



Research note 7/2010
The persistent risk of poverty



Social Situation Observatory – Income distribution and living conditions

Applica (BE), European Centre for the European Centre for Social Welfare
Policy and Research (AT), ISER – University of Essex (UK) and Tárki (HU)

Erhan Özdemir and Terry Ward

Applica

November 2010

This Research note was financed by and prepared for the use of the European Commission, Directorate- General for Employment, Social Affairs and Equal Opportunities.

It does not necessarily reflect the opinion or position of the European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities. Neither the Commission nor any person acting on its behalf is responsible for the use that might be made of the information contained in this publication.



Introduction

The risk of poverty, defined as having disposable income of less than 60% of the national median, is one of the main indicators used in the EU to identify and monitor social exclusion. However, the existence of such a risk can for many households be a temporary state of affairs, a consequence of a sudden drop in income, which might, for example, be associated with someone in the household losing their job or taking time off work for educational or caring reasons. The effect on income might last only for a few months but it might be sufficient to push the annual income of the households concerned below the poverty line. In these circumstances, it is doubtful whether the people living in the households are at serious risk of social exclusion, even if they are defined as being at risk of poverty according to the indicator. Such people are hard to identify from the annual EU-SILC data and the only way of doing so is through the use of longitudinal data which are also compiled by the survey and which indicate the income situation of households over a number of years – in practice, up to four years. These data, therefore, provide a means of distinguishing those with low levels of income over the long-term – or at least the medium-term – from those for whom income below the poverty threshold is merely transitory.

The concern here is to examine the evidence on the longer-term risk of poverty provided by the longitudinal data in the EU-SILC, which for the first time enables a proportion of the households covered by the survey (25%) to be followed over a continuous 4-year period. The focus is specifically on those defined as being at persistent risk of poverty in that they have income below the poverty threshold in the latest year surveyed – in this case 2007 for income (though the survey itself was conducted in 2008) – and in at least two of the preceding three years and on their characteristics. It is also, however, on those whose income fell below the poverty threshold at some point over the four years 2004 to 2007 for which income data are available and who succeeded in escaping from the risk of poverty during the period. Part of the aim is to identify the factors which contributed to this, and, in particular, to examine the extent to which it was associated with people in the households concerned taking up employment. The relatively small sample size, however, limits the analysis which it is possible to undertake.

Measurement of persistent risk of poverty and the data used

The measure used to indicate the people who are at risk of poverty is having disposable income in a particular year which is below 60% of the median in the country concerned. It, accordingly, picks up both those whose income is consistently below this level, or at least in most years, and those who have experienced a temporary drop for one reason or another. From a policy perspective, it is the former group who are the main cause for concern. The indicator devised to measure persistent poverty is designed to distinguish these from the people whose income has fallen below the poverty threshold temporarily.

The persistent risk of poverty is defined, in the set of indicators used in the EU to monitor social inclusion, as *'having an equivalised disposable income below the at-risk-of-poverty threshold in the current year and in at least two of the preceding three years'*, where 'current' in practice means the last year for which income data are available and the 'at-risk-of poverty threshold' is usually taken, as indicated above, as 60% of the national median.

Longitudinal data from the EU-SILC for 2008 provide the first opportunity to measure persistent poverty for most EU Member States since the survey was introduced. These data



cover the 4-year income period from 2004 to 2007. For each of these years, data were collected from the same panel of respondents, who together make up 25% of the people sampled each year. However, because of survey problems – and because for Bulgaria and Romania – data were not collected at all until the last year or two – longitudinal data for all four of the years are available only for 20 of the 27 EU Member States. The analysis here is confined to these countries and covers only households for which data are available for each of the four years.

Policy relevance of persistent risk of poverty indicator

The measure of the persistent risk of poverty indicates the number of people who consistently have an income below the poverty threshold, so distinguishing those who are at particular risk of social exclusion. In addition, in combination with the risk of poverty rate for the survey year, it also provides an indication of two further aspects of the social situation in particular Member States. First, the number of people at persistent risk of poverty relative to the number at risk in the survey year indicates the ease or difficulty that households have in increasing their income above the poverty threshold. If the relative number at persistent risk represents a large proportion of those at risk, the implication is that it is relatively difficult to escape from the risk of poverty and attain a higher level income, since there is a relatively high probability that someone at risk will also be at risk the following year and the year after that.

This, however, is only the case if the overall proportion at risk of poverty remains does not change much over the period. If it increases, then there is clearly a lower probability of those at risk in the survey year being at risk in earlier years, whatever the ease or difficulty of escaping from the risk over the long-term. If it declines, then the reverse is the case and the figures for the survey year will not include those who have already increased their income above the poverty threshold previously. Again the ratio of the persistent risk to the risk in the survey year will tend to give a misleading view of the ease or difficulty of households being able to increase their income above the poverty threshold.

Secondly, by the same token, the ratio of the number at persistent risk to those at risk in the survey gives an indication of the overall proportion of the population who are likely to experience being at risk of poverty, of the extent to which such a risk is confined to a 'hardcore' of people whose income is consistently below the poverty threshold as opposed to being spread more widely across the population. For any given proportion of people at risk of poverty, therefore, the larger the proportion at persistent risk, the smaller the proportion of the population experiencing being at risk over the 4-year period and vice versa. Again, however, this is only the case if the proportion of people at risk remains reasonable constant over the period.

The analysis here, therefore, supplements a simple comparison of the number of people at risk of poverty in the latest year with those at persistent risk by examining the relative numbers that were at risk for any year during the 4-year period.

