Unemployment and its poverty consequences. Poverty trajectories after job loss in different European welfare regimes: a latent class approach.

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Poverty dynamics – latent class analysis – unemployment – welfare regimes

1. Abstract

This paper complements existing poverty dynamics research by examining typical income poverty trajectories during the first five years after experiencing job loss. Unemployment is a known poverty trigger, but there is relatively little knowledge of its mid-term effects on a household’s level of living. By broadening the time frame of research into poverty transitions, a more complete picture can be drawn of the poverty patterns related to job loss. Latent class analyses of the European Community Household Panel show that the poverty risk after job loss is not equally large and long-lasting for everyone. Across Germany, Spain, Denmark and the United Kingdom broadly four comparable latent classes can be found: persistent non-poor, persons with a transient poverty risk, persons with longer-term poverty risk and late poverty entrants. The latter group is interesting in that it is not normally studied in regression approaches to the study of poverty dynamics. We see that people who split up with their partner in addition to losing their job have a higher risk of late poverty entry. Additionally, people who remained unemployed for five years as well as people who experienced a second job loss after labour market re-entry both had a higher late poverty entry risk. On the one hand, the late poverty risk is thus a matter of fast re-employment and new job loss. On the other hand, also people in continuous unemployment face a late poverty entry risk, in countries where they were initially well protected by more generous income replacement schemes.
The size and occurrence of the latent classes differs between countries according to welfare regime, as well as the types of people affected by them. The paper discusses country differences, demographic and social stratification determinants, as well as further life events which are linked to the specific poverty trajectories.

2. Poverty trajectories, poverty triggers and stratification

It is by now well-established that poverty has an important temporal dimension. Empirical research has shown that most of the poverty spells in industrialised countries are short-term and poverty is often seen as a phase in ones life rather than a persistent state (Bane and Ellwood 1986; Beck 1986; Berger 1994; Dirven and Berghman 1995; Duncan et al. 1993; Jenkins 1999; Muffels 1993). Walker (1994; 1998) pointed out that when investigating the time dimension of poverty, it is necessary to combine information on poverty prevalence, the length of the observation period and poverty duration. He distinguishes between transient, occasional, recurrent, persistent, chronic and permanent poverty. Fouarge and Layte (2003) find that the majority of poverty spells in Europe is short and only a minority is persistent. However, a substantial share of those who leave poverty return to the poverty state relatively quickly thereafter.

With the availability of mature socio-economic panel data, the empirical interest in life course events associated with poverty entry has grown. A large literature on poverty mobility has focused on the triggering events preceding a poverty transition. One of the important poverty triggers are employment situation changes like becoming unemployed or leaving the labour market (Apospori and Millar 2003; Bane and Ellwood 1986; Di Prete and McManus 2000; Finnie and Sweetman 2003; Jenkins 1999; Jenkins and Cappellari 2004; OECD 2001). Risk periods for poverty are among others young adulthood, the retirement phase, being unemployed, lone parenthood, periods of sickness... (Alcock 1997; Barnes et al. 2002; Finnie and Sweetman 2003; OECD 2001). Persistent poverty occurs in jobless households and for persons experiencing unemployment or with a history of unemployment. Also the self-employed without employees as well as lower educated individuals face a larger risk of experiencing
persistent poverty. Furthermore, singles - especially single parents -, separated persons and households with three or more children are more at risk of persistent poverty (Biewen 2003; Fouarge and Layte 2003; Whelan et al. 2003). Fouarge and Layte (2003) have also found that European countries differ with respect to the types of poverty trajectories their citizens experience. In Social Democratic countries, both short-term and persistent poverty are largely avoided. Liberal and Southern European countries are characterised by both high rates of poverty entry and the longer duration of poverty. Countries from the continental regime display an intermediate pattern with average rates of short-term and persistent poverty. In his comparison of Sweden, Germany and the USA, DiPrete (2002) finds a similar pattern of poverty trajectories among the different welfare regimes.

