



# 6

## Living conditions and welfare

Eurostat data on living conditions and welfare aim to show a comprehensive picture of the social situation in the EU, covering variables related to income, housing, poverty, social exclusion and other living conditions – all social exclusion and housing conditions information is collected at the household level.

The demand for statistics on living conditions and welfare received a new impetus following the social chapter of the Amsterdam Treaty (1997) which became the driving force for EU social statistics. This impetus was reinforced by successive European Councils that have kept the social dimension high on the political agenda. Moreover, the year 2010 has been designated as the European year for combating poverty and social exclusion <sup>(1)</sup>.

Income, poverty and social exclusion are multidimensional problems. To monitor them effectively at a European level, a subset of so-called ‘social cohesion indicators’ has been developed within the structural indicators. Additionally, a broader portfolio of social inclusion indicators are calculated under the open method of coordination for social protection and social inclusion <sup>(2)</sup>. Actions that are undertaken in the EU to help protect people against social risks (such as unemployment, ill health or social exclusion) or that are undertaken to help meet social needs can be evaluated by studying data on social protection expenditure and receipts.

This chapter concludes with a snapshot of indicators relating to good governance, in other words, whether political/public institutions allocate resources effectively and take decisions in an efficient and responsible manner. The public’s perception of such ideals may be gauged through indicators such as voter turnout or measures of the public’s confidence in these institutions.

<sup>(1)</sup> Decision No. 1098/2008/EC.

<sup>(2)</sup> For more information: [http://ec.europa.eu/employment\\_social/soc-prot/soc-incl/indicator\\_en.htm](http://ec.europa.eu/employment_social/soc-prot/soc-incl/indicator_en.htm).



## 6.1 Living conditions

### Introduction

Favourable living conditions depend on a wide range of factors, which may be divided into two broad groups – those that are income-related and those that are not. The second group includes factors such as: quality healthcare services, education and training opportunities, or good transport facilities – aspects that affect everyday lives and work. Analysis of the distribution of income within a country provides a picture of inequalities: on the one hand, inequalities may create incentives for people to improve their situation through work, innovation or acquiring new skills, while on the other, crime, poverty and social exclusion are often seen as being linked to such income inequalities.

### Definitions and data availability

Eurostat statistical indicators within the income and living conditions domain cover a range of topics relating to income, poverty and social exclusion. One group of indicators relate to monetary poverty analysed in various ways (for example, by age, gender and activity status). Another set relate to income distribution and income inequalities, while there are also indicators relating to non-monetary poverty and social exclusion (for example, material deprivation, or newly developed indicators describing housing conditions). A set of childcare arrangement indicators complements the information in this domain.

To calculate living condition indicators, Eurostat initially used micro-data<sup>(3)</sup> from the European Community household panel (ECHP) survey which was launched in 1994. However, after eight years of using this source, a new instrument was introduced in 2003, namely, data collection under a framework Regulation on **European Union statistics on income and living conditions (EU-SILC)**. One of the main reasons for this change was the need to adapt the content and timeliness of data production to reflect current political and research needs.

EU-SILC is now Eurostat's main reference source for comparative income distribution and social exclusion statistics. It comprises both a cross-sectional dimension and a longitudinal dimension. From 2005, EU-SILC covered the 25 Member States, as well as Norway and Iceland; Bulgaria, Romania, Turkey and Switzerland launched EU-SILC in 2007.

While comparisons of standards of living between countries are frequently based on GDP per capita, such figures say little about the distribution of income within a country. In this section, indicators measuring the distribution of income and relative poverty are presented. **Household disposable income** is established by summing up all monetary incomes received from any source by each member of the household (including income from work and social benefits) plus income received at the household level and deducting taxes and social contributions paid. In

<sup>(3)</sup> Data gathered at the micro-level, for example, from individuals, households or enterprises, rather than aggregate data compiled at the level of the economy.



order to reflect differences in household size and composition, this total is divided by the number of **'equivalent adults'** using a standard (equivalence) scale, the so-called 'modified OECD' scale, which attributes a weight of 1 to the first adult in the household, a weight of 0.5 to each subsequent member of the household aged 14 and over, and a weight of 0.3 to household members aged less than 14. The resulting figure is called **equivalised disposable income** and is attributed to each member of the household. For the purpose of poverty indicators, the equivalised disposable income is calculated from the total disposable income of each household divided by the equivalised household size; consequently, each person in the household is considered to have the same equivalised income.

The **S80/S20 income quintile share ratio** is a measure of the inequality of income distribution and is calculated as the ratio of total income received by the 20 % of the population with the highest income (the top quintile) to that received by the 20 % of the population with the lowest income (the bottom quintile); where all incomes are compiled as equivalised disposable income.

The **relative median income ratio** is defined as the ratio of the median equivalised disposable income of persons aged above 65 to the median equivalised disposable income of persons aged below 65.

The **at-risk-of-poverty rate** is defined as the share of persons with an equivalised disposable income that is below the at-risk-of-poverty threshold, set at 60 % of

the national median equivalised disposable income. This rate may be expressed before or after social transfers, with the difference measuring the hypothetical impact of national social transfers in reducing poverty risk; retirement and survivor's pensions are counted as income before transfers and not as social transfers. Various breakdowns of this indicator are calculated: by age, gender, activity status, household type, education level, etc. It should be noted that the indicator does not measure wealth, per se, but low current income (in comparison with other persons in the same country) which does not necessarily imply a low standard of living.

The **relative median at-risk-of-poverty gap** is calculated as the difference between the median equivalised disposable income of persons below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold (cut-off point: 60 % of median equivalised income). The EU aggregate is a population weighted average of individual national figures. In line with decisions of the European Council, the at-risk-of-poverty rate is measured relative to the situation in each country rather than applying a common threshold to all countries.

**Material deprivation**, in the context of this publication, covers an economic strain and a durables strain, defined as the enforced inability (rather than the choice of not being able/having) to pay for at least three of the following nine items: unexpected expenses; one week annual holiday away from home; arrears



(mortgage or rent payments, utility bills, or hire purchase instalments or other loan payments); a meal with meat or fish every other day; heating to keep the home adequately warm; a washing machine; a colour television; a telephone; or a car.

The indicators relating to the share of the population in **jobless households** are calculated as the proportion of persons of the specified age who live in households where no one is working. The indicator for children refers to the age group 0 to 17, whereas the indicator for adults refers to persons aged 18 to 59. Students aged 18 to 24 who live in households composed solely of students of the same age class are counted neither in the numerator nor the denominator of the ratio; the data comes from the EU labour force survey (LFS).

### Main findings

Societies cannot combat poverty and social exclusion without analysing inequalities within society, whether they are economic in nature or social. Data on economic inequality becomes particularly important for estimating relative poverty, because the distribution of economic resources may have a direct bearing on the extent and depth of poverty.

There were wide inequalities in the distribution of income among the population of the EU-27 in 2007; the 20 % of the population with the highest equivalised disposable income received five times as much income as the 20 % of the population with the lowest equivalised disposable income. This ratio varied considerably across the Member States, from 3.3 in Slovenia and 3.4 in Sweden, through 6.0 or more in

Greece, Latvia and Portugal, to highs of 6.9 in Bulgaria and 7.8 in Romania. Relatively wide income inequalities were not confined to those countries with relatively low GDP per capita, as the distribution of income (using this measure) was noticeably more equitable in Slovakia and the Czech Republic, by way of example, than it was in the United Kingdom or Italy.

There is policy interest in the inequalities felt by many different groups in society: one group of particular interest is that of the elderly, in part reflecting the growing proportion of the EU's population aged over 65 years. Pension systems can play an important role in addressing poverty amongst the elderly. In this respect, it is interesting to compare the incomes of the elderly with the rest of the population.

Poland was the only Member State where the median equivalised disposable income of the elderly was similar or slightly higher than it was for persons under 65; in France, Austria, Luxembourg, and Hungary, the median income of the elderly was more than 90 % of that recorded for people under 65. In contrast, the elderly in Cyprus had a median income that was around 57 % of that recorded for people under 65, with shares between 65 % and 70 % in Ireland, Lithuania, Estonia, Latvia and Denmark. These relatively low proportions may broadly reflect pension entitlements, as well as fast economic growth through to 2007, which mainly benefited people of an active age.

The depth of poverty, which helps to quantify just how poor the poor are, can be measured by the relative median at-risk-of poverty gap. The median income



of persons at-risk-of-poverty in the EU-27 was, on average, 23 % below the 60 % poverty threshold in 2007. Among the Member States, the national at-risk-of-poverty gap was widest in Romania and Bulgaria in 2007, but also relatively wide in Greece, Lithuania and Latvia; this gap was narrowest in Finland.

Social protection measures can be used as a means for reducing poverty and social exclusion. This may be achieved, for example, through the distribution of (means-tested) benefits. One way of evaluating the success of social protection measures is to compare at-risk-of-poverty indicators before and after social transfers. In 2007, social transfers reduced the at-risk-of-poverty rate among the population of the EU-27 from 26 % before transfers to 17 % after transfers, thereby lifting 35 % of those in poverty above the poverty line. The impact of social benefits was lowest in Bulgaria and a number of the Mediterranean Member States (Greece, Spain, Italy and Cyprus) in 2007. In contrast, one half or more of those persons who were at-risk-of-poverty in Sweden, Hungary, Denmark, Finland, the Netherlands, Austria, the Czech Republic and France were removed as a result of social transfers.