Changes in the risk of poverty and the incidence of persistent risk across the EU

The EU-SILC longitudinal data, which cover the same sample of the population over the four income years 2004-2007, can give a more reliable indication of changes in the relative number of people at risk of poverty than the full set of annual data which cover a varying



sample of the population each year. Even though each sample is intended to be representative of the population as a whole, it is inevitable that there will be some, even if small, variation in the tendency for the people concerned to have income below the poverty threshold. Allowing for sampling errors, can take account of these variations, but following the same group of people avoids this problem. On the other hand, some uncertainty still remains over how representative the group in question is of the population as a whole, since they are much smaller in number than those covered by the full sample (only 25% of the latter).

Over the EU as a whole – or more precisely over the 20 Member States for which there are data, the average proportion of the population at risk of poverty declined in 2005 and then remained virtually unchanged from then to 2007 (Table 1). The pattern, however, differs across the EU, the proportion over the period falling in some (the Czech Republic, Cyprus, the Netherlands and Poland, especially) and rising in others (the three Baltic States and Sweden, in particular).

The proportion of people at persistent risk of poverty in the 2007 income year averages 10% over the countries taken together, implying that just over 3 in every 5 people who were at risk in 2007 persistently had income below 60% of the median over the previous three years (for two years out of the three).

The proportion of the population at persistent risk varies from almost 14% in Italy and over 13% in Estonia to only 4% in Sweden and just under 4% in the Czech Republic. The proportion at persistent risk is also relatively large in Latvia and Portugal (just under 13%) and relatively small in Slovakia and Austria (under 6%).

While there is a relationship between the relative number of people who persistently have income below 60% of the median and the risk of poverty in 2007, it is by no means systematic. In particular, Italy which has only the 7th large proportion of the population with income below the poverty threshold has the largest proportion with income persistently this low. In Italy, therefore, 74% of those at risk of poverty in 2007, around 3 out of every 4, were persistently at risk, the highest number in the EU, implying that it is more difficult than elsewhere for people to increase their income above 60% of the median once it falls below this. At the same time, there was also a decline in the proportion at risk which contributes to the relatively large number at risk who were also at risk in earlier years.

The proportion of the population at persistent risk of poverty relative to the proportion at risk in 2007 is also comparatively large in Cyprus, Luxembourg and the Netherlands (the former in each case representing around 70% or more of the latter), though the number concerned was relatively small in the last, in particular (only 7% of the population). In two of these countries, however, Cyprus and, most especially, the Netherlands, the proportion of people at risk declined over the four years, which in itself tends to push up the ratio, so in these two countries in particular the difficulty of escaping from the risk of poverty tends to be over-estimated by the figures.



Table 1 Proportion of population at risk of poverty and at persistent risk of poverty, 2004-2007 income years

	<i>% population at risk of poverty each year</i>				<i>% at persistent risk in 2007</i>	<i>% at persistent risk relative to % at risk, 2007 (%)</i>
	2004	2005	2006	2007		
Belgium	14.1	13.3	15.0	14.0	9.0	64.4
Czech Republic	9.2	8.6	7.6	6.8	3.8	56.0
Estonia	16.2	20.2	20.8	20.5	13.2	65.1
Ireland	17.8	15.5	16.2	19.0	9.2	48.4
Spain	21.6	19.3	18.3	19.9	11.6	58.2
Italy	20.2	19.4	19.0	18.5	13.7	73.9
Cyprus	17.2	16.4	14.6	14.4	10.4	72.1
Latvia	15.3	21.5	21.1	25.1	12.7	50.6
Lithuania	17.3	16.0	16.3	21.0	10.8	51.6
Luxembourg	12.1	13.2	11.5	11.5	8.2	70.9
Hungary	12.3	14.6	13.3	13.4	7.9	59.0
Netherlands	15.3	15.4	13.7	10.4	7.2	69.6
Austria	14.7	12.9	11.6	12.2	5.9	48.2
Poland	20.4	18.1	16.9	16.6	10.5	63.2
Portugal	19.9	18.7	20.1	19.1	12.8	67.1
Slovenia	11.8	10.5	11.2	12.0	7.8	64.4
Slovakia	13.3	10.6	9.2	11.1	4.8	43.9
Finland	11.1	10.7	12.8	12.4	6.9	55.4
Sweden	7.9	9.9	10.8	11.2	4.0	36.0
UK	17.0	15.9	17.8	17.6	9.4	53.5
Total	17.6	16.6	16.5	16.5	10.1	61.3

Source: EU-SILC Longitudinal Data

Conversely, the proportion at persistent risk of poverty is comparatively small relative to the proportion at risk in 2007 in Sweden in particular, though also in Slovakia, Austria and Ireland. In all of these countries, less than half of those at risk of poverty in 2007 were persistently at risk over the period. In both Sweden and Ireland, however, the relative number at risk of poverty increased over the period – in Ireland, reflecting the beginnings of the economic recession following the financial crisis¹. The ratio of those at persistent risk relative to those at risk might, accordingly, give a misleading impression of the ease or difficulty of escaping from having income below the poverty threshold. In both Slovakia and Austria, on the other hand, the proportion at risk declined over the period, so that the ratio will tend to under-estimate the ease of households escaping from the risk of poverty. Indeed, on this evidence, it seems to be easier in Austria for households at risk of poverty to increase their income above the poverty line than in the rest of the EU.

Other countries in which the ratio of those at persistent risk of poverty to those at risk is relatively low, Latvia and Lithuania in particular, experienced a significant increase in the relative number at risk of poverty over the period, so tending in itself to push down this ratio.

