Poverty, gender and life cycle

Portraits of poverty in the European Union
This publication aims to examine the way in which living conditions, the degree of poverty and the routes into and out of poverty vary according to age and gender, as well as how this varies over the course of a lifetime. This analysis provides some recent statistical data on poverty and social exclusion in the European Union and describes more specifically how poverty has affected particular social groups in different ways since the start of the ‘Great Recession’, with particular reference to age and gender.

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EXECUTIVE SUMMARY

The economic crisis has exacerbated social burdens such as poverty and inequality. Due to the multifaceted nature of poverty, the European Union uses a multidimensional indicator — the ‘at risk of poverty or social exclusion’ rate – based on three different elements: monetary poverty, severe material deprivation and ‘very low work intensity’.

Since 2008, the number of people ‘at risk of poverty or social exclusion’ has increased in most Member States. In 2015, almost a quarter of European Union citizens were faced with the risk of poverty or social exclusion (118.8 million).

For a long time the risk of poverty or social exclusion was linked to the stage that each person was at in their life cycle. In fact, since the beginning of the 20th century, children, young families and older people have faced a heightened risk of poverty or social exclusion when compared with adults of working age.

However, more and more people have been excluded from what are classed as ‘traditional biographies’ due to the growing insecurity that has been created by labour market conditions, changes to family structures and the weakening of the economic system since the 2008 financial crisis. Poverty is no longer just a feature of an economically or socially disadvantaged class or marginalised people. With the rise of new social risks such as challenges in entering employment, long-term unemployment and single parenthood, new demographics are finding themselves at risk of poverty or social exclusion and falling into ‘poverty trajectories’.

Within the life cycle, a further key factor in these ‘poverty trajectories’ comes into play: gender. This leads us to discover new demographics affected by poverty. Young children and inactive young people are at risk of poverty and social exclusion due to their age, whereas their gender has little impact. Among adults in mid-life, there are women in a variety of situations who experience poverty, especially single mothers. It affects large families in particular, but there are also many working men with low incomes. The situation for the oldest members of society is mixed. In just a few years, the over-65 age bracket has overcome a risk of increased poverty to find themselves now in a much better situation in terms of income. Women are an exception to this as they see their risk of poverty and social exclusion increase with age.
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1. Poverty: definition, assessment and cyclicality

The 2008 economic and financial crisis has had a major social impact on the lives of European citizens, exacerbating poverty and social exclusion. The serious repercussions of the ‘Great Recession’ reverberate still. Debt burdens, homelessness, inactivity among parts of the youth population, child poverty, family difficulties as well as in-work poverty are all still problems that have not gone away.

1.1. Definitions and indicators of poverty

1.1.1. Definition

There is no universal agreement on the definition of poverty. It is often linked to other concepts such as welfare, basic needs, income, social exclusion or vulnerability. The scientific literature currently uses two characterisations of poverty – absolute or extreme poverty, and relative poverty:

- **Absolute or extreme poverty** is when people lack the basic needs for subsistence. For example, they may be starving, lack drinking water, adequate housing or sufficient clothing or medicines and be struggling to stay alive. This situation is more common in developing countries, even though there are some people living in the European Union who are constantly at risk of this extreme poverty;

- **Relative poverty** is when people’s way of life and income are worse than the general living standards in the place where they live and where they attempt to participate in ordinary economic, social and cultural activities. Relative poverty therefore depends on the living standards in the society in which an individual lives.

1.1.2. Indicators

In March 2004, the European Union adopted a relative definition of poverty. Following the 2008 financial crisis and the upsurge in precariousness within the European Union, the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO), held in June 2010, agreed on an ‘at risk of poverty or social exclusion’ indicator: the AROPE indicator.

This measures the number of people who have an equivalised disposable income (after social transfers) that is less than the at-risk-of-poverty threshold, which is fixed at 60% of the national median equivalised disposable income after social transfers. In view of the multifaceted nature of poverty and social exclusion, this indicator analyses the forms of poverty that are associated with income and other aspects such as severe material deprivation and ‘low work intensity’.

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1. **Joint report by the Commission and the Council on social inclusion**

   Council of the European Union, March 2004, p. 8. ‘Poverty: People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted.’

