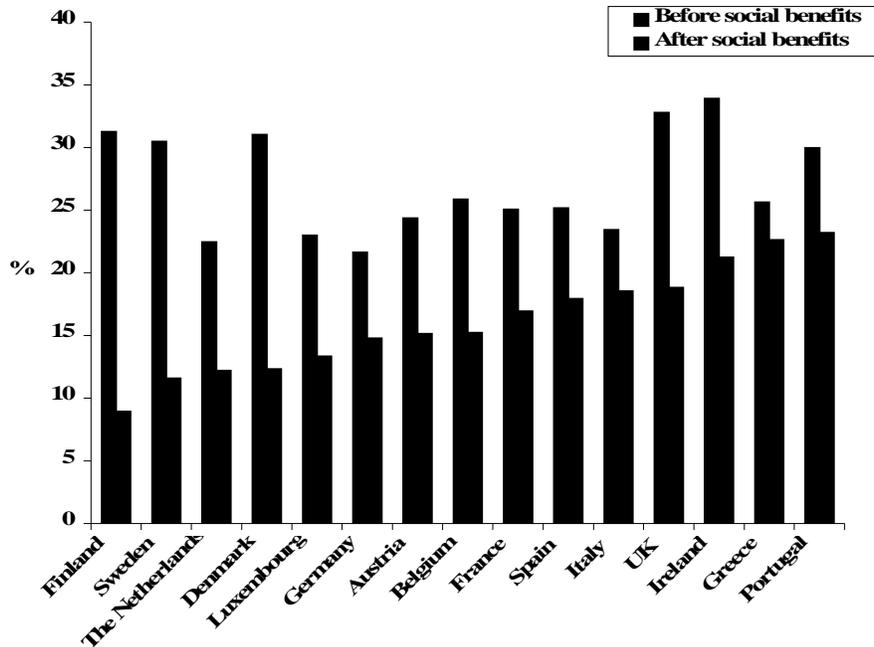
Source: own calculations (Avramov, 2002).

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.

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 (EHP 1996-1998)



Source: own calculations (Avramov, 2002).

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 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 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.

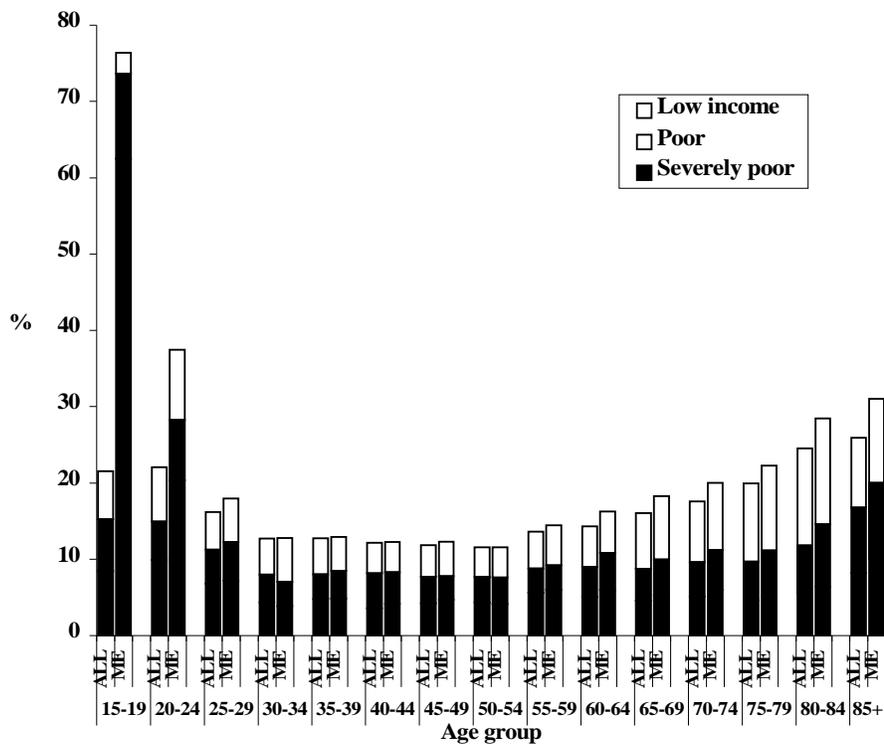
Regarding the prevalence of income precariousness by age, we observe that the highest percentages with low incomes and living in poverty are found among the youngest age groups (15 to 24) whereas the lowest percentages prevail among those between the ages

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).

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.

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).

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.