¹ In Ireland, unlike in other countries, the year over which income is measured is the 12 months before the survey rather than the calendar year, so that for those interviewed in the latter part of 2008 especially, their income will tend in part to reflect the effects of the economic downturn.



The population exposed to a risk of poverty

A more detailed analysis of the longitudinal data enables a deeper insight to be gained of the movements in and out of the risk poverty and the number of people affected. Examining the experience each year over the 4-year period 2004-2007 indicates that, on average, around 30% of the population in the EU (or at least the 20 countries for which data are available) experienced at least one year when their income was below the poverty threshold. The proportion, however, varied from just 16% in the Czech Republic, the country with the smallest proportion of people at risk of poverty in the EU, and just over 19% in Slovenia, to 37% in Spain and 40% in Latvia, implying in the latter, that two out of every 5 people in the country saw their income fall below 60% of the median for at least one year over the period.

Table 2 Population whose income was below the poverty threshold (60% of median income) at some time over the period, 2004-2007 (% of total)

	% of total population				% of those at risk, below threshold for 2+ years
	Below threshold at least 1 year	Below threshold for 1 year	Below threshold for 2 years	Below threshold for 3+ years	
Belgium	24.4	9.0	5.6	9.8	63.1
Czech Republic	15.8	6.9	3.8	5.0	56.0
Estonia	33.0	10.5	8.4	14.1	68.2
Ireland	31.0	10.6	9.8	10.6	65.8
Spain	36.9	15.3	8.2	13.4	58.5
Italy	30.4	8.7	6.0	15.8	71.5
Cyprus	26.0	8.9	5.4	11.7	65.8
Latvia	39.9	16.9	9.3	13.6	57.6
Lithuania	31.4	12.2	7.4	11.7	61.0
Luxembourg	20.1	6.9	4.0	9.2	66.0
Hungary	25.5	10.8	5.2	9.6	57.9
Netherlands	23.9	8.3	5.0	10.6	65.1
Austria	26.7	12.7	7.0	7.0	52.5
Poland	32.4	12.4	7.1	13.0	61.8
Portugal	30.1	8.0	6.6	15.5	73.4
Slovenia	19.4	7.2	3.9	8.3	62.8
Slovakia	24.2	13.0	5.3	5.9	46.3
Finland	21.4	8.6	4.7	8.1	59.9
Sweden	20.7	9.3	6.3	5.1	55.0
UK	33.3	14.7	7.7	10.9	55.7
Total	30.2	11.6	6.7	11.9	61.6

Source: EU-SILC Longitudinal Data

On average, around 62% of those at risk of poverty in at least one of the years over the period had income below the poverty threshold for at least two years – i.e. a minority of the people whose income fell below this threshold (only 38%) experienced only one year when this was the case. The proportion of those experiencing a risk of poverty who had income below 60% of the median for two or more years was particularly small in Slovakia (46%), implying that there was a relatively good chance of households increasing their income above the poverty threshold if it fell below. The proportion was also relatively small in Austria (confirming the implication drawn from Table 1).

On the hand, the proportion was well above average in Italy (72%), implying (again in line with Table 1), that those whose income falls below the poverty threshold have a relatively high probability of it remaining below for a number of years. It was also well above



average in Portugal (73%, the largest in the EU), implying that people at risk of poverty had even less chance of increasing their income above the poverty threshold than in Italy. Equally, the proportion was relatively large in Ireland, where almost two out of three people having income below the poverty line at least once over the period were in this situation for two years or more (which contrasts with the relatively small ratio of those at persistent risk of poverty to those at risk in Table 1).

Probability of escaping from a risk of poverty

The analysis can be carried a step further by examining the experience of those with income below the poverty threshold in the first two years of the period – i.e. those for whom the risk of poverty persisted for at least two consecutive years – in the subsequent two years. The overall proportion of the population concerned is largest in Portugal, where over 16% of people were at risk of poverty in both 2004 and 2005, and also much larger than average in Italy (just over 14%). By contrast, the proportion is smallest in the Czech Republic, Sweden and Slovakia (only around 5-6%) (Table 3).

Table 3 Proportion of people at risk of poverty in first two years by income status in second two years, 2004-2007

	% of population at risk for 1st 2 years	% of which:			
		not at risk for last 2 years	not at risk in 3rd year, at risk in 4th	at risk in 3rd year, not in 4th	at risk in both 3rd and 4th years
Belgium	8.9	9.6	5.2	9.0	76.2
Czech Republic	5.2	24.9	2.6	23.5	49.0
Estonia	12.8	20.8	13.3	7.5	58.4
Ireland	10.8	9.5	17.5	13.3	59.7
Spain	12.3	15.8	10.7	15.1	58.4
Italy	14.3	12.1	7.5	14.9	65.4
Cyprus	12.4	22.2	3.5	10.4	63.9
Latvia	9.2	13.5	4.6	10.2	71.7
Lithuania	11.5	13.1	5.7	8.1	73.1
Luxembourg	8.8	15.2	7.7	12.4	64.7
Hungary	7.5	13.5	14.9	23.5	48.1
Netherlands	10.6	21.8	2.3	31.7	44.1
Austria	8.2	35.3	7.6	14.2	42.9
Poland	12.8	16.9	10.9	19.2	53.0
Portugal	16.1	13.8	6.7	16.5	63.0
Slovenia	7.6	11.0	6.3	7.5	75.2
Slovakia	6.1	30.4	5.2	16.9	47.5
Finland	7.5	13.5	8.0	16.6	61.9
Sweden	5.0	20.8	3.9	20.9	54.4
UK	9.7	19.8	7.0	15.6	57.7
Total	11.1	16.4	8.1	16.8	58.8

Source: EU-SILC Longitudinal data

For the people concerned, the probability of escaping from having income this level in the third year, and continuing to have income above the poverty threshold in the subsequent year, was highest in Austria, where 35% of those at risk of poverty in the first two years of the period were not at risk in both the subsequent two years. The proportion concerned was also relatively large in Slovakia and to a lesser extent in the Czech Republic, two countries where the risk of having a poverty level of income for the first two years of the



period was among the lowest in the EU anyway. By contrast, the proportion escaping from the risk of poverty for both the last two years of the period was smallest in Belgium and Ireland (under 10% in both cases).