2. **EU target on social inclusion, in particular through the reduction of poverty**, cover note, Council of the European Union, May 2010.
According to the definition adopted by the European Union, the risk of poverty or social exclusion involves a combination of three main factors:\(^3\):

1. **Monetary poverty**, which is measured by its most important indicator – the at-risk-of-poverty rate (AROPE). The at risk of poverty or social exclusion rate is defined in relation to national median income (60%), which shows the relationship between poverty, time and location;

2. **Severe material deprivation**\(^4\) measures the lack of basic goods that are needed to guarantee an adequate standard of living in a given society. It relates to the inability to afford at least four of the following nine goods or services: unexpected expenses; one week of holiday per year outside of the home; overdue payments (incapacity to pay mortgage, rent, regular bills, loan instalments or other credit repayments on time); a meal containing meat or fish every two days; heating to keep the home adequately warm; a washing machine; a colour television; a telephone; a car;

3. **‘Very low work intensity’**\(^5\) reflects the share of the population under 59 years old who live in households where the people of working age have worked less than 20% of their total work potential during the past year.

### 1.2. Statistical assessment

Despite the target set by the European Union in 2010 to reduce poverty or social exclusion (see 1.3.1.), the number of people at risk of poverty has since increased, rising from 115.9 million in 2008\(^6\) to 118.8 million in 2015, or 23.7 % of the European population.

Following three consecutive years of increase and after a slight drop in 2013, the proportion of people at risk of poverty or social exclusion in the European Union in 2015 remained identical to the 2008 level (see graph 1).

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\(^3\) Other indicators may also be used to measure the severity of poverty, its persistence (persistent poverty rate), or a ‘semi-absolute’ measure of poverty (at-risk-of poverty anchored at a point in time).


\(^5\) [People living in households with low work intensity](https://ec.europa.eu/eurostat), Glossary: Eurostat.

\(^6\) Croatia was not yet part of the European Union.
In 2015, more than a third of the population in three Member States remained under threat of poverty or social exclusion: in Bulgaria (41.3%), Romania (37.3%) and Greece (35.7%).

By contrast, the lowest at risk of poverty or social exclusion rates were recorded in the Czech Republic (14%), Sweden (16%), the Netherlands and Finland (16.8% respectively), Denmark and France (17.7% respectively).

The at risk of poverty or social exclusion rate has increased between 2008 and 2015 in Member States that have available data. The sharpest increases have been recorded in Greece (rising from 28.1% in 2008 to 35.7% in 2015, or +7.6 percentage points (pp)), Cyprus (+5.6 pp), Spain (+4.8 pp), Italy (+3.2 pp) and Luxembourg (+3.0 pp).

Conversely, the most notable decreases have been observed in Poland (from 30.5% to 23.4%, or -7.1 pp), Romania (-6.9 pp), Bulgaria (-3.5 pp) and Latvia (-3.3 pp).

1.2.1. Monetary poverty
When we analyse each of the three factors that define the risk of poverty or social exclusion separately (see 1.1.2.), we see that in 2015, 17.3% of the European population was at risk of poverty after social transfers7 (51 million people in the EU-28, see graph 2).

The proportion of people at risk of monetary poverty has increased slightly in relation to the 2014 figures (17.2%, +0.1 pp) and more significantly in relation to 2008 (16.5%, +0.7 pp).

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7 Eurostat, 2017.
Among the Member States with available data, a quarter of the population was at risk of monetary poverty in Romania (25.4%) and around a fifth in Latvia (22.5%), Lithuania (22.2%), Spain (22.1%), Bulgaria (22.1%), Estonia (21.6%), Greece (21.4%), Italy (19.9%) and Portugal (19.5%).

Conversely, the lowest rates were observed in the Czech Republic (9.7%), the Netherlands (12.1%), Denmark (12.2%), Slovakia (12.3%) and Finland (12.4%). In relation to 2008, the proportion of people at risk of monetary poverty has risen in 22 of the Member States that have available data, and reduced in four others.

### 1.2.2. Severe material deprivation

Regarding the lack of basic necessities (second measure to evaluate the degree of poverty), 8.1% of the European population were in a state of severe material deprivation in 2015 (i.e. not having the means to buy four of the nine items on the list).\(^8\) The proportion of people in a state of severe material deprivation has reduced compared to 2014 (8.9%) and 2008 (8.5%, see graph 2).

The proportion of people in a state of severe material deprivation varies greatly depending on the Member States with available data, varying between over a fifth of the population in Bulgaria (34.2%), Romania (22.7%) and Greece (22.2%), to less than 5% of the population in Sweden (0.7%), Luxembourg (2%), Finland (2.2%), the Netherlands (2.5%), Austria (3.6%), Denmark (3.7%), Germany (4.4%), Estonia and France (4.5% respectively).

In comparison to 2008, the proportion of people in a state of severe material deprivation has increased in 12 Member States with available data, whereas it decreased in 14 others.

### 1.2.3. ‘Very low work intensity’

With regard to the third indicator (very low work intensity), a tenth of the population aged between 0 and 59 years old in the European Union were living in households where the adults had worked less than 20% of their total work potential during the

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\(^8\) *Ibid.*
past year (10.6%\(^9\)). This proportion has reduced in comparison to 2014 (-0.6 pp), which is the first time it has done so since 2008 (9.2% at the time, see graph 2).