A further question concerns to what extent the various poverty duration patterns affect different subgroups in the population to a different extent. Structural determinants such as social class, education level and gender are traditionally strongly associated with unequal poverty risks. However, the time dimension to poverty risks may shed a different light on this. In the sociological literature on individualisation, there is a consensus that short-term life interruptions are relatively widespread over population groups. According to Beck’s theory of reflexive modernisation, increasingly people deviate from the standard biography. Moreover, traditional structural determinants of inequality are losing their impact as life becomes less standardised and more individualised. Beck coins the term ‘democratisation’ of risk, by which he means that a larger portion of people share in the risks of the society they live in (Beck 1986). The experience of risky life events is not restricted to the lower social classes and also the middle classes suffer from new forms of temporary poverty. Leisering and Leibfried (1999) claim that ‘temporalisation and biographisation of poverty are part of the Risk Society, in which both social structures and individuals’ life projects rapidly and flexibly change, and in which breakdowns and transitional life crises are likely to hit even the middle classes’. According to the stratification literature, social stratification entails a connotation of persistence (Duncan 1968; Grusky 2001), and as such it is especially long-term poverty that will be unequally distributed among social groups. Sorensen (2000) explains that the social class notion implies that a social class structure should be especially powerful in predicting long-term
wealth. Also in this context, Hauser and Warren (1997) find that occupational status is a good indicator of long-term income.

3. Research questions

The aim of this study is to explore the typical poverty patterns after experiencing job loss. In the first instance, latent class analysis will be used to distinguish the typical poverty patterns after job loss. In a second instance, the attention is focused on the main determinants of the different poverty profiles. Although the study is partly exploratory in nature, previous research allows the formulation of more specific research questions and expectations regarding the length of poverty spells and country differences.

According to Leisering and Leibfried, critical life events will often only lead to a temporary passage in the poverty state. Also Fouarge and Layte (2003) find that poverty spells in Europe are usually short-term – but often recurring. Only a minority of people entering poverty stay persistently poor for many years. This paper starts from the general assumption that poverty spells experienced after one of the life events under study will more often be short-term than persistent (H1).

The poverty trajectories after job loss are expected to be different depending on the welfare regime. Losing one’s job is a major life event, and almost all industrialised countries take measures to ensure a certain degree of income protection for unemployed people. However, the several welfare regimes protect their inhabitants to differing degrees against the negative income effect of job loss. This study focuses on four countries from different welfare regimes (Arts and Gelissen 2002; Esping-Andersen 1990; Ferrera 1996; Leibfried 1992). Denmark belongs to the Social Democratic regime, Germany to the Conservative regime, the United Kingdom has a Liberal welfare state, and Spain belongs to the Southern European welfare regime. The more generous a welfare state, the better we can expect the persistent poverty risk after job loss will be alleviated. The expectation is that persistent poverty after job loss will be largely avoided in Denmark, where the welfare state is encompassing, and actively promotes fast re-
employment. The United Kingdom and Spain belong to the Liberal and Southern European welfare regime. They are characterised by both more mobility into short-term poverty and a larger share of people in persistent poverty. The following expectation can be formulated: **H2. It is expected that higher rates of persistent poverty will occur after job loss in Spain and the United Kingdom than in Denmark.**

In the second part of the paper, social stratification determinants of the different poverty trajectories will be investigated. According to the individualisation perspective, the poverty risk nowadays transcends social boundaries. However, this phenomenon is believed to be mainly valid for temporary poverty (Leisering and Leibfried, 1999). Social classes are generally also believed to be predictors of longer-term wealth and income (Hauser and Warren, 1997; Sorensen, 2000). **H3. Short-term poverty after experiencing one of the risky life events is expected to be less structured by social stratification determinants, compared to longer-term poverty.**

### 4. Data and method

The analyses for this paper are performed on the European Community Household Panel Survey (ECHP). For this paper, the population under observation comprises all individuals between 16 and 65 years old who experience job loss and who were not income poor in the year before the event happened. The countries under study are Germany, Spain, Denmark and the United Kingdom will be compared with each other. For Germany and the United Kingdom, respectively the SOEP-dataset and the BHPS-data were used in the format in which they are integrated into the European Community Household Panel.