In Ireland, however, a relatively large proportion (17%) of those with income below the poverty threshold in the first two years saw their income increase above the threshold in the third year only for it to fall below the threshold again in the fourth year. It should be said, however, that Ireland began to experience the effects of the global recession earlier than most other countries and it could well be that this affected income in the year before the 2008 EU-SILC survey. The proportion of people who in the same way experienced a rise in income followed by a fall was also relatively large in Estonia and Hungary, both countries where recession, as in Ireland, began to be felt earlier than elsewhere (in Hungary, this was more linked more to internal than external problems).

The relative number of people among those with income below the poverty threshold in the first two years of the period who continued to have a income below this level in the third year but not in the fourth was also relatively large in Hungary (just under 24%) as it was in the Czech Republic and, most especially, in the Netherlands (almost 32%). In these countries, therefore, the probability of escaping from a persistent risk of poverty which lasts for at least three year seems relatively high. In all three countries, therefore, comparatively few people remained at risk of poverty for the full four years of the period – fewer than half, less than in all other countries, apart from Austria, where the figures was also less half.

BY contrast, in Belgium and Slovenia, around three-quarters of those who were at risk of poverty in the first two years of the period were at risk throughout the four years. In both, this goes with a relatively small proportion of the population who were at risk for the initial two years, implying that there is a small hardcore of people with income persistently below the poverty threshold in these countries. The proportion at risk of poverty throughout the period was also relatively large in Latvia and Lithuania – above 70% in both cases.

The effect of employment on the persistence of the risk of poverty

The small size of the sample for which longitudinal data are available from the EU-SIC makes it difficult to monitor a large enough group of people at risk of poverty for several years at a time to try to identify the main factors responsible for them escaping the risk. One of the main potential factors is, of course, employment, or more specifically, the effect of people in households who were not in work, or working only relatively short hours, taking up a job or working longer. Since the small size of the sample does not enable this factor to be examined directly by tracing movements of people at persistent risk of poverty out of and into employment, one means of investigating the effect of employment on the persistence of poverty is through examining the work intensity of the households involved and how this differs between years when people have income below the poverty threshold and years when their income is above this.

In practice in all Member States, the average value of the indicator of work intensity² is higher in years when income is above the poverty threshold than when it is below. For those whose income was below the poverty threshold for 3 years out of 4 over the period

² The indicator of work intensity is essentially the total hours worked by people of working age living in a household during the income year relative to the total number of hours that they would have worked had they been employed full-time throughout the year.



2004-2007 – confining the analysis in this case to households consisting of adults of working age – the average working intensity during these years was 0.34, signifying that those in the households concerned were employed for only a third of the time that they would have been had everyone of working-age in the household worked full-time for 12 months of the year (Table 4). By contrast, their average work intensity increased to 0.44 in the year when income was above the poverty threshold. The difference between the two values was particularly large in the Czech Republic, Slovakia and Lithuania (0.2 or more), suggesting that in these countries, income from employment, or the lack of it, is a major factor underlying the persistence of a risk of poverty. On the other hand, the difference is relatively small in the UK and Cyprus, suggesting that such income is less important as a factor, though it might also suggest that a relatively small increase in work intensity is sufficient to raise income above the poverty threshold.

Table 4 Average value of index of work intensity in years when income is above and below the poverty threshold, 2004-2007

	Below threshold for 3 years		Below threshold for 2 years	
	Year above threshold	Years below threshold	Years above threshold	Years below threshold
Belgium	0.26	0.19	0.37	0.24
Czech Republic	0.49	0.26	0.55	0.35
Estonia	0.52	0.42	0.62	0.44
Ireland	0.32	0.18	0.50	0.36
Spain	0.52	0.41	0.54	0.43
Italy	0.44	0.34	0.48	0.39
Cyprus	0.43	0.37	0.48	0.37
Latvia	0.54	0.45	0.62	0.42
Lithuania	0.53	0.33	0.67	0.55
Luxembourg	0.63	0.45	0.62	0.50
Hungary	0.32	0.22	0.48	0.33
Austria	0.50	0.39	0.57	0.44
Poland	0.47	0.37	0.53	0.43
Portugal	0.44	0.37	0.59	0.45
Slovenia	0.43	0.34	0.58	0.37
Slovakia	0.67	0.46	0.54	0.41
UK	0.28	0.23	0.52	0.41
Total	0.44	0.34	0.52	0.41

Note: No household work intensity information for NL, FI and SE

Much the same is the case if those with income below the poverty threshold for two rather than of three years over the period are examined instead, except the pattern of difference in the value of the index of work intensity during years when the households concerned are at risk of poverty and years when they are not differs from that described above. In this case, the difference between the two values is again relatively large for the Czech Republic but not for the other two countries, whereas it is also larger than average in Latvia and Slovenia.

The one common finding, therefore, is that work intensity seems to be an important factor both underlying and escaping from a persistent risk of poverty in all countries.