In 2015, Greece (16.8%), Spain (15.4%) and Belgium (14.9%) exhibited the largest proportion of people living in households with very low work intensity, while Luxembourg (5.7%) and Sweden (5.8%) had the lowest rates among the Member States that had available data.

Compared with 2008, the proportion of people aged 0 to 59 years old who lived in households with very low work intensity increased in the overwhelming majority of the Member States (20), whereas it decreased in six of them.

### 1.3. Poverty and life cycle

**1.3.1. Duration of poverty over the course of a lifetime**

The at risk of poverty or social exclusion rate (AROPE) is the most commonly used social indicator to measure poverty in the European Union (see 1.1.2.). In June 2010, it became an essential component of the Europe 2020 strategy target, which aims in particular to reduce poverty in the European Union (reducing the number of people living in the EU who are at risk of poverty or social exclusion by at least 20 million between now and 2020\(^{10}\)).

The at risk of poverty or social exclusion rate enables us to illustrate changes in social conditions, reveal particular weaknesses in social security systems, and show the difficulties that people experience in entering the labour market, but this indicator does not give us an account of the dynamic nature of poverty over the course of a lifetime. The at risk of poverty or social exclusion rate measures the actual proportion of the population experiencing poverty or social exclusion at a given time, but it does not tell us anything about the paths taken by people over their lifetimes, i.e. their poverty trajectories. This particular feature of the indicator limits the scope of analysis because it views poverty as a *sui generis* characteristic of a person who, *a priori*, does not make progress over the course of their lifetime.\(^{11}\)

However, the time spent in poverty or social exclusion is a strong indicator of the severity of the state of poverty or social exclusion. The longer an individual remains in poverty, the higher the likelihood is that they will experience a diminished integrated social and cultural life again in the future, as indicated by the OECD\(^{12}\) report on poverty in four western countries (Germany, Canada, the United States and the United Kingdom):

‘People experiencing longer spells have a lower probability of exit and the chances of exiting also fall with previous experiences in low income. At the same time, there is a high probability of falling back below the low-income threshold. Thus, for those remaining on low incomes over a longer period, low probability of exit and high probability of re-entry tend to reinforce each other.’

Taking into account the length of time spent in poverty is therefore an important factor in forming a full picture of the poverty phenomenon.

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\(^{10}\) **Europe 2020 strategy**, European Commission, 2017.


1.3.2. ‘Poverty trajectories’
Since the British sociologist Benjamin Rowntree conducted his longstanding study on poverty\textsuperscript{13}, the risk of poverty has been viewed as something that develops over the course of a lifetime. In contemporary Western societies, children, young families and older people are likely to face a higher risk of poverty or social exclusion compared to adults of working age. The implementation and development of welfare states throughout the 20th century have reduced the influence of life cycle position on the risk of poverty or social exclusion.

A more recent trend is the exclusion of more and more people from what are classed as ‘traditional biographies’\textsuperscript{14} and positions within the social hierarchy\textsuperscript{15} due to the growing insecurity of the labour market, changes to family structures and the weakening of the economic system since the 2008 financial crisis. With the proliferation of what are classed as ‘new social risks’\textsuperscript{16} (long-term unemployment, problems linked to immigration, single parenthood, etc.), new groups have found themselves at risk of poverty and social exclusion. Young people, low-skilled people, single-parent families and large families\textsuperscript{17} are now significantly at risk of poverty in our so-called post-modern societies\textsuperscript{18}.

Poverty can thus be short or long term, recurrent or transitory. It is no longer just a feature of an economically or socially disadvantaged class or marginalised people. Social risks seem to be shared across a larger population, although time remains a fundamental analytical tool for understanding the severity and depth of this issue\textsuperscript{19} (see 1.3.1.). The traditional social barriers to poverty are no longer insurmountable. There has been an upsurge in social vulnerability due to the mismatch between new family structures and labour market changes in welfare states that were established after the Second World War and based on the model that placed the ‘family patriarch’ as the main breadwinner in a stable nuclear family. Poverty is likely to become a dynamic phenomenon (and no longer static) all the while being ‘democratised’\textsuperscript{20} (i.e. no one is exempt from the possibility that they may one day find themselves in poverty or social exclusion)\textsuperscript{21}.