Different groups in society are more or less vulnerable to poverty. Although there was little difference in the at-risk-of-poverty rate (after social transfers) between men and women in the EU-27 (16 % compared with 18 % respectively), there were notable differences when the population was classified according to activity status. The unemployed are a particularly vulnerable group: a little over two fifths

(43 %) of the unemployed was at-risk-of-poverty in the EU-27 in 2007, with higher rates in the Baltic Member States. About one in six (17 %) retired persons in the EU-27 was at-risk-of-poverty in 2007; rates were much higher in the Baltic Member States, the United Kingdom and, in particular, Cyprus. Those in employment were far less likely to be at-risk-of-poverty (8 % in the EU-27), although there were relatively high rates in Greece (14 %) and Romania (18 %).

Across the Member States, households comprising three or more adults were typically the least likely to be at-risk-of-poverty, reflecting wider opportunities to pool resources. In a majority of Member States, households comprising two parents and two children were also less at-risk-of-poverty than the average for the whole population. In contrast, there were typically three types of household that were at much greater risk; these were single person households, single parent households with dependent children, and households comprising two adults with three or more dependent children (so-called large family households).

Income-related measures of poverty need to be analysed together with other measures – such as material deprivation – in order to have a deeper understanding of poverty. About one in every six (18 %) of the EU-27's population was materially deprived in 2007, although this reflected considerable differences between EU-15 Member States on the one hand and, on the other, those Member States that joined the EU since 2004.

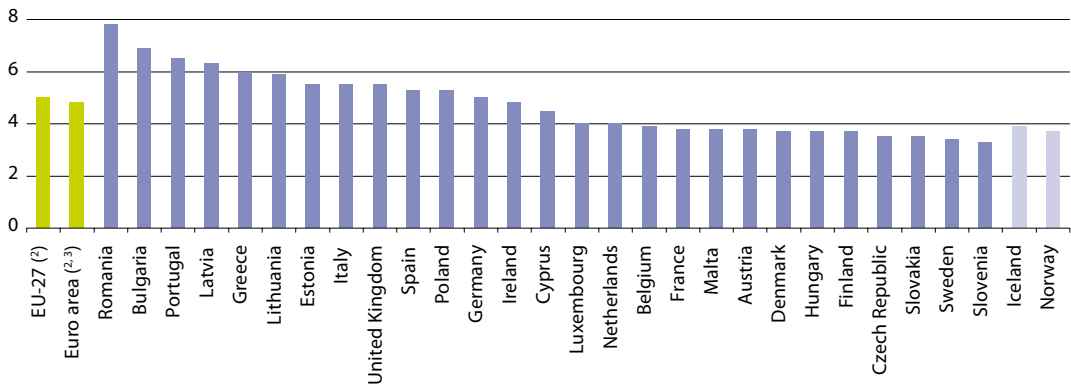


Less than one in ten people in Luxembourg, the Nordic Member States and the Netherlands were materially deprived in 2007, whereas the proportion rose to a little over one third of those in Hungary and Poland, and was closer to half of the population in Latvia and Romania, reaching almost three quarters of the population in Bulgaria.

Living in a household where no adult works is likely to have a significant effect on a child's current and future living conditions and their risk of poverty. Slightly less than one in every ten children (9.4 %) in the EU-27 lived in a job-

less household in 2007, a similar proportion to that recorded for adults of working age (18 to 59 years, 9.3 %) who lived in jobless households. Among the Member States, the proportion of children in jobless households was highest in the United Kingdom (16.7 %) and Hungary (13.9 %), where it was also considerably more than the corresponding proportion of working-age adults in jobless households. In contrast, less than 4 % of children in Greece, Cyprus, Luxembourg and Slovenia were in jobless households; these figures were, by and large, much lower than the corresponding rates for adults of a working age.

**Figure 6.1:** Inequality of income distribution, 2007 <sup>(1)</sup>  
(S80/S20 income quintile share ratio)



<sup>(1)</sup> The income reference period concerns the year preceding the survey year for the majority of countries.

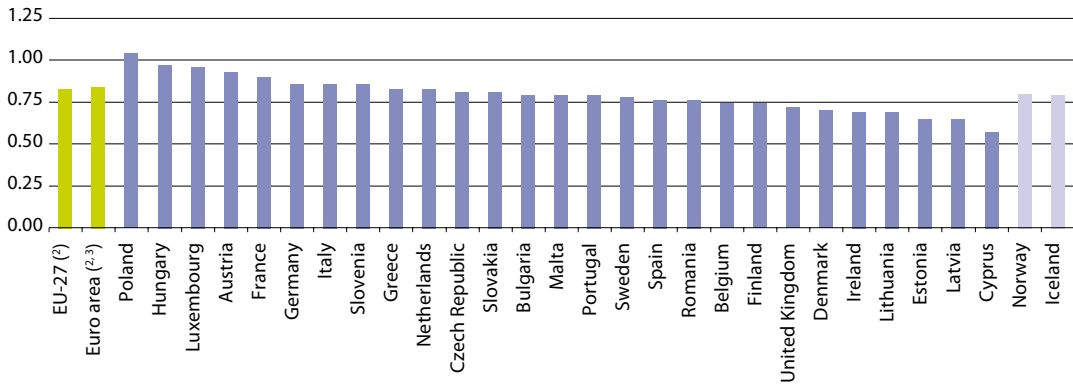
<sup>(2)</sup> Eurostat estimates based on population-weighted averages of national data.

<sup>(3)</sup> EA-15 instead of EA-16.

Source: Eurostat (ilc\_ov2)



**Figure 6.2:** Relative median income ratio, 2007 <sup>(1)</sup>  
(ratio)



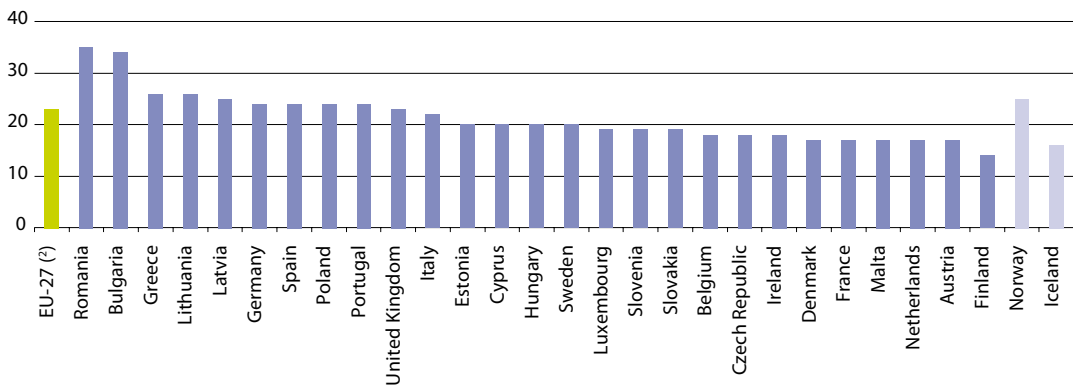
<sup>(1)</sup> The income reference period concerns the year preceding the survey year for the majority of countries.

<sup>(2)</sup> Eurostat estimates based on population-weighted averages of national data.

<sup>(3)</sup> EA-15 instead of EA-16.

Source: Eurostat (ilc\_ov7a)

**Figure 6.3:** Relative median at-risk-of-poverty gap, 2007 <sup>(1)</sup>  
(%)



<sup>(1)</sup> The income reference period concerns the year preceding the survey year for the majority of countries.

<sup>(2)</sup> Eurostat estimates based on population-weighted averages of national data.

Source: Eurostat (ilc\_sip3)





**Table 6.1:** At-risk-of-poverty rate after social transfers <sup>(1)</sup>  
(%)

	Male			Female		
	2005	2006	2007	2005	2006	2007
<b>EU-27 <sup>(2)</sup></b>	15	15	16	17	17	18
<b>Euro area <sup>(2,3)</sup></b>	14	15	15	16	16	17
Belgium	14	14	14	15	16	16
Bulgaria <sup>(4)</sup>	13	17	21	15	19	23
Czech Republic <sup>(5)</sup>	10	9	9	11	11	10
Denmark	12	11	11	12	12	12
Germany <sup>(5)</sup>	11	12	14	13	13	16
Estonia	17	16	17	19	20	22
Ireland	19	17	16	21	19	19
Greece	18	20	20	21	21	21
Spain	19	18	19	21	21	21
France	12	12	12	14	14	14
Italy	17	18	18	21	21	21
Cyprus	15	14	14	18	18	17
Latvia <sup>(5)</sup>	18	21	19	20	25	23
Lithuania <sup>(5)</sup>	20	19	17	21	21	21
Luxembourg	13	14	13	14	14	14
Hungary	14	16	12	13	16	12
Malta	14	13	14	15	14	15
Netherlands <sup>(5)</sup>	11	10	10	11	10	11
Austria	11	11	11	13	14	13
Poland <sup>(5)</sup>	21	20	18	20	19	17
Portugal	19	18	17	20	19	19
Romania <sup>(4)</sup>	18	18	24	18	19	25
Slovenia <sup>(5)</sup>	11	10	10	14	13	13
Slovakia <sup>(5)</sup>	13	12	10	13	12	11
Finland	11	12	12	13	13	14
Sweden	9	12	11	10	12	11
United Kingdom <sup>(5)</sup>	19	18	18	19	20	20
Iceland	10	9	9	10	10	11
Norway	10	10	11	13	12	14

<sup>(1)</sup> The income reference period concerns the year preceding the survey year for the majority of countries.

<sup>(2)</sup> Eurostat estimates based on population-weighted averages of national data.

<sup>(3)</sup> EA-15 instead of EA-16.

<sup>(4)</sup> Break in series, 2007.