The persistent risk of poverty by work intensity of the household

The above finding is confirmed by simply examining the proportion of the population who are persistent risk of poverty by the work intensity of the household. Being in employment is the most important means of avoiding having income below the poverty threshold in all countries. In all countries, the more those living in a household are employed, the less the risk of poverty and, even more, the less the chances of being persistently at risk of poverty. In the 2007 income year, only just under a third of the people living in households where no-one of working age was in employment or only to a very limited extent (i.e. where the work intensity of the household was less than 0.2 – which in a couple household means, for example, that only one person was working during the year and then less than half time) were, on average across the EU, at persistent risk of poverty (Table 5). Indeed, the proportion concerned is only slightly below the proportion at risk in the year itself, implying that those at risk of poverty in a household with work intensity this low are likely to remain in poverty for some time unless work intensity increases. Four out five people living in a low work intensity household with income below the poverty threshold in 2007 also had income below this level in at least two of the preceding three years.

Table 5. Persistent poverty rate by household work intensity, 2004-2007

	Total		0.00-0.19		0.20-0.59		0.601.00	
	% at persistent risk	% at risk in 2007	% at persistent risk	% at risk in 2007	% at persistent risk	% at risk in 2007	% at persistent risk	% at risk in 2007
BE	9.0	14.0	36.6	44.8	3.8	10.6	0.5	1.7
CZ	3.8	6.8	22.5	27.1	1.9	7.0	0.2	1.2
EE	13.2	20.5	66.2	68.7	10.6	24.9	2.7	6.4
IE	9.2	19.0	51.7	54.8	3.3	7.8	0.2	4.1
ES	11.6	19.9	21.8	31.4	21.8	30.3	2.2	6.9
IT	13.7	18.5	37.4	41.9	17.7	25.0	1.7	3.5
CY	10.4	14.4	31.5	40.5	9.7	16.1	0.4	1.6
LV	12.7	25.1	70.5	91.5	29.2	37.1	1.9	8.3
LT	10.8	21.0	42.6	50.6	8.8	13.8	2.6	7.8
LU	8.2	11.5	18.5	22.5	13.8	15.2	2.0	4.0
HU	7.9	13.4	29.7	36.1	10.4	13.1	0.0	3.6
AT	5.9	12.2	19.9	29.3	12.2	17.5	0.4	4.5
PL	10.5	16.6	24.9	33.4	13.8	20.5	7.1	10.7
PT	12.8	19.1	40.9	44.2	20.1	26.3	3.5	7.9
SI	7.8	12.0	28.9	33.7	8.3	11.7	0.6	2.4
SK	4.8	11.1	24.0	26.1	4.0	14.7	1.3	6.1
UK	9.4	17.6	35.9	46.7	20.1	32.3	0.6	4.0
Total	10.5	17.1	32.1	39.4	16.1	23.6	2.0	5.2

Note: No household work intensity information for NL, FI and SE.

Source: EU-SILC Longitudinal data

For those living in households with a higher work intensity, specifically between 0.2 and 0.6, which still means that members of the household are far from being fully employed (for a couple household, it signifies at most that one person was employed full-time during the income year and the other worked only 20% of the time), the probability of being persistently at risk of poverty is much lower – only around half as high on average in 2007. Nevertheless, the proportion persistently at risk was still almost 30% in Latvia, over 20% in Spain and around 20% in both Portugal and the UK.



It is only when the work intensity of households increases above 0.6 that the probability of being at persistent risk of poverty declines markedly – to only 2% on average across the EU in 2007. However, in Poland, it is still the case that 7% of those living in households with a work intensity of 0.6 or higher throughout the four years persistently had a level of income below the poverty threshold. Indeed two-third of those living in such households who were at risk of poverty in 2007 were also at risk in at least two of the previous three years. Elsewhere in the EU, the proportion of people at persistent risk of poverty with work intensity this high was below 3% in all of the countries apart from Portugal (3.5%) and was under 1% in around half the countries for which there are data. Those living in households with consistently relatively high levels of work intensity, therefore, have very little chance of being persistent at risk of poverty.

Persistent risk of poverty among men and women

Overall across the EU, women are more likely to be at persistent risk of poverty than men, just as they are more likely to be at risk. On average, the proportion of women at persistent risk was around 1 percentage point larger than for men in the 2007 income year (Table 6). The situation was the same in all Member States, except the Netherlands and Poland, where, as in the case of the proportion at risk of poverty, a smaller proportion of women than men were at persistent risk, and Ireland and Hungary, where, unlike elsewhere, a smaller proportion of women were at persistent risk despite more women than men being at risk. Indeed, in Ireland, a much larger proportion of women than men had income below the poverty threshold in 2007 but a much share of these had income persistently below this level. This was also the case in Sweden where the risk of poverty was much greater for women than men (13% at risk as against 9%), but the persistent risk was much the same (around 4% for both).