\textsuperscript{13} S. Rowntree, \textit{Poverty, a study of town life}, 1901.
\textsuperscript{14} C. Dubar, S. Nicourd, \textit{Les biographies en sociologie}, 2015.
\textsuperscript{16} G. Bonoli gave the following definition: ‘...[new social risks] are seen as situations in which individuals experience welfare losses and which have arisen as a results of the socio-economic transformations that have taken place over the past three to four decades and are generally subsumed under the heading of post-industrialisation’, \textit{The Politics of Post-Industrial Welfare States: Adapting post-war policies to new social risks}, 2006.
\textsuperscript{17} A. Zimmermann, \textit{Social vulnerability as an analytical perspective}, Population Europe, Discussion paper, No 4, 2017.
\textsuperscript{21} Some researchers point to the impact of belonging to a social class in their analysis of social disadvantages and poverty, with the emergence of new social risks not erasing traditional social divides. See in particular E. Snel, F. Reelick, N. Groenenboom, \textit{Time and poverty revisited: A replication of Leisering and Leibfried}, \textit{Journal of European Social Policy}, 2013.
Ultimately, while poverty is affecting wider social groups, it continues to reflect social divides in its most severe forms. Analysing poverty from a dynamic perspective makes it easier for us to identify particular groups that are affected by poverty at a specific point in their lives, such as children, young people, families, workers or elderly people.

2. Children in low-income families in the European Union

2.1. Children: the age group most at risk of poverty in the European Union

In 2015, approximately 25 million children (26.9% of the EU population aged between 0 and 17 years old) were at risk of poverty or social exclusion.

They lived in households affected by at least one of the three following poverty factors (see above):

– monetary poverty,
– severe material deprivation
– or living in households with very low work intensity.

The number of children at risk was higher than for any other age group, but it was also higher than the risk for the combined population of the EU-28 (see graph 3), even though the number of children at risk of poverty or social exclusion in the European Union has slightly decreased since 2010, dropping from 27.5% in 2010 to 26.9% in 2015.
Graph 3 – Percentage of people at risk of poverty or social exclusion in the EU in 2015 by age group.

<table>
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<th></th>
<th>Total</th>
<th>Children (0-17 years)</th>
<th>Adults (18-64 years)</th>
<th>Elderly people (65+ years)</th>
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According to a Eurofound study on the effects of the 2008 financial crisis on families, the main factors that influence child poverty are the household composition, the parents’ employment, their level of education and the support provided by the social security system for disadvantaged families. Certain groups of children are also more vulnerable, such as those whose parents are migrants.

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2.2. Long-term consequences of child poverty

There are two trends (one cyclical, one continuous) that have a notable and long-lasting impact on short-term child poverty as well as on children’s future social trajectory. The cyclical trend can be observed in the close link between changes in the child poverty rate and the advancement of the economic cycle, as shown in a recent study of the United States conducted by UNICEF (see text box below).

**Child poverty and economic cycle – the United States case study**

In October 2014, UNICEF published a study on ‘Child poverty and the Great Recession in the United States’. Seeking to measure the impact of the economic crisis on child poverty in the United States, this study concludes that child poverty is profoundly linked to the economic cycle, and more so when the parents earn a low income. This confirms the results of broader studies on the labour market’s dependence on the economic cycle. It also bears witness to a trend that has already been observed in several works on economic history: child poverty is heavily dependent on economic cycles and can be largely alleviated by ad-hoc social policies aimed at those who are disadvantaged.

The continuous trend can be observed in modern democratic societies where poverty often remains a legacy that is inherited. Children that grow up in low-income families are more likely to become adults on low incomes themselves. This becomes even more likely if there has been a long-lasting exposure to poverty. According to an American study conducted over the period between 1970 and 1990, 0.6% of poor people aged 35 never had to deal with poverty during their childhood, compared to 8.1% for those who had experienced poverty between the ages of one and seven, and 45.3% for those who had spent more than half of their childhood in poverty. A further investigation conducted in Sweden confirms this observation. Precarious living conditions during childhood have a detrimental effect, not only on attainment in school but also on health and the ability to integrate socially during adolescence and early adulthood.

Longitudinal studies arrive at the same conclusions, noting that the consequences of poverty experienced in childhood or adolescence can continue into later life and be passed on from one generation to the next. According to certain British studies, these repetitive trends are likely to become more acute as time goes on.

3. European youth: the risk of ‘a lost generation’?

3.1. European youth hit directly by the crisis

As another vulnerable group to emerge from the ‘Great Recession’, European young people have been heavily and persistently hit by unemployment and the complexity of...
entering the job market. The economic and financial crisis of 2008 made entering the labour market\textsuperscript{28} even more difficult while the time taken to transition from youth to adulthood extended. These transitions\textsuperscript{29} have manifested themselves in diverse ways, people’s life trajectories\textsuperscript{30} have become more individualised, and learning methods have taken on less academic characteristics. Young people are dealing with multiple challenges as they seek to finish their schooling, move on from education to employment, become economically independent and start a family.\textsuperscript{31} The start of adulthood has therefore become much more delayed than for previous generations. The risk of poverty and social exclusion is the same for young women and young men (28\%, or 4.3 percentage points more than the European average).