<sup>(5)</sup> Break in series, 2005.

Source: Eurostat ([ilc\\_ov1a1](#))



**Table 6.2:** At-risk-of-poverty rate after social transfers by most frequent activity status, 2007<sup>(1)</sup> (%)

	Total population	Persons employed	Not employed	Unemployed	Retired	Inactive population, others
<b>EU-27<sup>(2)</sup></b>	16	8	24	43	17	27
<b>Euro area<sup>(2,3)</sup></b>	16	8	24	41	16	27
Belgium	15	4	25	34	20	27
Bulgaria <sup>(4)</sup>	20	6	32	56	23	19
Czech Republic	8	3	13	48	6	13
Denmark	12	4	23	31	17	32
Germany	15	7	24	51	18	24
Estonia	20	8	37	62	37	32
Ireland	17	6	32	43	27	32
Greece	20	14	25	35	22	25
Spain	19	11	28	36	22	30
France	12	6	18	33	11	26
Italy	19	10	26	44	16	30
Cyprus	16	6	31	28	51	17
Latvia	21	10	38	57	38	31
Lithuania	18	8	32	57	30	29
Luxembourg	12	9	15	46	8	15
Hungary	10	6	15	46	8	23
Malta	13	4	22	39	23	20
Netherlands	9	5	15	27	9	18
Austria	11	6	17	42	12	21
Poland	15	12	19	43	6	21
Portugal	17	10	27	32	23	30
Romania <sup>(4)</sup>	23	18	28	46	23	33
Slovenia	11	5	19	36	17	19
Slovakia	9	5	14	45	8	15
Finland	13	5	25	41	21	27
Sweden	10	7	16	26	11	31
United Kingdom	18	8	34	58	31	37
Croatia	:	7	27	36	23	29
Iceland	9	7	17	21	16	19
Norway	12	6	22	44	13	37

<sup>(1)</sup> Persons aged 18 years and over; the income reference period concerns the year preceding the survey year for the majority of countries.

<sup>(2)</sup> Eurostat estimates based on population-weighted averages of national data.

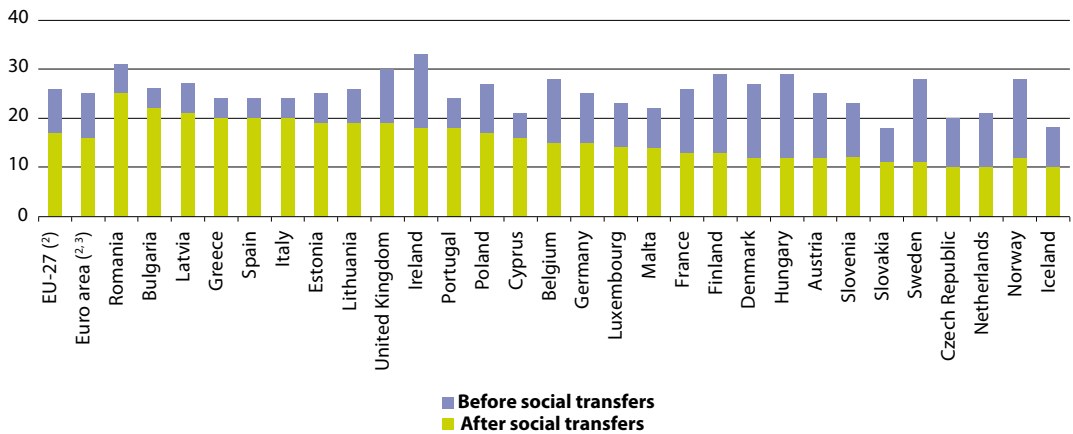
<sup>(3)</sup> EA-15 instead of EA-16.

<sup>(4)</sup> Break in series, 2007.

Source: Eurostat ([ilc\\_sis1c](#))



**Figure 6.4:** At-risk-of-poverty rate, 2007 <sup>(1)</sup>  
(%)



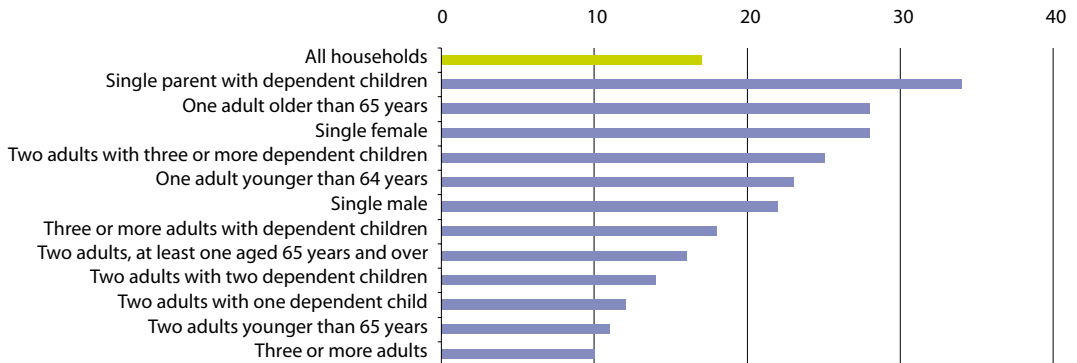
<sup>(1)</sup> The income reference period concerns the year preceding the survey year for the majority of countries.

<sup>(2)</sup> Eurostat estimates based on population-weighted averages of national data.

<sup>(3)</sup> EA-15 instead of EA-16.

Source: Eurostat ([ilc\\_ov1a1](#) and [ilc\\_ov251](#))

**Figure 6.5:** At-risk-of-poverty rate after social transfers, by household type, EU-27, 2007 <sup>(1)</sup>  
(%)

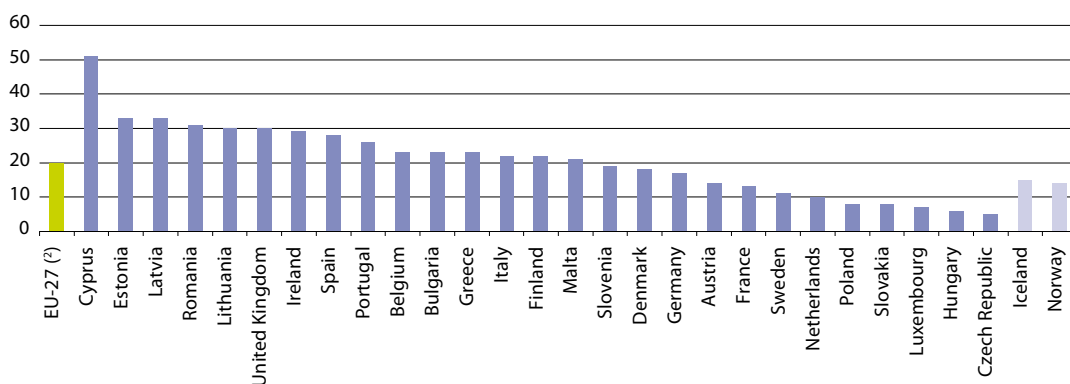


<sup>(1)</sup> Eurostat estimates based on population-weighted averages of national data; the income reference period concerns the year preceding the survey year for the majority of countries.

Source: Eurostat ([ilc\\_sis1a](#))



**Figure 6.6:** At-risk-of-poverty rate after social transfers, persons aged 65 years and over, 2007 <sup>(1)</sup> (%)

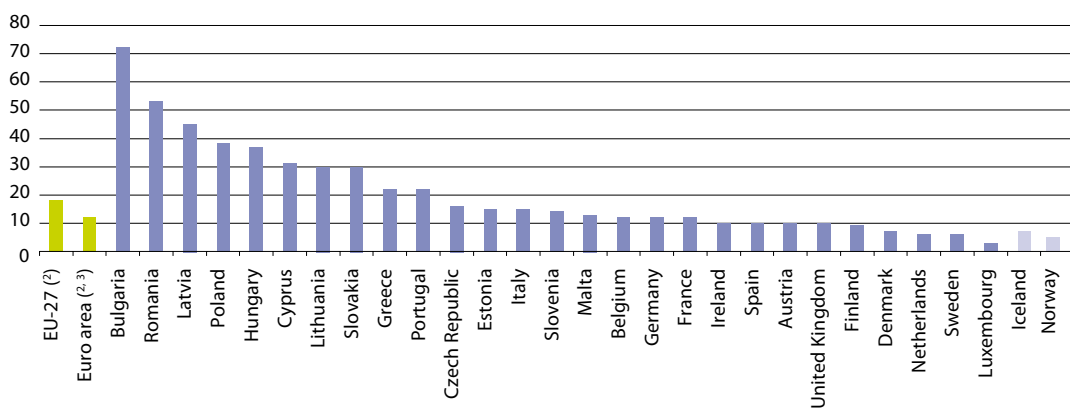


<sup>(1)</sup> The income reference period concerns the year preceding the survey year for the majority of countries.

<sup>(2)</sup> Eurostat estimate based on population-weighted averages of national data.

Source: Eurostat (ilc\_ov1a1)

**Figure 6.7:** Material deprivation rate – economic strain and durables dimension, 2007 <sup>(1)</sup> (%)



<sup>(1)</sup> The income reference period concerns the year preceding the survey year for the majority of countries.