Table 6 Proportion of men and women at persistent risk of poverty, 2007 income year

	Men			Women		
	% at persistent risk	% at risk in 2007	Persistent rel to at risk (%)	% at persistent risk	% at risk in 2007	Persistent rel to at risk (%)
Belgium	8.2	12.8	63.7	9.9	15.2	65.1
Czech Republic	3.4	6.0	56.2	4.2	7.5	55.8
Estonia	9.7	15.2	63.8	16.1	25.0	64.5
Ireland	9.2	17.4	53.1	9.2	20.6	44.5
Spain	10.7	18.9	56.4	13.9	22.5	61.8
Italy	12.5	17.1	72.7	14.9	19.9	74.9
Cyprus	8.5	12.6	67.2	12.2	16.1	75.6
Latvia	10.7	22.2	48.4	14.3	27.6	52.0
Lithuania	10.2	18.7	54.3	11.4	22.8	49.8
Luxembourg	7.4	10.2	72.6	8.9	12.7	69.7
Hungary	8.0	12.8	62.9	7.8	13.9	55.9
Netherlands	7.8	11.2	70.0	6.6	9.6	69.1
Austria	5.0	11.4	43.5	6.8	13.0	52.2
Poland	10.8	17.0	63.6	10.2	16.3	62.9
Portugal	11.7	18.0	65.0	13.8	20.1	68.7
Slovenia	6.3	10.8	59.0	9.1	13.3	68.7
Slovakia	4.6	10.4	44.6	5.1	11.7	43.3
Finland	6.3	11.4	55.2	7.4	13.4	55.7
Sweden	4.0	9.1	43.4	4.1	13.2	30.9
UK	8.5	16.7	51.1	10.2	18.3	55.5
Total	9.5	15.8	60.2	10.7	17.1	62.4

Source: EU-SILC Longitudinal Data

The biggest difference between the proportion of men and women at persistent risk of poverty is in Estonia (16% as against 10%) but this reflects the large difference in the proportion at risk (25% as against 15%), so that much the same share of women as of men who were at risk were also at persistent risk.

Persistent risk of poverty by age

Like the risk of poverty, the persistent risk of poverty tends to be higher among children and older people aged 65 and over than among the population of working age. The extent to which this is the case, however, varies markedly across Member States.

The proportion of those aged 65 and over at persistent risk of poverty was, on average, almost twice that of those aged 25-39 in the 2007 income year (just over 14% as against under 8%) (Table 7). In all but 6 countries – the Czech Republic, Hungary, Poland and Slovakia as well as Italy and Luxembourg – the persistent risk of poverty among those of 65 and over was higher than for all other sections of the population, in most cases, considerably higher. In Cyprus, around 45% of those aged 65 and over were at persistent risk, almost as many as those at risk, while in Estonia, Latvia and the UK, the proportion was around 20% or more. On the other hand, in 5 of the 6 countries listed above – all apart from Italy – the persistent risk of poverty among people in this age group was only around 5% or less.



Table 7 Proportion of the population at persistent risk of poverty by age group, 2007 income year

	0-14		25-39		40-54		65+	
	% at persistent risk	% at risk in 2007	% at persistent risk	% at risk in 2007	% at persistent risk	% at risk in 2007	% at persistent risk	% at risk in 2007
BE	9.8	17.1	6.1	9.5	6.0	10.3	16.2	20.3
CZ	5.6	9.4	3.3	5.8	4.2	7.1	3.5	6.2
EE	12.3	16.1	8.7	12.4	8.0	14.1	23.9	44.0
IE	10.1	20.0	2.7	9.9	8.7	19.9	13.3	23.0
ES	16.7	26.6	7.1	13.8	9.1	16.9	18.1	30.4
IT	19.1	25.7	12.4	16.6	11.7	16.4	15.2	19.9
CY	4.2	8.9	4.6	8.2	4.6	8.1	45.2	50.8
LV	12.4	28.7	5.8	17.4	17.1	21.9	19.8	49.5
LT	11.7	23.0	9.1	16.6	9.2	16.3	13.4	32.6
LU	13.6	17.8	7.0	10.8	8.8	12.6	3.1	4.9
HU	14.5	20.7	7.5	13.3	7.3	12.5	3.8	6.0
NL	9.3	12.5	3.8	8.3	7.0	8.5	10.4	13.6
AT	4.4	13.9	3.5	10.7	5.2	10.7	12.3	17.3
PL	16.1	22.6	10.1	15.8	11.1	17.2	5.1	11.5
PT	14.2	26.4	9.7	16.1	12.1	18.0	16.6	20.7
SI	6.5	11.2	6.2	10.2	6.7	10.5	15.8	21.5
SK	9.0	17.3	5.4	11.3	3.3	8.5	3.9	11.2
FI	4.2	9.4	4.3	10.3	4.1	7.9	16.5	25.1
SE	2.5	9.4	2.6	5.8	3.1	7.9	7.8	20.8
UK	11.7	20.3	6.2	13.2	4.7	10.6	20.5	31.8
Total	13.2	20.7	7.7	13.3	8.2	13.6	14.3	22.1

Source: EU-SILC Longitudinal Data

In all countries, except for Cyprus, Slovenia, Finland and Sweden – in each of which it is much the same – the relative number of children at persistent risk of poverty is higher than for those of working age. It is particularly high in Italy (19%), where again most of those at risk of poverty are also at persistent risk, as well as in Spain and Poland (16-17%)

The persistent risk of poverty by household type

Older people aged 65 and over, almost all of whom are in retirement are especially vulnerable to being at persistent risk of poverty, the proportion with income persistently below 60% of the median averaging around 21% in the EU Member States for which there are data, half as high again as for all those aged 65 and over (Table 8).. In 5 Member States, the proportion was around a third – Ireland, Spain, Lithuania, Portugal and Finland – in Slovenia, over 40% and in Estonia, Latvia and Cyprus, well over 50%.