\textbf{3.2. A new form of social vulnerability: NEETs}

Due to rapidly escalating youth unemployment in Europe,\textsuperscript{32} the European Union provided a new official indicator in 2010 to improve reporting on the situation facing young people who are not in employment, education or training: NEETs (see text box below). The NEET acronym has quickly gained attention from the media, political agents and researchers in order to describe the risk of a ‘lost generation’ who are at a high risk of poverty or social exclusion.\textsuperscript{33}

\begin{center}
\textbf{From ‘Status Zer0’ to ‘NEET’}
\end{center}

The term ‘NEET’ is an acronym that identifies young people who are not in education, employment or training. It was therefore a way of charting the social situation of a growing category within the general population: young people who do not build up human capital\textsuperscript{34} by traditional means, namely work, education or training. The traditional indicators of employment, professional training and academic success were no longer enough to track the changing nature of the challenges many young people were facing on the labour market, and the lasting vulnerability that ensued.

This term was first used in the United Kingdom in the mid-1990s. The issue of young people who were not in employment or the education system emerged following a reform of the British welfare system that affected young people aged 16 and 17: the 1986 Social Security Act\textsuperscript{35} withdrew the right to income support or additional benefits in exchange for a guarantee to provide training for young people. As a result, researchers and representatives of the British government wanted to develop a new way of measuring the prevalence of labour market vulnerability among young people.

\begin{flushleft}
\textsuperscript{29} Mapping youth transitions in Europe, Eurofound, 2014.
\textsuperscript{32} According to Eurostat, in 2013, nearly a quarter of Europeans aged between 15 and 24 were unemployed (23.5\%). This figure had fallen to 20.3\% by 2015 and stood at 17.2\% in March 2017. Despite showing signs of improvement, the youth unemployment rate is still very high in several Member States in southern Europe. It remains at over 30\% in Cyprus and Portugal, while in Greece, Spain, Croatia and Italy, it has even exceeded 40\% (\textit{Unemployment by sex and age}, Eurostat, 2017).
\textsuperscript{33} The International Labour Office used the expression ‘lost generation’ in its 2010 report: \textit{Global employment trends for youth}, 2010.
\textsuperscript{34} \textit{The value of people}, OECD Insights: Human capital, OECD, 2006.
\textsuperscript{35} Social Security Act, 1986.
\end{flushleft}
The expression ‘Status Zero’ was first used in a study on young people in Wales. It referred to a group of people aged between 16 and 18 who did not fit into any of the categories commonly used to describe labour market status (employed or in education/training). The study highlighted the group’s diversity and its members’ various socio-economic situations.

Researchers later abandoned this name in favour of ‘NEET’ in the hopes of clarifying the concept, drawing attention to the varied nature of the category, and removing the negative connotations linked to the expression ‘Status Zero’.

The term ‘NEET’ officially became part of the British political vocabulary in July 1999 when it was used in the government report *Bridging the Gap*.

According to the latest Eurostat data, in 2015, 12% of young people in the European Union aged 15 to 24 (around 6.6 million people) were not in employment, education or training.

In 2015, the NEET rate among 15 to 24-year-olds was 12.3% for young women against 11.8% for young men. That gap had been as wide as 3.4 percentage points in 2000, but it dropped to half a percentage point in 2015 thanks to more women participating in the labour market and a comparatively bigger rise in the unemployment rate among young men during the crisis. If we look at the wider age bracket of 15 to 29-year-olds, the gap between men and women is wider for NEETs. In 2015, 16.7% of young women were NEET compared with only 13% of young men. This rather large gap is primarily due to the fact that young women who are NEETs often come to be in that situation for family reasons. In the European Union, women make up 88% of young people who are not in employment, education or training, for family reasons. Their risk of finding themselves in a lasting situation of poverty or social insecurity is therefore very high (see 4.1.).

### 4. Types of poverty affecting people in mid-life

#### 4.1. Women in poverty

Women are most at risk of poverty or social exclusion as adults (between 18 and 64 years old), whereas below the age of 18, the difference between women and men is generally non-existent (see graph 5).

One determining factor underlies this trend: gender as a driver of employment inequality. Women continue to be under-represented in the labour market. The employment rates usually remain lower for women. Although the employment rate for men in 2014 was slightly below the figure recorded ten years earlier (70.3% in 2004, — 0.2 pp), and the number of women in employment had significantly increased (+4.1 pp

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36 V. and V. Cuzzocrea, *Projecting the category of NEET into the future*, 2013.