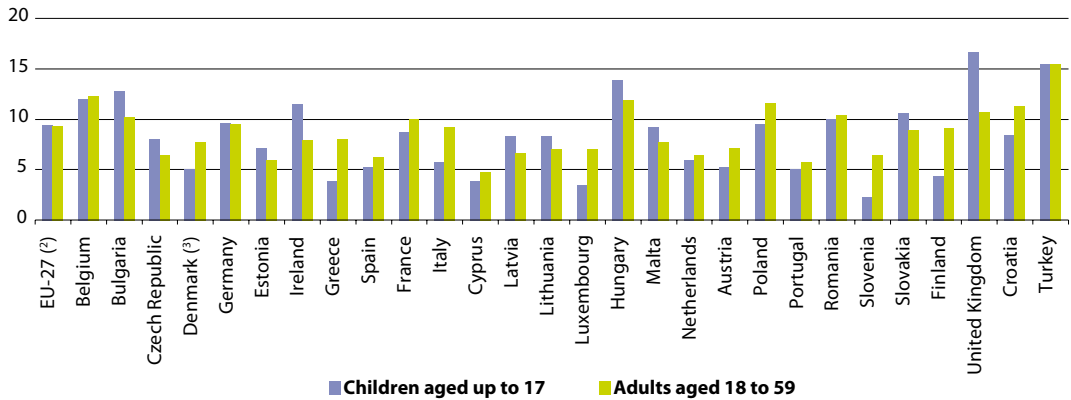
<sup>(2)</sup> Eurostat estimate based on population-weighted averages of national data.

<sup>(3)</sup> EA-15 instead of EA-16.

Source: Eurostat (ilc\_sip8)



**Figure 6.8:** Persons living in jobless households, by age, 2007 <sup>(1)</sup>  
(% of respective age group living in households where no-one works)



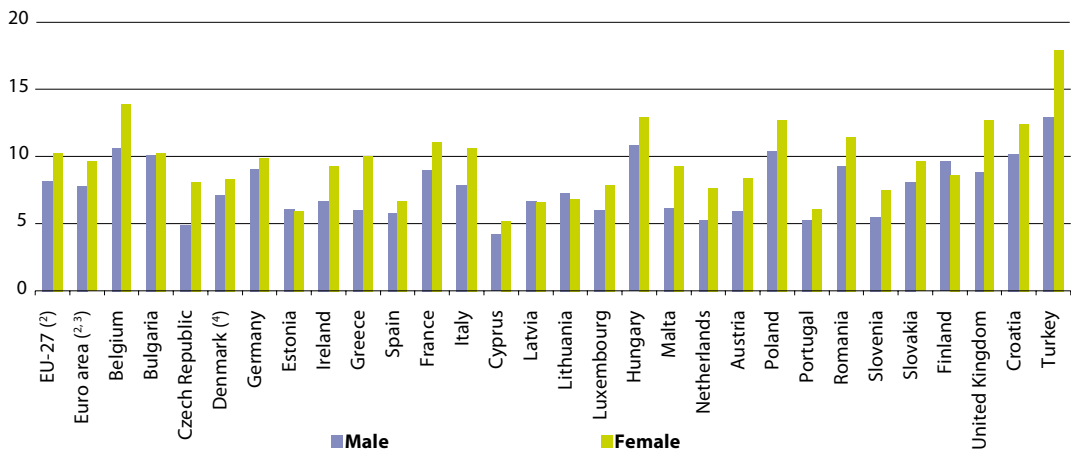
<sup>(1)</sup> Sweden, not available.

<sup>(2)</sup> Estimates.

<sup>(3)</sup> 2006.

Source: Eurostat ([tsdsc310](#))

**Figure 6.9:** Persons living in jobless households, by gender, 2007 <sup>(1)</sup>  
(% of respective gender aged 18-59 who are living in households where no-one works)



<sup>(1)</sup> Sweden, not available.

<sup>(2)</sup> Estimates.

<sup>(3)</sup> EA-15 instead of EA-16.

<sup>(4)</sup> 2006.

Source: Eurostat ([tsisc090](#))



## 6.2 Housing

### Introduction

Questions of social housing, homelessness or integration play an important role within the social policy agenda. The charter of fundamental rights stipulates in Article II-94 that *'in order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with Community law and national laws and practices'*.

However, the EU does not have any responsibilities in respect of housing; rather, national governments have the duty to develop their own housing policies. Many countries face similar challenges: for example, how to renew housing stocks, how to plan and combat urban sprawl, how to promote sustainable development, how to help young and disadvantage groups to get on the housing ladder, or how to promote energy efficiency among homeowners. The social and economic cost of the absence of decent housing is generally accepted to compromise the efficiency of a country or region. Indeed, decent housing, at an affordable price in a safe environment is likely to alleviate poverty and social exclusion.

### Definitions and data availability

The data used in this section are primarily derived from micro-data from European Union statistics on income and living conditions (EU-SILC). The reference population is all private households and

their current members residing in the territory of the Member State at the time of data collection; persons living in collective households and in institutions are generally excluded from the target population.

A **household** is defined in terms of shared household expenses. If household expenses are not shared, then the persons constitute separate households at the same address. A household may comprise either one person living alone or a group of people, not necessarily related, living at the same address with common house-keeping. The **average number of persons per private household** is the number of persons living in private households divided by the number of private households; collective households such as boarding houses, halls of residence and hospitals and the persons living in them are excluded.

Households are considered as **overcrowded** if the dwelling in which they live does not comprise a minimum number of rooms, established upon the basis of: one room for the household; one room for each couple; one room for each single person aged 18 or more; one room for two single people of the same sex between 12 and 17 years of age; one room for each single person of a different sex between 12 and 17 years of age; and one room for two people under 12 years of age.

**Housing deprivation** is a measure of poor amenities and is calculated by referring to those households with a leaking



roof, no bath/shower and no indoor toilet, or a dwelling that is considered too dark. **Severe housing deprivation** is defined as households that are overcrowded, while also exhibiting at least one of the housing deprivation measures.

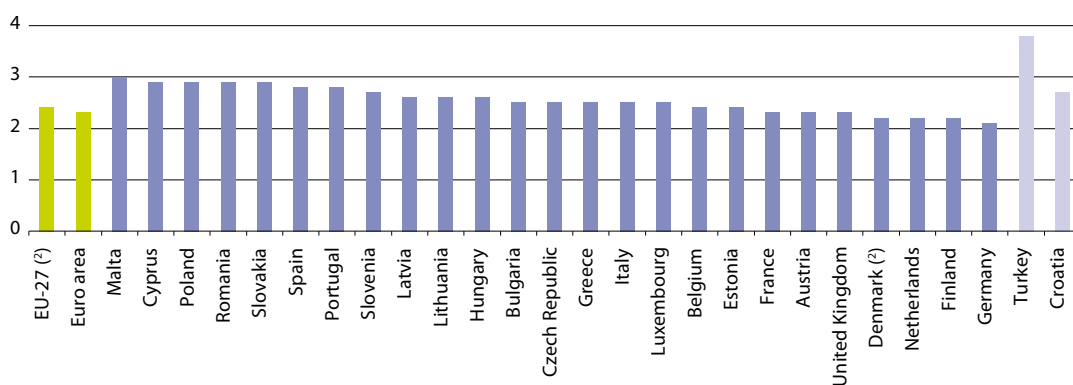
### Main findings

The average number of persons living in a household in the EU-27 was 2.4 in 2007, although among the Member States this average ranged from a low of just over two persons per household in Germany to an average of three persons in Malta. Overcrowding depends not only upon the number of persons in a household, but also on the number of rooms in each dwelling; overcrowding was recorded for 17 % of all households in the EU-27 in 2007. However, it was relatively common among the central and eastern Member

States that have joined the EU since 2004 and, to a lesser extent, Greece, Italy, Portugal and Austria. Between one fifth and one third of the populations of Lithuania, Latvia, Poland and Romania lived in severe housing deprivation.

There were notable differences between Member States in housing ownership status in 2007. Less than 5 % of households in Bulgaria, Poland, Lithuania and Romania rented their own house/flat in 2007 compared with closer to one third of households in Sweden, Denmark, the Netherlands, France and Austria. It is difficult to pinpoint the reasons for such differences, as the distribution of households may be related to a range of factors, including: the degree of urbanisation, the quality of accommodation, or the supply of new or renovated housing.

Figure 6.10: Average number of persons per private household, 2007 (1)



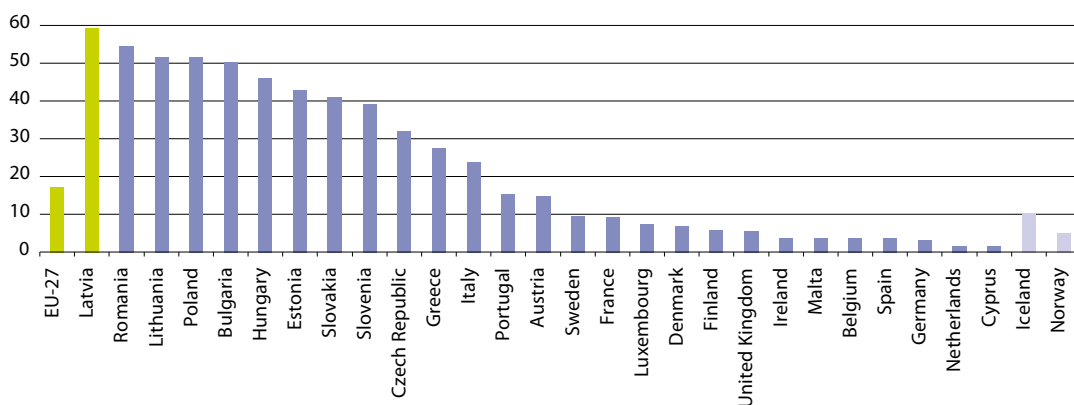
(1) Ireland and Sweden, not available.

(2) 2006.