The poverty threshold is set at 60% of the median equivalised household income in a given year and country. Since the total net yearly household income in the ECHP is provided with a time lag of one year, the household income is recalculated by combining income information measured in year T+1 - though referring to the current year T-, with household composition information of the current year T (For a discussion, see: Debels and Vandecasteele 2008). The social stratification determinants used in this analysis are
gender, education level and social class of the household head, defined as the main breadwinner of the household. Education level has three categories: high education level, i.e. recognised third level education (ISCED 5-7), average education level, i.e. second stage of secondary education (ISCED 3) and low education level, i.e. less than second stage of secondary education (ISCED 0-2). The social class variable is based on a reduced version of the Goldthorpe scale for the household’s main breadwinner\(^1\). The following classification is obtained (Goldthorpe categorization between brackets): higher & lower professional (I – II), routine non-manual occupation (III), skilled & unskilled manual (V-VII) and self-employed (I and IV). An additional category is included for the long-term unemployed/inactive, defined as people in households where the main breadwinner has been in inactivity or unemployed for more than 12 months (ILO-definition of long-term unemployment).

Latent class cluster analysis will be applied to explore the typical poverty trajectories in the first five years after job loss, leaving the parental home and partnership dissolution. The latent class cluster analysis technique aims to find a meaningful set of categorical unobserved clusters in the population on the basis of a range of categorical indicators (Bartholomew 2004). In this paper, latent class analysis is chosen for its innovative character in the context of poverty dynamics. It will allow for a more complete picture of the poverty effects after employment-related and household formation-related life events. The latent class models are estimated with the Latent Gold software package.

All individuals experiencing job loss during the panel survey period 1994-2001 are included in the analysis. One issue associated with this approach is that not all these individuals stay for five more years in the panel survey. Some of them experienced the life event towards the end of the observation period and no complete five-year poverty trajectory could be recorded. Next to attrition due to the ending of the panel study, some people dropped out of the panel prematurely. The latter type of attrition is potentially more problematic because the reason why an individual does not participate further in the

\(^1\) Ganzeboom’s and Treiman’s conversion tools (1994) have been used to construct the social class typology.
panel study could be related to the poverty outcome experienced. However, the data provide information on at least a part of the poverty trajectory experienced by people for whom there is some missing information. Individuals with an incomplete poverty trajectory are included in the likelihood estimation of the latent class model. A person is assigned to a latent class on the basis of the available information on his/her poverty trajectory. Within the group of people experiencing the same recorded poverty trajectory, observations are assumed to be missing at random (MAR) (Vermunt and Magidson 2005). The option of including missings in the latent class estimation is an attractive way of dealing with attrition patterns in the ECHP. Additionally, the data are weighted to correct for initial panel non-response and sample design issues. One drawback of including missing values in the analysis is that the significance of the likelihood based $L^2$ model fit statistic can not be fully relied on anymore under the MAR assumption (See: Vermunt 1996). Therefore, a combination of methods is used to judge about the best fitting model. Different Bayesian and Akaike’s Information Criteria are compared. Next to that, also the bivariate residuals, the percentage reduction in $L^2$ compared to the 1 cluster-model and the percentage of misclassifications are investigated.

5. Poverty patterns after job loss

Separate analyses in the four countries show that a four-cluster solution provides the best fit in Germany, Spain and the United Kingdom. The following latent classes are found: (1) persistent non-poor, (2) persons with transient poverty risk, (3) persons with longer-term poverty risk and (4) late poverty entrants. The separate country analysis in Denmark shows the best fit for a model with two latent clusters that could be distinguished as: (1) affected and (2) not affected by poverty after job loss. Because the latent classes in the different countries seem to partly have a similar meaning, one ought to check whether the latent classes discerned in the separate countries are statistically equivalent to each other. Comparisons between the countries can only be made when there is measurement invariance. In Table 1 the results of this multi-group latent class analysis are presented. Firstly, the model without measurement invariance assumes that the latent class solutions
in the four countries are completely different from each other. Conversely, the model with complete measurement invariance – also often termed as a homogeneous model – assumes that the latent class solution is the same in the four countries under study. The term partial measurement invariance was coined by Eid and Diener (2001) and indicates that it is not possible to distinguish the same range of latent classes in all countries, but the withheld latent classes do have the same meaning over the countries as they have equal conditional probabilities on the poverty indicators.