37 *Bridging the gap: new opportunities for 16-18 year olds not in education, employment or training*, report by the Social Exclusion Unit, 1999.

38 *Young people neither in employment nor in education or training by sex, age and labour status (NEET rates)*, Eurostat, last update 11 November 2017.

39 *NEETs Young people not in employment, education or training: Characteristics, costs and policy responses in Europe*, Eurofound, 2012.


compared with 2004, see text box below), inequality still persists. In 2014, the employment rate for men in the EU-28 was 70.1% compared with 59.6% for women. If women have less access to employment, the probability that they will be inactive due to family or personal reasons or care responsibilities remains six times higher than that for men. Women are also at a disadvantage when it comes to employment options, being over-represented in part-time work and lower-paid sectors, and being paid less than men for equal work.

| ‘Paradoxical’ effects of the economic crisis on the status of women in relation to the labour market |
| The economic crisis has had diverging effects on the status of women and men in Europe: |
| - The gap between men and women in terms of employment, unemployment, salaries and poverty has been reduced throughout the crisis, even though this change is not indicative of an improvement to women’s economic standing. In fact, this observation is based on lower employment rates, higher unemployment rates and reduced incomes for men. |
| - The characteristics that are usually associated with women’s jobs protected women during the first few years of the crisis. Women are over-represented in service jobs (including the public sector, which offers greater protection against unemployment compared with the private sector) and under-represented in the manufacturing, construction and finance sectors, which have been the worst hit by the crisis. |
| - Women’s role in the labour market during the crisis was similar to men’s. The traditional idea that women act as the ‘shock absorbers’ for employment, meaning they enter the labour market when there is increased demand but leave when there is less, has been overturned over the course of this crisis. The new ‘shock absorbers’ are instead young people and working migrants. |

Another factor is that women are probably more at risk of poverty or social exclusion in mid-life than men due to the impoverishment created by the potential breakdown of a marriage or partnership. In fact, it is usually after separating that people become impoverished due to no longer benefiting from the economies of scale that come with being in a relationship, and women more often have the responsibility of looking after children (see 4.2.2.).

By examining the relationship between gender and life cycle, we see that gender influences the degree of social exclusion and long-term poverty with women receiving lower salaries than men and amassing less pension entitlements over time. This translates to an increased risk of poverty for women, both for adults and in older groups (see 5.2.). These effects are even more pronounced for particular groups,

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43 Poverty, gender and intersecting inequalities in the EU, Report, European Institute for Gender Equality (EIGE), 2016.
44 La réforme des rythmes scolaires, un ‘impact significatif’ sur l’emploi des femmes, Le Monde, 1 September 2017.
48 See in particular the conclusions of the Council of the European Union, Women and poverty, 8 December 2016.
such as migrant women, for example, who are more likely to work for relatively low wages.\(^{49}\)

### 4.2. Increasing vulnerability of families

#### 4.2.1. Changes to family structures

The 1960s signalled the end of the so-called ‘golden age of the family’ that was marked by a high marriage rate, a high birth rate among relatively young people, and a low divorce rate.\(^{50}\) Since then, diversified family models and relations within families have emerged alongside married couples, including cohabiting couples (with or without children), unmarried parents, single-parent families, couples without children, and same-sex unions, just to mention a few.\(^{51}\)

Not only have family structures changed, but the course of family life has also shifted, and perhaps even turned upside down, with fewer rules about when to leave the familial home, and the decision of whether or not to live together, marry or have children. At the same time, the financial pressure caused by the crisis, or the burden sometimes created when both parents are working, has increased the risk of conflicts occurring within the family structure. Changes to home life – such as a separation – increase the risk of family poverty.

#### 4.2.2. Large families and single-parent families at risk of poverty

Household composition has a direct impact on the risk of poverty. The risk of poverty looms as soon as there are children to look after at home, and it rises with the number of children (see graph 4). Having a child or several children generally affects the costs that a family has to take on, which therefore also affects their risk of poverty.

**Graph 4 – Percentage of the population at risk of poverty or social exclusion by household type in 2015 (EU-28)**

![Graph showing percentage of population at risk of poverty by household type](image)


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\(^{51}\) People in the EU – statistics on household and family structures, Eurostat, 2017.
Households with dependent children’.

Out of all the family types, single-parent families face the biggest risk of poverty or social exclusion. This risk is double the average because single-parent families only have one income.

Single-parent families accounted for 16% of the total number of families in the European Union (EU-28) in 2011. In general, these families were headed by single mothers (13.4% compared with 2.6% for single fathers).