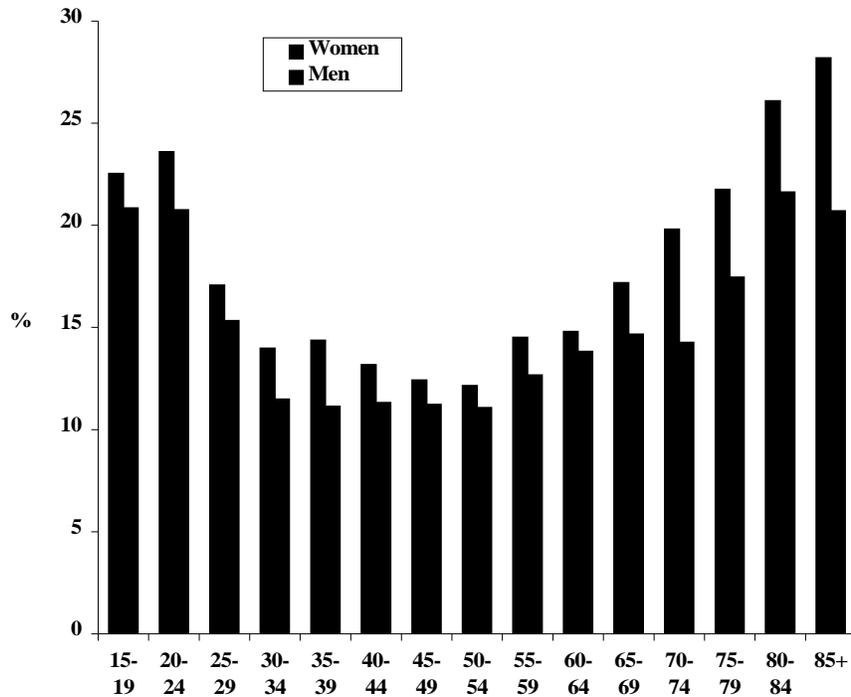
Older people who are no longer active in the labour market are also more likely to experience inadequate material resources. This particularly applies to people above the age of 60 where poverty rises with increasing age.

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

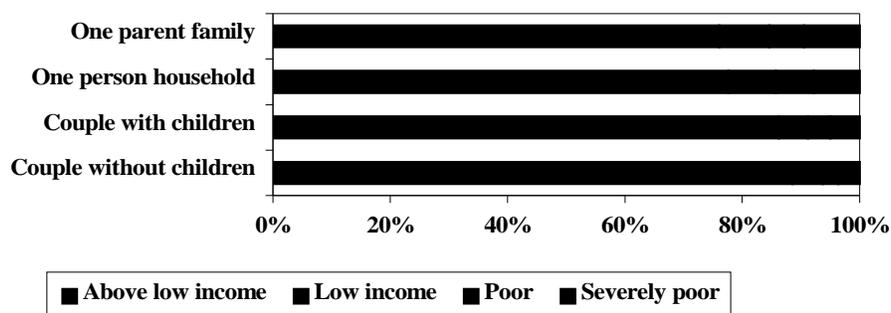
Figure III. - Percent of women and men exposed to income precariousness by age group, 15-EU pooled data (ECHP 1996-1998)



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).

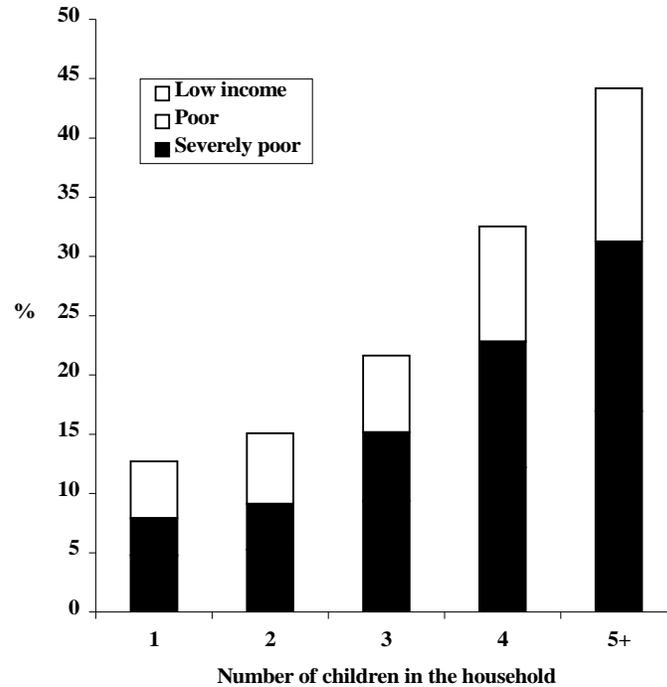
Poverty is also associated with the number of children in the household, i.e. the higher the number of children the higher is the proportion of families that find themselves in income precarious conditions (Figure V). Indeed, as many as 44 percent of families with five and more children live on low incomes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

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.

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



Source: own calculations (Avramov, 2002).

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.I.I. 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 – more so 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.I. 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 percent 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.I. 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 attainment, 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 shortages 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 percent 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.