Table 8 Proportion of people with persistent risk of poverty by household type, 2007 income year (% of those living in each type of household)

	By household type						
	Single adult ,<65	Single adult 65+	Lone parent	Couple without child	Couple with children	Other without children	Other with children
BE	12.7	22.1	32.5	8.2	5.6	3.2	12.3
CZ	12.7	9.6	23.7	2.4	1.7	0.7	9.3
EE	30.3	62.7	40.0	6.2	5.7	3.3	9.7
IE	23.7	31.2	37.7	3.7	1.0	18.1	25.6
ES	9.0	31.7	11.6	12.5	10.6	5.8	15.2
IT	12.7	23.8	20.0	10.1	16.4	6.1	21.9
CY	20.5	73.3		23.2	4.7	3.6	1.8
LV	31.2	55.5	48.5	11.7	6.1	6.1	9.7
LT	34.4	32.8	12.1	5.1	5.4	8.8	10.4
LU	12.8	7.1	40.7	2.5	8.3	5.7	8.2
HU	17.0	6.2	32.1	4.2	9.7	3.6	4.1
NL	11.5	4.3	37.6	6.3	6.4	9.1	0.0
AT	11.9	21.5	12.5	6.1	3.4	0.0	1.7
PL	17.7	5.9	17.5	5.0	10.8	5.2	15.8
PT	25.2	31.6	10.7	19.0	12.7	3.2	16.4
SI	24.7	41.9	15.1	8.2	8.2	4.6	4.0
SK	17.2	10.8	0.0	0.4	6.5	1.3	4.0
FI	18.0	33.1	17.2	5.4	3.6	1.6	3.2
SE	6.3	15.8	0.0	1.8	2.6	0.0	18.7
UK	10.9	26.5	43.4	10.0	7.7	1.1	4.5
Total	13.1	21.2	30.3	8.5	9.5	4.7	13.5

Note: Empty cells indicate insufficient number of observations for data to be reliable; bold indicates data uncertain due to a small number of observations

Source: EU-SILC Longitudinal data

The other main section of the population particularly vulnerable are lone parents, who are predominantly women, some 30% of whom across the EU as a whole have income persistently below the poverty threshold. In three countries – Estonia, Latvia, Luxembourg and the UK, the proportion is around 40% or more and in another four countries (Belgium, Ireland, Hungary and the Netherlands), over 30%. In some countries, however the persistent risk of poverty is also high among those under 65 living alone without children, the proportion at persistent risk exceeding 30% in the three Baltic States and amounting to around a quarter in Ireland, Portugal and Slovenia.

The proportion of those living in such households who have income persistently below the poverty threshold is especially large in Estonia and Latvia (around two-thirds or more) and is also relatively large in Ireland (over 50%), Lithuania and Portugal (over 40%), while only in Luxembourg and Austria (marginally) was the proportion below 20%.



The incidence of a persistent risk of extreme poverty

The proportion of the population across the EU with income below 40% of the median in the country in which they live – which is sometimes termed being at risk of extreme poverty – is, of course, much smaller than that with income below 60% of the median, though to varying extents. The proportion, however, as for those below 60% of the median, is largest in Latvia and Lithuania and smallest in the Czech Republic, though it is third highest in Italy instead of Estonia and second smallest in Finland instead of the Netherlands (Table 9). The change in the proportion over the four years 2004-2007, according to the longitudinal data, is also not entirely in line with the change in the proportion below 60% of the median. In particular, it does not increase over the period in Estonia, Ireland or Sweden, though it does fall in the Czech Republic, the Netherlands and Poland.

Table 9 Proportion of population with income persistently below 40% of median, 2007 income year

	% with income below 40% of median				% with income persistently below 40% of median	% at extreme risk with income persistently <40% of median
	2004	2005	2006	2007		
BE	3.4	3.1	3.4	3.3	1.0	31.1
CZ	2.3	2.0	1.7	1.3	0.4	31.9
EE	3.8	5.6	5.4	4.6	1.5	31.2
IE	4.3	4.2	1.2	2.4	0.1	4.1
ES	9.2	7.9	8.3	6.4	2.4	37.3
IT	7.4	7.6	7.9	6.1	3.6	58.6
CY	3.3	2.4	2.8	2.3	1.0	45.4
LV	7.4	8.7	6.3	8.6	2.3	26.9
LT	6.0	5.7	5.3	7.3	3.7	49.9
LU	2.1	3.9	1.6	1.9	0.3	17.8
HU	2.6	4.3	3.2	3.9	0.9	23.2
NL	5.1	5.2	3.1	2.5	1.1	44.6
AT	4.5	2.9	1.6	2.5	0.3	10.1
PL	8.6	6.3	5.2	5.2	2.2	42.9
PT	7.0	5.9	5.8	5.1	2.1	40.4
SI	2.2	2.3	2.9	3.0	0.9	29.4
SK	4.9	3.3	2.1	3.0	1.1	37.5
FI	2.7	2.5	3.0	1.8	0.9	52.2
SE	1.9	2.2	2.3	2.1	0.6	29.8
UK	4.8	3.7	4.2	4.4	0.7	15.2
Total	6.2	5.4	5.3	4.7	1.8	38.7

Note: Figures in bold signify that the number of observations is small and therefore uncertain

Source: EU-SILC Longitudinal data

Moreover, the proportion of those with income persistently below 40% of the median is much more variable in relation to those with income below this level in the survey year than in the case of those with income below 60% of the median. On average across the 20 countries for which there are data, just under 2% of the population have income persistently below 40% of the median, which is just 2 out of every 5 of those with income below this level in 2007, much less than in the case of the 60% poverty threshold.

The proportion at persistent risk of extreme poverty is largest in Lithuania (instead of Latvia, which has the largest proportion at extreme risk in 2007) closely followed by Italy (both just



under 4% of population). Once again, Italy has the highest ratio of those at persistent risk to those at risk (56%), implying that 3 out of 5 people with income below 40% median in 2007 had income persistently below this level over the preceding three years and reflecting the difficulty of those with very low incomes being able to increase them above the 40% threshold.