Single mothers were often at a disadvantage due to the lack of adequate employment (i.e. jobs with flexible working arrangements, close to home and offering sufficient pay). When it comes to employment rates, being a single mother seems to be a barrier to entering the labour market: the employment rate for mothers cohabiting with a partner is 90.5%, compared to 84.1% for single mothers (-6.4 pp).

In Europe, young single mothers are also a lot more likely to work part-time than young single women without children. With a few exceptions, single mothers are also less likely to be in full-time employment. In addition to this, single mothers face a greater risk of poverty in comparison to single fathers due to the gender pay gap, which affects the entire European population. In 2015, the average hourly rate for women was 16.3% lower than that for men.

As shown by an article published by an economist in the Observatoire Français des Conjonctures Économiques, which studied the influence of gender on the risk of poverty, single mothers are more affected by poverty than couples where both partners are in work. Likewise, single fathers are less affected by poverty than single mothers (see graph 5).

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52 People in the EU – statistics on household and family structures, Eurostat, 2017.
54 H. Périvier, La pauvreté au prisme du genre, op.cit.
### 4.3. In-work poverty

#### 4.3.1. Work no longer guarantees protection against poverty

In-work poverty, where a working person’s income is insufficient, has risen since 2008 and in 2013 the Social Protection Committee identified it as a serious social trend that needs to be addressed. The Social Protection Committee is an advisory EU political committee, founded by the Treaty on the Functioning of the European Union (Article 160), for the Ministers for Social Affairs and Employment in the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO). It aims to monitor the social situation and development of welfare policies in EU Member States and facilitate the exchange of information, experiences and good practices between Member States and the Commission.

In-work poverty is a phenomenon that affected 9.5% of the EU population over 18 years old (EU-28) in 2015. This at-risk-of-poverty rate for working people has been rising since 2008 (8.6% in the EU-27 SILC). In 2015, it levelled off at 9.5% but did not drop below the 2014 rate.

With a rate equal to or greater than 10%, the most affected countries are Romania, Greece, Spain, Italy, Poland, Portugal, Estonia and Luxembourg. Although ‘poor workers’ are not a new phenomenon, the situation has been exacerbated since the 2008 crisis. The economic downturn has led to an increase in labour market flexibility and a proliferation of so-called precarious employment (temporary contracts or part-

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55 Reading the graph: the rate of poverty for persons living in a ‘single mother’ household is 39% out of the 60% median income threshold and 24% of the 50% median income threshold; they account for 20% of people living in a low-income household (this information is shown by the size of the circle). N.B.: the ‘Others’ category refers to the following family configurations: ‘Mr Unemployed and Mrs Employed, with or without children’, ‘Couples where the key person is older than 65 years old’, ‘Single people over 65 years old’ and ‘Others’.

56 The Social Protection Committee is an advisory EU political committee, founded by the Treaty on the Functioning of the European Union (Article 160), for the Ministers for Social Affairs and Employment in the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO). It aims to monitor the social situation and development of welfare policies in EU Member States and facilitate the exchange of information, experiences and good practices between Member States and the Commission.


58 The number of working people who have an equivalised disposable income below the at-risk-of-poverty threshold, which is set at 60% of the national median for equivalised disposable income (after social transfers), Eurostat, EU-SILC Survey, last updated 14 November 2017.
time jobs), which are often linked to low wages. Having a job can help reduce the risk of poverty but it no longer guarantees protection against it.

It its ‘2012/2013 Global Wage Report: Wages and Equitable Growth’,\(^{59}\) the International Labour Organisation examines differences in pay and highlights the influence of the economic crisis on their development. In 2010, one in six workers in the EU-27 were low paid (meaning their income was two thirds or less of the national median for gross hourly wage).\(^{60}\) The worst affected were women (21.2%), workers with low educational attainment (29%), and those on fixed-term contracts (31%).

4.3.2. Drivers of in-work poverty

In-work poverty is often\(^{61}\) caused by a combination of three factors: a low wage (low hourly rate, few working hours, etc.), relative job insecurity (temporary workers, part-time workers, etc.) and a heightened level of needs, mainly linked to having children in the household (as well as the number of working adults in the home).\(^{62}\) These different factors tend to become more acute and build up over time. It is therefore likely that workers with a low work intensity are only employed in low-paid jobs, whilst families with children are more likely to have less employability than childless households. The risk is generally higher for households where only one person is able to work (one income, especially women looking after children), for young workers and for temporary workers, as well as those with a low level of educational attainment.