Source: Eurostat (lfst\_hhantych)

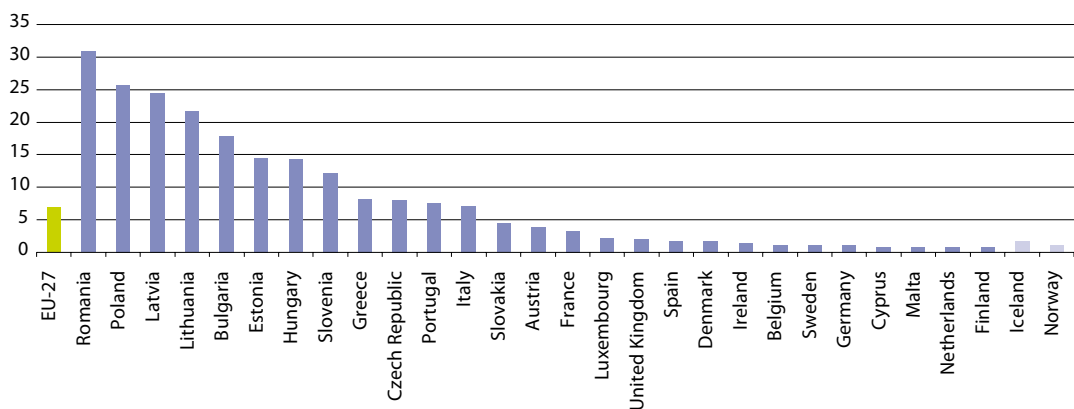


**Figure 6.11: Overcrowding, 2007**  
(% of all households)



Source: Eurostat (EU-SILC)

**Figure 6.12: Severe housing deprivation, 2007 (¹)**  
(% of population)



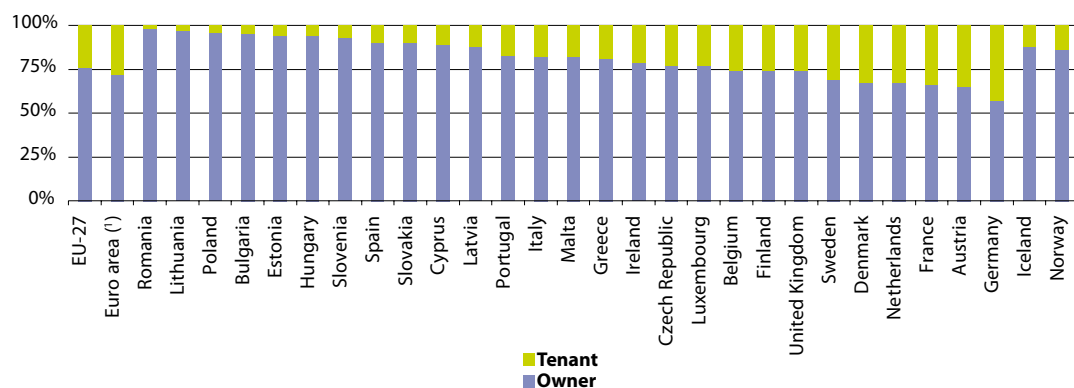
(¹) Indicator shows the percentage of persons living in a household that is overcrowded and has at least one of the following: leaking roof, no bath/shower and no indoor toilet, dwelling is considered as being too dark.

Source: Eurostat (EU-SILC)





**Figure 6.13:** Distribution of population by tenure status, 2007  
(%)



(¹) EA-15 instead of EA-16.

Source: Eurostat ([ilc\\_lvho02](#))



## 6.3 Social protection

### Introduction

Social protection systems are highly developed in the EU: they are designed to protect people against the risks and needs associated with unemployment, parental responsibilities, sickness/healthcare and invalidity, the loss of a spouse or parent, old age, housing and social exclusion (not elsewhere classified). The organisation and financing of social protection systems is the responsibility of each of the Member States. The model used in each Member State is therefore somewhat different, while the EU plays a coordinating role to ensure that people who move across borders continue to receive adequate protection. This role also promotes actions among the Member States to combat poverty and social exclusion, and to reform social protection systems on the basis of policy exchanges and mutual learning; this policy is known as the social protection and social inclusion process. The process underpinned the revised Lisbon objectives for 2010, promoting a more inclusive Europe that, it was argued, would be vital to achieve the EU's goals of sustained economic growth, more and better jobs and greater social cohesion.

### Definitions and data availability

Data on expenditure and receipts of social protection are drawn up according to the **European system of integrated social protection statistics (ESSPROS)** methodology; this system has been designed to allow a comparison of social

protection flows between Member States. In April 2007, a legal basis was established for the provision of ESSPROS data; this basis is provided for by Regulation (EC) No 458/2007 of the European Parliament and of the Council and was later supplemented by Commission Regulation No 1322/2007 and No 10/2008 <sup>(4)</sup>; all this information and ESSPROS data can be found on the Eurostat website <sup>(5)</sup>.

**Social protection** encompasses all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved. Social interventions are made through collectively organised schemes. **Expenditure on social protection** includes: social benefits, administration costs (which represent the costs charged to the scheme for its management and administration) and other expenditure (which consists of miscellaneous expenditure by social protection schemes, principally, payment of property income).

**Social protection benefits** are direct transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of one or more of the defined risks or needs. Social benefits are paid to households by social security funds, other government units, NPISHs (non-profit institutions serving households), employers administering unfunded social insurance

<sup>(4)</sup> For more information: [http://epp.eurostat.ec.europa.eu/portal/page/portal/living\\_conditions\\_and\\_social\\_protection/legal\\_bases/social\\_protection\\_sub](http://epp.eurostat.ec.europa.eu/portal/page/portal/living_conditions_and_social_protection/legal_bases/social_protection_sub).

<sup>(5)</sup> For more information: [http://epp.eurostat.ec.europa.eu/portal/page/portal/living\\_conditions\\_and\\_social\\_protection/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/living_conditions_and_social_protection/introduction).



schemes, insurance enterprises or other institutional units administering privately funded social insurance schemes. Benefits are classified according to eight social protection functions <sup>(6)</sup>, which represent a set of risks or needs:

- sickness/healthcare benefits – including paid sick leave, medical care and provision of pharmaceutical products;
- disability benefits – including disability pensions and the provision of goods and services (other than medical care) to the disabled;
- old age benefits – including old age pensions and the provision of goods and services (other than medical care) to the elderly;
- survivors' benefits – including income maintenance and support in connection with the death of a family member, such as survivors' pensions;
- family/children benefits – including support (except healthcare) in connection with the costs of pregnancy, childbirth, childbearing and caring for other family members;
- unemployment benefits – including vocational training financed by public agencies;
- housing benefits – including interventions by public authorities to help households meet the cost of housing;
- social exclusion benefits not elsewhere classified – including income support, rehabilitation of alcohol and drug abusers and other miscellaneous benefits (except healthcare).

The **pensions aggregate** comprises part of periodic cash benefits under the disability, old age, survivors and unemployment functions. It is defined as the sum

of the following social benefits: disability pension, early-retirement benefit due to reduced capacity to work, old age pension, anticipated old age pension, partial pension, survivors' pension, early-retirement benefit for labour market reasons.

**Expenditure on care for the elderly** is defined as the percentage of social protection expenditure devoted to old age care in GDP. These expenditures cover care allowance, accommodation, and assistance in carrying out daily tasks. The **aggregate replacement ratio** is defined as the median individual gross pensions of those aged 65 to 74 relative to median individual gross earnings of those aged 50 to 59, excluding other social benefits; it is expressed in percentage terms.

The schemes responsible for providing social protection are financed in different ways, their **social protection receipts** comprise social security contributions paid by employers and protected persons, contributions by general government, and other receipts from a variety of sources (for example, interest, dividends, rent and claims against third parties). **Social contributions by employers** are all costs incurred by employers to secure entitlement to social benefits for their employees, former employees and their dependants; they can be paid by resident or non-resident employers. They include all payments by employers to social protection institutions (actual contributions) and social benefits paid directly by employers to employees (imputed contributions). **Social contributions made by protected persons** comprise contributions paid by employees, by the self-employed and by pensioners and other persons.

<sup>(6)</sup> Expenditure on education is not included in ESSPROS statistics.



## Main findings

Social protection expenditure in the EU-27 averaged over one quarter (26.9 %) of GDP in 2006. Its share was highest in Sweden (30.7 %) and France (31.1 %), and was higher than 25 % in 11 of the EU-15 Member States. In contrast, social protection expenditure represented less than 20 % of GDP in all of the Member States that joined the EU since 2004, with the exception of Slovenia and Hungary, as well as being below this threshold in Ireland (18.2 %).

The use of a purchasing power standard (PPS) allows an unbiased comparison of social protection expenditure per capita between countries, taking account of differences in price levels. The highest level of expenditure on social protection per capita in 2006 was registered for Luxembourg <sup>(7)</sup> (PPS 13 458 per capita), followed some way behind by the Netherlands, Sweden, Denmark, Austria, Belgium and France where social protection per capita was between PPS 8 200 and PPS 9 100. In contrast, expenditure in the Baltic Member States, Bulgaria and Romania was less than PPS 2 000 per capita. These disparities between countries are partly related to differing levels of wealth and also reflect differences in social protection systems, demographic trends, unemployment rates and other social, institutional and economic factors.

Among social protection benefits (the largest component of total expenditure), a majority of the EU-27's expenditure was directed towards either old age (for example, pensions) or to sickness and health-care; together these two items accounted

for close to 70 % of total EU-27 benefits in 2006. Benefits related to children, disabilities, survivors and unemployment each accounted for shares of between 5 % and 8 % of total expenditure, while housing accounted for 2.3 %.