At the other extreme, the proportion persistently at extreme risk of poverty is below 1% in 9 of the 20 countries. It is particularly small in Ireland, Luxembourg and Austria (under one in 300), as is the relative number of those with income below 40% of the median in 2007 who persistently had income below this level over the period. The probability of someone at extreme risk of poverty remaining so for a number of years is, therefore, well below 20% in these three countries, as it is in the UK.

The persistent risk of poverty and material deprivation

The persistent risk of poverty remains a relative measure and does not necessarily signify that the people who are so distinguished are experiencing poverty in any absolute sense, even if clearly they are more likely to than those whose income falls below 60% for only a single year. The link between the measure used for the persistent risk of poverty and being in poverty as such can be explored by examining the relationship between those at persistent risk and those identified as being materially deprived, in the sense that they are unable to afford three out of 9 items covered by the EU-SILC which are considered to be important to enjoy a reasonable standard of living in the EU (reference to the 9 items).

On average in the 20 countries for which relevant data are available, just over 40% of those measured as being at persistent risk of poverty, in the sense that they had income below 60% of the median in 2007 and in at least two of the previous three years, were also identified as being materially deprived at the time of the survey (Table 10). This proportion, however, varies considerably between countries, broadly reflecting the average income levels of households. The proportion is, therefore, large in countries with household income levels well below the EU average – in Latvia, Lithuania, Hungary, Poland and Slovakia, in each of which the proportion is around two-thirds or larger. (The exception is Estonia, where there is a questionmark over the material deprivation findings.)

By contrast, in countries with relatively high household incomes, the proportion of those who are at persistent risk of poverty who are also materially deprived, according to the indicator, is relatively small. This is especially the case in Sweden, Luxembourg, the Netherlands and the UK, in all of which the proportion of those persistently at risk of poverty is under 30%. It is less the case for Belgium and Austria, where the proportion is around 45%. Moreover, the proportion is also small in Spain (20%), where average income levels are around the EU average.

The broad conclusion which can be drawn is that insofar as the indicator of material deprivation which is typically used in the EU reflects absolute poverty, then being at persistent risk of poverty in many of the more prosperous Member States does not tend to signify that those concerned are also poor in an absolute sense. In the Central and Eastern European countries, however, the two measures are much more closely related and a large majority of those who are at persistent risk of poverty are also materially deprived and, accordingly, perhaps poor in an absolute sense.



Table 10 Proportion of those at persistent risk of poverty identified as being materially deprived in 2008

	% materially deprived	
	Not at persistent risk	At persistent risk
Belgium	8.0	46.1
Czech Republic	14.0	68.3
Estonia	7.2	40.8
Ireland	11.0	30.1
Spain	6.0	21.2
Italy	10.0	44.4
Cyprus	19.7	49.5
Latvia	25.9	75.1
Lithuania	25.0	66.8
Luxembourg	1.6	19.9
Hungary	33.3	70.5
Netherlands	4.2	26.4
Austria	11.3	45.0
Poland	30.6	64.3
Portugal	16.4	54.9
Slovenia	15.7	49.9
Slovakia	26.6	71.8
Finland	5.2	30.6
Sweden	3.2	9.7
UK	7.8	27.1
Total	13.0	41.4

Source: EU-SILC Longitudinal Data

Conclusions

The indicator of the persistence of the risk of poverty shows a somewhat different pattern of differences across countries than the risk of poverty in a single year – in this case 2007. In particular, the proportion of people at persistent risk was relatively large as compared with those at risk in 2007 in Italy, Cyprus Luxembourg, and the Netherlands and relatively low in Slovakia and Sweden. In both cases, however, this partly reflects the change in the proportion at risk over the period in question. In Cyprus and above all the Netherlands, therefore, the proportion at risk was declining over the period, so tending in itself to push up the proportion at persistent risk, while in Sweden, it was increasing, so tending to push it down.

More detailed analysis indicates that a relatively large proportion of the population in Italy and Portugal were at risk of poverty for two years or more over the 4 years for which longitudinal data are available. Nevertheless, though the numbers are relatively small, escaping from the risk of poverty seems to be more difficult than elsewhere in Belgium, Slovakia, Latvia and Lithuania. In these countries, therefore, there is evidence of a hardcore of people with income persistently below the poverty threshold.

There is also evidence that in all countries, employment, as reflected in the work intensity of households, is a major factor both underlying the persistence of the risk of poverty and



in escaping from it. Low work intensity, accordingly, tends to be a feature of households with income persistently below the poverty threshold, while an increase in work intensity is a feature in many cases of households which succeed in increasing their income above the threshold.

Other findings are that in most countries women are more likely to experience a persistent risk of poverty than men and that children and older people aged 65 and over tend to have an even higher persistent risk of poverty relative to other sections of the population than they have of being at risk in any individual year. The persistence of the risk is especially high for children of lone parents (as well as for the parents themselves, of course) and for older people living alone.

The relative number of people at persistent risk of extreme poverty (i.e. with income persistently below 40% of the median) is largest in Lithuania, where half of those at extreme risk are persistently so, and Italy, where almost 60% are. By contrast, it is small in relation to those with income below 40% of the median in Ireland and in the UK, perhaps reflecting the focus of the social protection system on supporting the income of those at the very bottom of the income scale.

Finally, for most people being at persistent risk of poverty in many EU12 countries – in 6 of the 9 for which data are available – tends to mean being materially deprived as well. This is the case, however, for a minority of those at persistent risk in all EU15 countries for which there are data except Portugal and under a third in 7 of the 11 countries concerned.