Table 1. Multi-group latent class fit statistics for the different poverty trajectory solutions after job loss (Denmark, Germany, Spain, United Kingdom, 1994-2000, ECHP)

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>$\chi^2$</th>
<th>BIC (LL)</th>
<th>AIC (LL)</th>
<th>AIC3 (LL)</th>
<th>Classification error</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No measurement invariance</strong>&lt;br&gt;(DE, ES, UK: 4 clusters - DK: 2 clusters)</td>
<td>638</td>
<td>494.17</td>
<td>15207.76</td>
<td>14705.23</td>
<td>14788.23</td>
<td>0.11</td>
</tr>
<tr>
<td><strong>Partial measurement invariance</strong>&lt;br&gt;(DE, ES, UK: 4 homogeneous clusters - DK: 2 clusters)</td>
<td>692</td>
<td>625.71</td>
<td>7829.41</td>
<td>7653.82</td>
<td>7682.82</td>
<td>0.09</td>
</tr>
<tr>
<td><strong>Complete measurement invariance</strong>&lt;br&gt;(4 clusters)</td>
<td>698</td>
<td>607.95</td>
<td>7717.54</td>
<td>7578.28</td>
<td>7601.28</td>
<td>0.13</td>
</tr>
</tbody>
</table>

The separate country analyses suggested a model with partial measurement invariance, with four homogeneous clusters in Germany, Spain and the United Kingdom, and two latent classes in Denmark. However, the fit statistics show that the more restricted model with complete measurement invariance and four clusters also shows a good fit. In fact, the Bayesian Information Criterion value (BIC), the Akaike’s Information Criterion value and Akaike’s Information Criterion 3 value (AIC3) all indicate that the model with complete measurement invariance is best fitting. The latter model is withheld for further analyses.

Table 2 shows the latent class sizes per country and conditional probabilities of the poverty indicators. There is a distinction between persistent non-poor, persons with transient poverty risk, persons with longer-term poverty risk, and late poverty entrants. Generally, the persistent non-poor cluster is the most common outcome after job loss in all countries under study. Furthermore, we find that in all countries except for Denmark, the longer-term poverty risk is more common than the transient poverty risk. Poverty
experienced after job loss is thus not necessarily a temporary passage for the people affected, and this is contrary to the expectation in H1. Furthermore, we find that the main country differences are in line with the expectations. The persistent non-poor cluster is largest in Denmark, where the poverty entry probability remains negligible for 80.9% of the people with job loss, while that percentage is lowest in the United Kingdom, with 68.9% belonging to the persistent non-poor cluster. We also see that the longer-term poverty risk after job loss is especially pronounced in the United Kingdom and Spain. In contrast, and completely in line with expectation H2, the longer-term poverty cluster after job loss is smallest in Denmark. Finally, all countries show evidence of a relatively small latent class of late poverty entrants.

Table 2. Latent class sizes and conditional probabilities of poverty patterns after job loss (Denmark, Germany, Spain, United Kingdom, 1994-2000, ECHP)

<table>
<thead>
<tr>
<th>Latent class sizes by country</th>
<th>Persistent non-poor</th>
<th>Persons with transient poverty risk</th>
<th>Persons with longer-term poverty risk</th>
<th>Late poverty entrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark (N=694)</td>
<td>80.9%</td>
<td>7.1%</td>
<td>6.7%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Spain (N=2146)</td>
<td>73.4%</td>
<td>9.0%</td>
<td>11.5%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Germany (N=1926)</td>
<td>78.2%</td>
<td>7.3%</td>
<td>8.9%</td>
<td>5.7%</td>
</tr>
<tr>
<td>United Kingdom (N=941)</td>
<td>68.9%</td>
<td>11.5%</td>
<td>12.9%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

Conditional probabilities

| Poor first year after job loss | 0.08 | 0.45 | 0.57 | 0.01 |
| Poor second year after job loss| 0.01 | 0.80 | 0.83 | 0.01 |
| Poor third year after job loss | 0.03 | 0.25 | 0.86 | 0.23 |
| Poor fourth year after job loss | 0.02 | 0.16 | 0.74 | 0.94 |
| Poor fifth year after job loss  | 0.05 | 0.02 | 0.61 | 0.63 |

Figure 2. Predicted probability of being poor in the years after job loss by latent class membership (Denmark, Germany, Spain, United Kingdom, 1994-2000, ECHP)
6. Social determinants of the poverty trajectories

In this section, the poverty trajectories found through latent class analysis are linked to determinants of social stratification and additional life course events. This will give a better insight into the social profile of the poverty trajectories. The interest lies in the first place in three social stratification determinants: gender, education level and social class of the household head. This allows us to assess whether transient poverty is less unequally distributed over these three social stratification groups than longer-term poverty (see H.3). Furthermore, we can assess how the experience of multiple events relates to the type of poverty trajectory people go through.