Expenditure on pensions across the EU-27 was equivalent to 11.9 % of GDP in 2006, ranging from a high of 14.7 % in Italy to a low of 5.0 % in Ireland. Expenditure on care for the elderly in the EU-27 accounted for 0.5 % of GDP in the same year, although Sweden reported a rate that was almost five times as high; expenditure on the elderly fell to less than 0.1 % of GDP in Greece, Estonia, Belgium, Bulgaria, Romania and Cyprus.

A breakdown of social protection receipts across the EU-27 in 2006 shows that the majority of receipts could be attributed to employers' social contributions (38.2 %) and general government contributions (37.6 %). Approximately one fifth (20.6 %) of all EU-27 receipts were funded by contributions made by protected persons.

Pension systems can also play a key role in allowing retirees to maintain living standards they previously enjoyed in the later years of their working lives. The aggregate replacement ratio measures the difference between retirement benefits (excluding other social benefits) for pensioners (aged 65 to 74 years old) and salaries received by those aged 50 to 59. Average pension levels were generally lower than the earnings of those aged 50 to 59 in 2007. This was particularly the case in Cyprus (where pensions represented a little less than 30 % of the earnings among those aged 50 to 59) but also in Denmark, Latvia and Bulgaria

<sup>(7)</sup> Luxembourg is a special case insofar as a significant proportion of benefits (primarily expenditure on healthcare, pensions and family benefits) are paid to persons living outside the country.



(under 40 %). The ratio was highest in France, Luxembourg, Austria and Sweden, but even in these Member States it was only just above 60 %. It should be borne in mind that these relatively low ratios may reflect

low coverage and/or low income replacement from statutory pension schemes and maturing pension systems, as well as incomplete careers or an under-declaration of earnings.

**Table 6.3:** Expenditure on social protection  
(% of GDP)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>EU (¹)</b>	27.8	27.4	27.0	26.9	26.5	26.7	27.0	27.3	27.2	27.1	26.9
<b>Euro area (²)</b>	:	:	:	:	26.7	26.8	27.4	27.8	27.7	27.8	27.5
Belgium	28.0	27.4	27.1	27.0	26.5	27.3	28.0	29.1	29.3	29.7	30.1
Bulgaria	:	:	:	:	:	:	:	:	:	16.0	15.0
Czech Republic	17.6	18.6	18.5	19.2	19.5	19.4	20.2	20.2	19.3	19.1	18.7
Denmark	31.2	30.1	30.0	29.8	28.9	29.2	29.7	30.9	30.7	30.2	29.1
Germany	29.4	28.9	28.9	29.2	29.3	29.4	30.1	30.4	29.8	29.7	28.7
Estonia	:	:	:	:	14.0	13.1	12.7	12.6	13.0	12.7	12.4
Ireland	17.6	16.4	15.2	14.6	13.9	14.9	17.5	17.9	18.2	18.2	18.2
Greece	20.5	20.8	21.7	22.7	23.5	24.3	24.0	23.6	23.5	24.3	24.2
Spain	21.5	20.8	20.2	19.8	20.3	20.0	20.4	20.6	20.7	21.1	20.9
France	30.6	30.4	30.1	29.9	29.5	29.6	30.4	30.9	31.3	31.4	31.1
Italy	24.3	24.9	24.6	24.8	24.7	24.9	25.3	25.8	26.0	26.3	26.6
Cyprus	:	:	:	:	14.8	14.9	16.3	18.4	18.1	18.4	18.4
Latvia	:	15.3	16.1	17.2	15.3	14.3	13.9	13.8	12.9	12.4	12.2
Lithuania	13.4	13.8	15.2	16.4	15.8	14.7	14.0	13.5	13.3	13.1	13.2
Luxembourg	21.2	21.5	21.2	20.5	19.6	20.9	21.6	22.1	22.2	21.7	20.4
Hungary	:	:	:	20.7	19.3	19.3	20.4	21.1	20.8	21.9	22.3
Malta	17.5	18.0	17.9	17.8	16.9	17.8	17.8	18.2	18.6	18.4	18.1
Netherlands	29.6	28.7	27.8	27.1	26.4	26.5	27.6	28.3	28.3	27.9	29.3
Austria	28.9	28.8	28.5	29.0	28.4	28.8	29.2	29.7	29.3	28.8	28.5
Poland	:	:	:	:	19.7	21.0	21.1	21.0	20.1	19.7	19.2
Portugal	20.2	20.3	20.9	21.4	21.7	22.7	23.7	24.1	24.7	25.4	25.4
Romania	:	:	:	:	13.2	13.2	13.4	12.6	15.1	14.2	14.0
Slovenia	23.8	24.2	24.5	24.4	24.2	24.5	24.4	23.7	23.4	23.0	22.8
Slovakia	19.5	19.8	20.0	20.2	19.4	19.0	19.1	18.2	17.2	16.7	15.9
Finland	31.4	29.1	27.0	26.2	25.1	24.9	25.6	26.5	26.6	26.7	26.2
Sweden	33.1	32.2	31.4	31.0	30.1	30.8	31.6	32.5	32.0	31.5	30.7
United Kingdom	27.4	26.9	26.3	25.7	26.4	26.8	25.7	25.7	25.9	26.3	26.4
Iceland	18.7	18.5	18.3	18.8	19.2	19.4	21.2	23.0	22.7	21.7	21.2
Norway	25.8	25.1	26.9	26.9	24.4	25.4	26.0	27.2	25.9	23.8	22.6
Switzerland	26.4	27.3	27.3	27.3	26.9	27.6	28.5	29.1	29.3	29.3	28.4

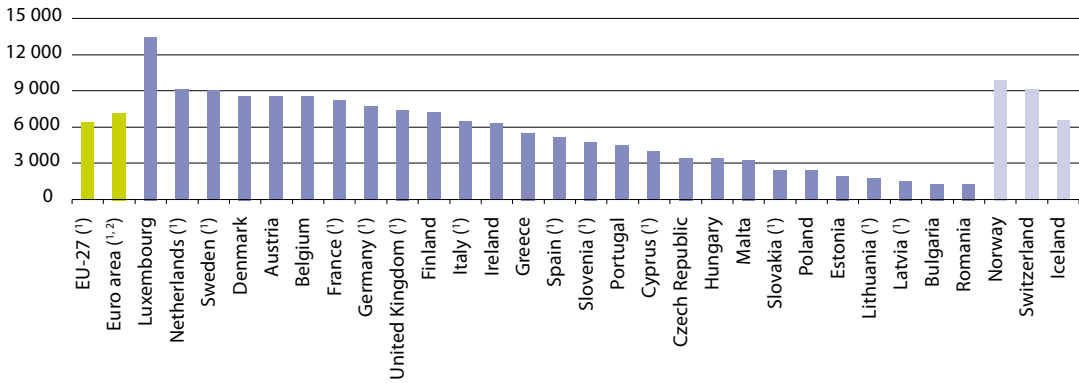
(¹) EU-15 for 1996-1999; EU-25 for 2000-2004; EU-27 for 2005-2006.

(²) EA-15 instead of EA-16.

Source: Eurostat (tps00098)

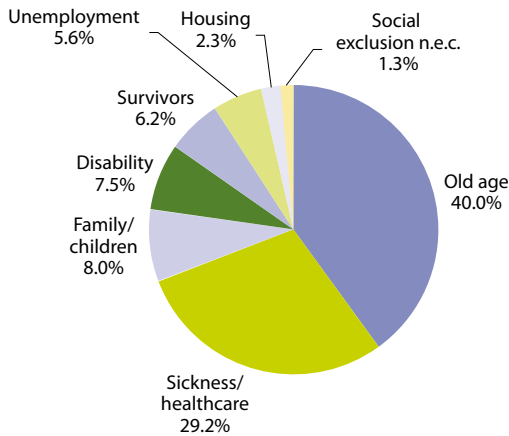


**Figure 6.14:** Expenditure on social protection per inhabitant, 2006 (PPS)



(¹) Provisional.  
 (²) EA-15 instead of EA-16.  
 Source: Eurostat (tps00100)

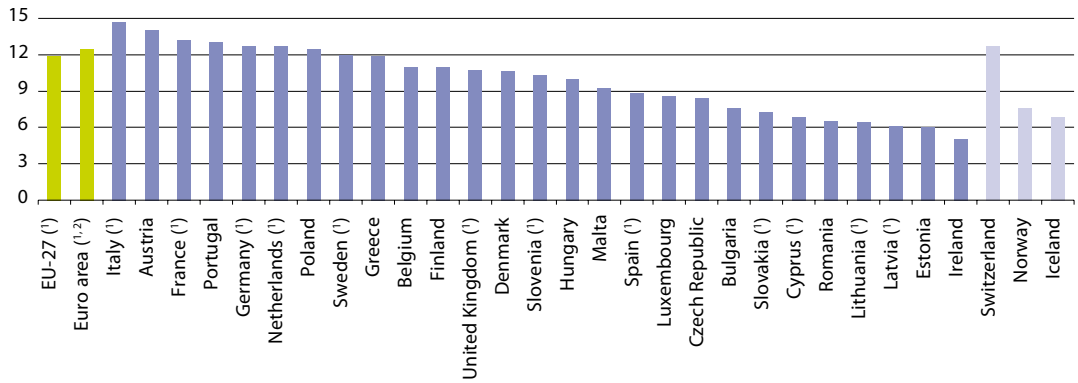
**Figure 6.15:** Social benefits, EU-27, 2006 (¹)  
 (% , based on PPS)