5. The elderly: in between the golden years and poverty

5.1. A new golden age for elderly people?

For a long time, elderly people in Europe faced the biggest risk of poverty or social exclusion. Despite being a major contribution to the living standards of elderly people, the implementation of retirement systems in the European Union in the 20th century did not create a genuine parity between workers and retirees until the start of the 21st century.\(^ {63}\)

In its report ‘Pensions at a glance 2013’,\(^ {64}\) the Organisation for Economic Co-operation and Development (OECD) concluded that the income for people over 65 was generally lower than for the average population, regardless of household size. Additionally, according to the OECD, elderly people received an average income equal to 86% of the income received by the total population. However, the OECD noted that between the mid-1990s and the late 2000s, the income of this category of the population grew faster than that of the population in more than half of the countries for which data were available.

This trend has been supported by the latest available data for the European Union. Since 2007, the at risk of poverty or social exclusion rate for people aged 65 and over

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60 Low-wage earners, Eurostat press release, December 2012.
61 For references, see for example: In work poverty in the EU, V. Kern, EPRS, European Parliament, 2014.
has fallen, while it rose for the under-65s (18% for adults under 65 years old). The at-risk of poverty or social exclusion rate for people aged 65 and over is 13.8%, a decrease of 4.6 percentage points in comparison with 2007. Over the entire European population, people aged between 65 and 74 currently incur the lowest risk of poverty or social exclusion (see graph 6).

**Graph 6 – People at risk of poverty or social exclusion by age and gender (EU-28, 2014)**

![Graph showing risk of poverty or social exclusion by age and gender](image)


### 5.2. Aging as a woman: a major poverty risk

Women aged 65 and over are more at risk of poverty than men (see graph 6). Women aged 65 and over consistently face an increased risk of poverty or social exclusion in comparison with men. Furthermore, the gap tends to widen with age. The rate for women aged between 65 and 74 is four percentage points higher, and the gap grows to seven percentage points for the over-75s.

This disparity reflects several particular economic and social determining factors, especially the different experience women have of the labour market over the course of their professional lives (gender pay gap, shorter period of employment due to family care responsibilities, fewer professional responsibilities (see 4.1.) and earlier retirement) which have an impact on their pension entitlements and their ability to save. According to the 2015 Pension Adequacy Report, for people aged 65 and over throughout the European Union, women’s pensions are on average 40% lower than those of men. The report also notes that women live three to five years longer than men, further extending their retirement period. During this period, as they become widows and form a single-person household, their resources tend to decline, as they are not necessarily indexed against the incomes for the entire population.

### 6. Possible next steps

#### 6.1. Adapt welfare systems to match modern issues

Going forward, social welfare systems and policies for combating poverty need to tackle several challenges at once, namely aging populations, progression of family structures, new migration flows and changes to working conditions. They need to guarantee sufficient financial protection, not only for people with life-long employment, but also for those who provide unpaid family care, who are in precarious employment or who experience long periods of unemployment. As part of the annual

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European Semester, the economic and social policy recommendations made to each of the Member States of the European Union could commit to strengthening equality between the genders and across all age brackets, paying particular attention to the inequalities observed at retirement age. Fair pay for periods of care provided (in most cases) by women, whether it is for childcare or the care of someone with a disability or illness, could be one example of best practice. In addition to this, ensuring that self-employed people, inactive persons, the unemployed (either short or long term), or those in ‘atypical’ employment also have access to public pension schemes could be another line of political action in favour of greater social inclusion throughout the life cycle.

6.2. Improve cooperation between different policies for combating poverty and social exclusion

Young people struggling with the job market, migrants, single parents, people with disabilities, low-income workers, and elderly women only receiving the minimum pension amount. The causes, forms and experiences of poverty vary considerably among different social groups. The simultaneous implementation of several policies would enhance their effectiveness to generate real synergies between the various actions carried out. Policies supporting gender equality, employment, training, taxation, family and housing can help combat deep-rooted causes of poverty and social exclusion more efficiently. Offering unemployment benefits that are supplemented by relief measures for integrating people back into the job market, and bolstered by better access to care services – for children, dependent elderly persons, people suffering illness or disabled persons – would therefore allow people to be better protected against poverty and social exclusion, regardless of their age and gender.

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Nearly a quarter of the population in the European Union (23.8%) were at risk of poverty or social exclusion in 2015. Living conditions, the degree of insecurity and the routes into and out of poverty vary according to age and gender, as well as varying over the course of a lifetime. Children are the most affected population in Europe today, while young people aged between 18 and 24 now represent 10% of those at risk of poverty or social exclusion in the EU. There is little difference between the sexes at this age, but it is a key difference among older people. The mid-life period is characterised by substantial variations based on gender, family circumstances and/or professional status. Women, single-parent families, large families or low-income workers are, at this point in their lives, more at risk of poverty or social exclusion. Lastly, older people are now simultaneously the least affected by poverty on average, and also among the most vulnerable, in the case of women.