In Table 3 relative risk ratios are calculated over the different categories of the social determinants on the basis of the latent class membership probabilities. The covariates used are treated as inactive, so that they do not influence the latent class solution. For the group with transient poverty risk, the group with longer-term poverty risk and the late poverty entrants, odds are calculated of belonging to either the respective group or the persistent non-poor. Consequently, the relative risk ratio gives the odds ratio of two social groups, e.g. male versus female for belonging to the given poverty trajectory cluster versus the reference group of persistent non-poor. To assess the significance of the
odds ratios, 90% confidence intervals have been calculated around the estimated ratios. Note that the relative risk ratios are calculated for the joint country latent class solutions. The multigroup analyses have shown that the poverty profiles are statistically equivalent between the countries. Furthermore, separate analyses per country did not show any substantial differences to the effect of social determinants, but it did reduce the power of the analysis substantially.

Next we turn our attention to how concurrent life events and people’s employment trajectories relate to the poverty trajectory experienced after job loss. A first finding relates to the late poverty entry group. This group cannot be categorized according to gender, education and social class, but the concurrent life events do provide additional insights. We see that people who split up with their partner in addition to losing their job have a higher risk of late poverty entry. Additionally, people who remained unemployed for 5 years as well as people who experienced a second job loss after labour market re-entry both had a higher late poverty entry risk. On the one hand, the late poverty risk is thus a matter of fast re-employment and new job loss. On the other hand, also people in continuous unemployment face a late poverty entry risk. This could be explained by welfare state interventions that prevent people from entering poverty immediately after losing their job. In all regimes, the welfare state intervenes after job loss and a certain degree of income protection is provided. However, after some time, the replacement income drops gradually. For people in long-term unemployment, often only minimum income protection is provided. Thus, we find that individuals who were initially protected against the negative income effects of losing their job can still become vulnerable to poverty. This is an interesting finding as the late poverty entry risk and its determinants are not normally studied in regression approaches to the study of poverty dynamics after life events.

Secondly, the concurrent life events and employment trajectory are also related to the transient and longer-term poverty risk. Partnership dissolution concurrent with or consecutive to job loss increases the risk of belonging to the transient as well as longer-term poverty entry group. Furthermore, leaving the parental home concurrent to or after job loss is related to a transient poverty risk. An explanation could be that young people
affected by a short poverty spell after job loss leave the parental home as soon as they move out of poverty again. Next, child birth concurrent with or after job loss makes people especially prone to an associated longer-term poverty risk. For what concerns the employment pattern, we find that moving back to work and experiencing another job loss is related to both transient and longer-term poverty, but the effect is clearly stronger for the longer-term poverty.

Table 3. Relative risk ratios of belonging to the different poverty trajectory groups after job loss according to social determinants (Denmark, Germany, Spain, United Kingdom, 1994-2000, ECHP)