(¹) Provisional; figures do not sum to 100 % due to rounding.  
 Source: Eurostat (tps00107)



**Figure 6.16:** Expenditure on pensions, 2006  
(% of GDP)

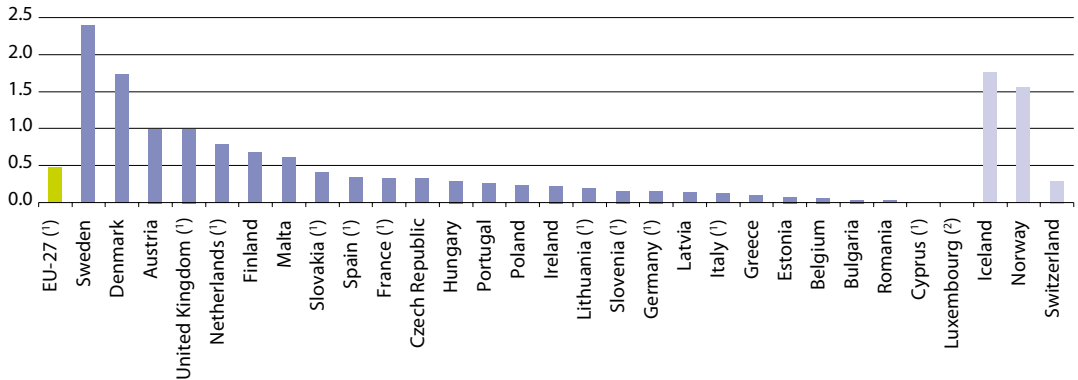


(<sup>1</sup>) Provisional.

(<sup>2</sup>) EA-15 instead of EA-16.

Source: Eurostat ([tps00103](#))

**Figure 6.17:** Expenditure on care for the elderly, 2006  
(% of GDP)



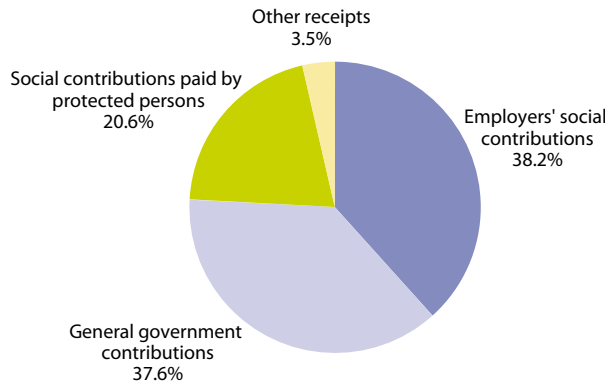
(<sup>1</sup>) Provisional.

(<sup>2</sup>) Not available: expenditure was recorded together with similar benefits under the disability function as the split between old-age and disability was not available.

Source: Eurostat ([tsdde530](#))



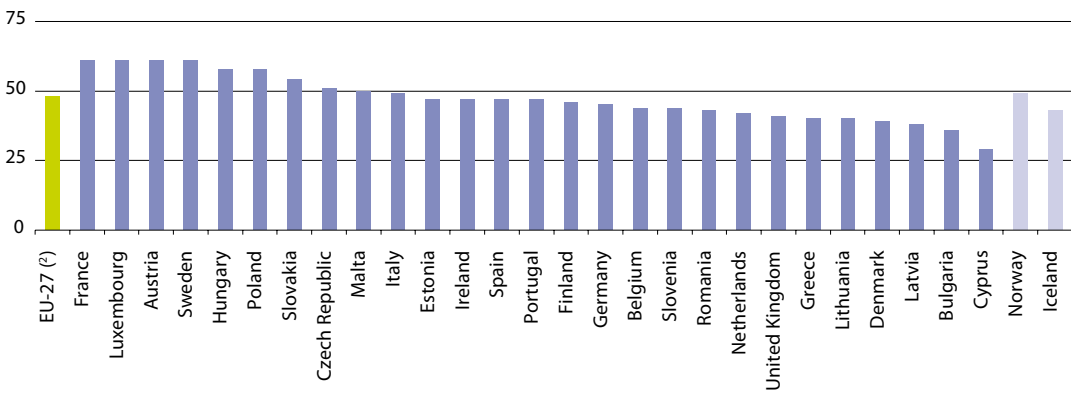
**Figure 6.18:** Social protection receipts, EU-27, 2006 <sup>(1)</sup>  
(% of total receipts)



<sup>(1)</sup> Provisional; figures do not sum to 100 % due to rounding.

Source: Eurostat ([tps00108](#))

**Figure 6.19:** Aggregate replacement ratio, 2007 <sup>(1)</sup>  
(%)



<sup>(1)</sup> The income reference period concerns the year preceding the survey year for the majority of countries.

<sup>(2)</sup> Eurostat calculation based on population-weighted averages of national data.

Source: Eurostat ([iilc\\_pnp3](#))





## 6.4 Good governance

### Introduction

In July 2001, the European Commission adopted a White Paper on European governance. This contained a series of recommendations on how to enhance democracy in Europe and boost the legitimacy of its institutions. It defined governance in a European context as the rules, processes and behaviour that affect the way in which powers are exercised at European level, particularly as regards openness, participation, accountability, effectiveness and coherence (the 'five principles of good governance'). The White Paper aims to modernise European public action in order to increase the accountability of European executive bodies to the elected assemblies and open-up the EU's decision-making procedures to allow citizens to participate. Ultimately, it is hoped that these new forms of governance will bring the EU closer to its citizens, making it more effective, reinforcing democracy and consolidating the legitimacy of its institutions, while improving the quality of European legislation and making it clearer and more effective.

Since the adoption of the White Paper and under the label of 'better regulation' the European Commission has transposed the principles of good governance into various policies relating to reinforcing a culture of consultation and dialogue, improving the knowledge base

for better policies, impact assessment (assessment of the potential economic, social and environmental consequences of new initiatives), better lawmaking, simplifying the regulatory environment, reducing administrative burdens, and monitoring of the transposition and application of EU law <sup>(8)</sup>.

### Definitions and data availability

**Voter turnout** is the percentage of persons who cast a vote or 'turn out' at an election as a share of the total population entitled to vote. It includes those who cast blank or invalid votes. In Belgium, Luxembourg and Greece, voting is compulsory. In Italy, voting is a civic obligation (no penalty).

The **level of citizens' confidence in each EU institution** (Council of the European Union, European Parliament and European Commission) is expressed as the share of positive opinions, people who declare that they 'tend to trust' each institution. Trust is not precisely defined and could leave some room for interpretation to the interviewees. The data are based on a twice-yearly Eurobarometer survey which has been used, since 1973, to monitor the evolution of public opinion in the Member States. The remaining categories, not shown in the table, include the percentage of negative opinions (people who declare that they 'tend not to trust'), as well as 'don't know' and/or 'no answer'.

<sup>(8)</sup> For more information: [http://ec.europa.eu/governance/better\\_regulation/index\\_en.htm](http://ec.europa.eu/governance/better_regulation/index_en.htm).

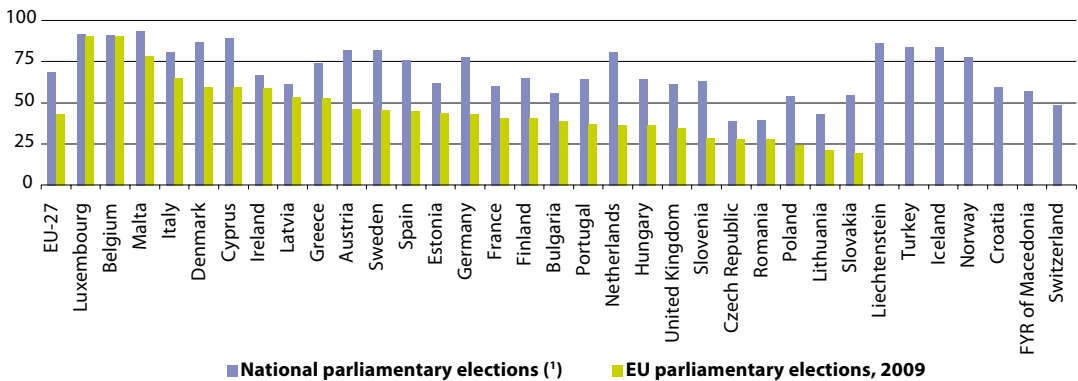
## Main findings

Voter turnout at EU parliamentary elections in June 2009 ranged from 90.8 % in Luxembourg (where voting is compulsory) down to 19.6 % in Slovakia. Voter turnout in Bulgaria for their second elections to the European Parliament in 2009 was a little less than 40 %, and in Romania it was a little less than 30 %, both rates being at the lower end of the range among Member States.

According to the latest survey of public opinion in 2008, about one half (51 %) of all citizens declared that they tended to trust the European Parliament. Slightly less than half (47 %) of all respondents tended to trust the European Commission, with an even lower proportion (42 %) tending to trust the Council of the European Union.

**Figure 6.20: Voter turnout**

(%)



(<sup>1</sup>) Latest elections: the Czech Republic; Spain, Italy, Lithuania, Malta, Austria, Romania, Slovenia and the former Yugoslav Republic of Macedonia, 2008; Belgium, Denmark, Estonia, Ireland, Greece, France, Poland, Finland, Croatia, Turkey, Iceland and Switzerland, 2007; Cyprus, Latvia, Hungary, the Netherlands, Slovakia and Sweden, 2006; Bulgaria, Germany, Portugal, the United Kingdom, Liechtenstein and Norway, 2005; Luxembourg, 2004; EU-27, average estimated by Eurostat on the basis of the trends observed in each of the Member States for national parliamentary elections.

Source: Eurostat ([tsdgo310](#)), International Institute for Democracy and Electoral Assistance



**Table 6.4:** Level of citizens' confidence in EU institutions <sup>(1)</sup>  
(%)

	European Parliament			Commission of the European Communities			Council of the European Union		
	2004	2006	2008	2004	2006	2008	2004	2006	2008
<b>EU-27</b>	:	:	51	:	:	47	:	:	42
Belgium	70	67	65	68	68	64	59	56	57
Bulgaria	57	55	57	50	51	51	45	46	46
Czech Republic	60	62	58	51	59	54	37	56	54
Denmark	60	62	63	53	55	53	55	41	47
Germany	55	52	47	44	42	43	39	39	38
Estonia	62	59	61	58	59	58	50	56	57
Ireland	70	66	54	66	60	50	51	50	56
Greece	66	70	59	61	68	56	57	69	50
Spain	64	51	57	57	49	52	55	44	40
France	59	50	52	54	47	45	43	41	45
Italy	63	56	53	60	52	49	55	46	46
Cyprus	64	57	55	59	55	53	56	55	54
Latvia	45	47	41	41	46	38	34	42	36
Lithuania	66	60	57	62	59	55	56	52	49
Luxembourg	71	63	64	67	63	57	62	55	49
Hungary	68	65	59	64	60	56	59	55	51
Malta	58	59	64	59	57	59	53	56	56
Netherlands	63	58	58	57	54	62	48	43	56
Austria	56	50	47	49	45	44	41	41	39
Poland	51	59	52	51	58	47	40	52	43
Portugal	64	61	57	61	60	53	53	56	51
Romania	65	64	63	59	62	55	38	57	52
Slovenia	66	73	62	64	73	61	54	68	60
Slovakia	70	71	70	61	66	63	49	63	62
Finland	63	56	59	58	54	57	53	48	48
Sweden	55	58	57	47	53	52	46	36	36
United Kingdom	39	25	27	39	25	27	26	19	21
Croatia	52	46	39	48	43	37	45	44	39
FYR of Macedonia	:	:	48	:	:	45	:	:	45
Turkey	41	34	20	39	32	19	34	32	18

(1) The indicator presents the proportion of positive opinions ('tend to trust'); remaining answers were either 'tend not to trust', 'don't know' or 'no answer'.

Source: Eurostat ([tsdgo510](#)), European Commission - Eurobarometer survey



## 6.5 Crime

### Introduction

The need to provide information on the development of crime in the EU was recognised in the Hague programme adopted by the European Council in 2004. The figures currently available on crime and criminal justice reflect the differing legal systems in the Member States and therefore cannot readily be compared. However, a more comparable system of crime and criminal justice statistics is being developed, as outlined in Commission Communication COM/2006/437, 'Developing a comprehensive and coherent EU strategy to measure crime and criminal justice: an EU action plan 2006-2010'.

### Definitions and data availability

Total **crime** statistics include offences against the penal (or criminal) code. Less serious crimes (misdemeanours) are generally excluded.

**Homicide** is defined as the intentional killing of a person, including murder, manslaughter, euthanasia and infanticide. Attempted (uncompleted) homicide is excluded. Causing death by dangerous driving, abortion and help with suicide are also excluded. Unlike other offences, the counting unit for homicide is normally the victim.

**Violent crime** includes violence against the person such as physical assault, robbery (stealing by force or by threat of force), and sexual offences (including rape and sexual assault). **Robbery** is a subset of

violent crime: it is defined as stealing from a person with force or threat of force, including muggings (bag-snatching) and theft with violence; pick-pocketing, extortion and blackmailing are generally not included.

**Domestic burglary** is defined as gaining access to a dwelling by the use of force to steal goods. **Theft of motor vehicles** covers all land vehicles with an engine that run on the road which are used to carry people (including cars, motorcycles, buses, lorries, construction and agricultural vehicles, etc.).

**Drug trafficking** includes illegal possession, cultivation, production, supplying, transportation, importing, exporting, financing etc. of drug operations which are not solely in connection with personal use.

### Main findings

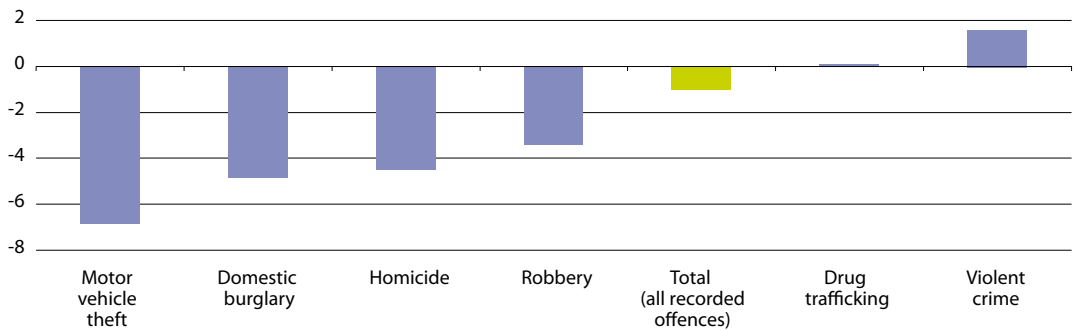
During the period between 2002 and 2007, there was a general decline in recorded crime in the EU, with the notable exceptions of drug trafficking offences (which remained almost unchanged) and violent crime (which rose, on average, by 1.6 % annually). Property offences, such as the theft of motor vehicles (down 6.8 % per annum) and domestic burglary (down 4.8 % per annum) declined relatively sharply during this five-year period, as did homicide (4.5 % lower per annum) and robbery (3.4 % lower per annum).



In a number of the Member States recorded crime figures for the period between 2002 and 2007 fell sharply; this was particularly the case in Poland, the United Kingdom, the Netherlands and France, where crime recorded by the police fell by between 12 % and 18 % over the five-year period considered; improved

surveillance methods (such as closed-circuit cameras and alarm systems) are possible reasons for these changes. In other countries (such as Italy), crime appears to have risen noticeably, but in many cases the introduction of new recording methods makes it difficult to distinguish a definite trend.

**Figure 6.21:** Recorded crimes, EU, 2002-2007 <sup>(1)</sup>  
(%, average annual change)



<sup>(1)</sup> Excluding Estonia, Ireland, Cyprus and Malta.

Source: Eurostat ([crim\\_gen](#))



**Table 6.5:** Crimes recorded by the police  
(1 000)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Belgium	:	:	:	1 002	959	1 008	1 001	1 005	990	1 010	1 003
Bulgaria	228	159	145	149	147	147	144	142	138	136	135
Czech Republic	404	426	427	391	359	372	358	352	344	336	357
Denmark	531	499	494	504	473	492	486	474	433	425	445
Germany	6 586	6 457	6 302	6 265	6 364	6 507	6 572	6 633	6 392	6 304	6 285
Estonia	41	46	52	58	58	53	54	53	53	52	50
Ireland	91	86	81	73	87	106	103	99	102	103	:
Greece	1 823	386	374	369	440	441	442	406	456	464	423
Spain	924	1 866	1 896	1 853	2 052	2 183	2 144	2 141	2 231	2 267	2 310
France	3 493	3 566	3 568	3 772	4 062	4 114	3 975	3 825	3 776	3 726	3 589
Italy	2 441	2 426	2 374	2 206	2 164	2 232	2 457	2 418	2 579	2 771	2 933
Cyprus	4	4	4	4	5	5	7	8	7	8	8
Latvia	37	37	44	50	51	49	52	62	51	62	56
Lithuania	76	78	77	82	79	73	79	84	82	75	68
Luxembourg	24	27	27	23	23	26	26	27	25	26	28
Hungary	514	601	506	451	466	421	413	419	437	426	427
Malta	:	15	16	17	16	17	18	18	19	17	15
Netherlands	1 220	1 235	1 303	1 329	1 379	1 402	1 369	1 319	1 255	1 218	1 215
Austria	482	480	493	560	523	592	643	644	605	589	594
Poland	992	1 073	1 122	1 267	1 390	1 404	1 467	1 461	1 380	1 288	1 153
Portugal	322	341	363	363	372	392	417	416	392	399	400
Romania	361	399	364	354	340	312	277	232	208	233	281
Slovenia	37	55	62	68	75	77	77	87	84	90	88
Slovakia	92	94	94	89	93	107	112	131	124	115	111
Finland	374	383	372	386	361	365	367	354	340	325	344
Sweden	1 196	1 181	1 194	1 215	1 189	1 235	1 255	1 249	1 242	1 225	1 306
United Kingdom	5 081	5 650	5 856	5 714	6 086	6 544	6 549	6 194	6 096	5 969	5 445
Croatia	55	56	58	68	78	78	80	85	80	81	76
FYR of Macedonia	:	:	:	20	17	18	23	23	23	22	26
Turkey	357	357	339	340	414	459	499	533	674	987	963
Iceland	:	:	:	19	19	20	18	17	12	13	13
Liechtenstein	1	1	1	1	1	1	1	1	1	1	1
Norway	285	294	292	307	300	320	304	288	276	277	272
Switzerland	383	378	355	317	322	357	379	389	353	335	326
Japan	1 900	2 034	2 166	2 443	2 736	2 854	2 790	2 563	2 269	2 051	:
United States	13 195	12 486	11 634	11 608	11 877	11 879	11 827	11 679	11 565	11 402	11 252

Source: Eurostat ([crim\\_gen](#))