<table>
<thead>
<tr>
<th>N=5707</th>
<th>Persons with transient poverty risk</th>
<th>Persons with longer-term poverty risk</th>
<th>Persons with late poverty risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ref. Persistent non-poor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social stratification determinants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender household head (Ref. Male)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>1.51 [1.21-1.88]</td>
<td>1.29 [1.05-1.59]</td>
<td>0.85 [0.64-1.14]</td>
</tr>
<tr>
<td>Education level household head (Ref. High)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle educated</td>
<td>1.16 [0.84-1.59]</td>
<td>1.38 [1.01-1.88]</td>
<td>0.74 [0.52-1.05]</td>
</tr>
<tr>
<td>Low educated</td>
<td>2.08 [1.56-2.78]</td>
<td>2.75 [2.08-3.65]</td>
<td>1.28 [0.94-1.73]</td>
</tr>
<tr>
<td>Social class (Ref. Professional)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Routine nonmanual</td>
<td>1.73 [1.20-2.49]</td>
<td>2.01 [1.43-2.84]</td>
<td>0.84 [0.55-1.28]</td>
</tr>
<tr>
<td>Manual</td>
<td>1.54 [1.13-2.11]</td>
<td>1.75 [1.30-2.35]</td>
<td>0.92 [0.67-1.28]</td>
</tr>
<tr>
<td>Self-employed</td>
<td>1.19 [0.68-2.10]</td>
<td>1.65 [1.01-2.69]</td>
<td>1.13 [0.65-1.96]</td>
</tr>
<tr>
<td>Self-employed</td>
<td>2.10 [1.50-2.94]</td>
<td>2.37 [1.72-3.26]</td>
<td>1.01 [0.70-1.48]</td>
</tr>
<tr>
<td>Concurrent life events</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional life event in 5 years after job loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partnership dissolution (Ref: no dissolution)</td>
<td>1.71 [1.12-2.60]</td>
<td>2.20 [1.54-3.14]</td>
<td>2.36 [1.53-3.65]</td>
</tr>
<tr>
<td>Leaving the parental home (Ref: not leaving home)</td>
<td>1.44 [1.03-2.00]</td>
<td>1.24 [0.90-1.71]</td>
<td>1.24 [0.82-1.87]</td>
</tr>
<tr>
<td>Child birth (Ref: no child birth)</td>
<td>1.30 [0.93-1.82]</td>
<td>1.55 [1.16-2.08]</td>
<td>1.23 [0.82-1.84]</td>
</tr>
<tr>
<td>Employment trajectory in 5 years after job loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ref: Back to work and did not experience another job loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Back to work and experienced another job loss</td>
<td>1.29 [1.01-1.63]</td>
<td>2.44 [1.92-3.10]</td>
<td>1.78 [1.28-2.46]</td>
</tr>
<tr>
<td>Not back to work</td>
<td>0.69 [0.52-0.93]</td>
<td>1.24 [0.94-1.65]</td>
<td>2.18 [1.57-3.02]</td>
</tr>
</tbody>
</table>

Note: 90% confidence intervals are given between square brackets
7. Discussion

This paper dealt with the exploration of poverty patterns in the first five years after job loss. Latent class analysis was proposed as an innovative method to explore the typical poverty trajectories. In what follows, the main findings are summarised.

Four main latent classes could be distinguished after job loss: persistent non-poor, people with a transient poverty risk, people with a longer-term poverty risk and late poverty entrants. Unsurprisingly, the majority of people are not affected by a poverty risk after job loss and remain persistent non-poor. This is true in the four countries under study. However, a substantial share of the population is affected by a certain poverty risk. We have seen that the poverty risk after unemployment is not mainly a transient phenomenon as expected in H1. Conversely, a longer-term poverty risk seems to be the most common poverty trajectory in the United Kingdom, Spain and Germany.

Country differences in the poverty trajectories people experience after a risky life event were mainly in line with the expectation. In Denmark, with its protective welfare state, a longer-term poverty risk after job loss is largely avoided. Conversely, the United Kingdom and Spain are characterised by especially high rates of people with a remaining increased poverty risk in the five years after job loss. This is in line with H2.

Next to a short and longer-term poverty immediately after the event, also a relatively small but clearly differentiated cluster of late poverty entrants was found. Further investigation showed that this cluster cannot easily be characterised in terms of gender, education level or social class. Yet, we find that late poverty entry group is often affected by consecutive life events, happening at the same time or shortly after the initial risky life event. Late poverty entry occurs both after fast re-employment and a second job loss as well as for the long-term unemployed. The latter group faces a late poverty entry risk after the level of income protection, provided by the welfare state, diminishes after a few years.

In the last part of the paper, social determinants were linked to the poverty trajectories as covariates. The hypothesis was formulated that short-term poverty after experiencing one of the risky life events would be less structured by social stratification determinants, compared with longer-term poverty (see H3). The results have indeed
given some indication that the transient poverty risk is less structured by gender, educational and social class inequality than the longer-term poverty risk. Although a firm conclusion cannot be drawn because of overlapping confidence intervals, but the relative risk ratio’s associated with the longer-term poverty risk were larger than those of the transient poverty group. More clearly, though, we find that gender, education and social class inequalities are statistically significant for both the transient and longer-term poverty group. This means that even if the importance of risky life events for poverty entry is undisputed, this does not imply that poverty has become more widespread in society. Individuals in the highest social strata of the different European countries under study avoid both transient and longer-term poverty risks in their life course.

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Biography:

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