



COMMISSION OF THE EUROPEAN COMMUNITIES

The Social Situation in the European Union 2008

New Insights into Social Inclusion



European Commission

Directorate-General for Employment, Social Affairs and Equal Opportunities – Unit E.1

Eurostat – Unit F.3

Manuscript completed in May 2009

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Luxembourg: Office for Official Publications of the European Communities, 2009

ISBN
DOI

Printed in Belgium

PRINTED ON WHITE CHLORINE-FREE PAPER

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PART 1 – NEW INSIGHTS INTO SOCIAL INCLUSION

1. INTRODUCTION AND SUMMARY

The Commission has a duty to monitor social progress in the EU.

Article 143 of the Treaty establishing the European Community requires the European Commission to report every year on the progress that is being made in achieving the EU's fundamental social objectives as spelled out in article 136, namely to promote employment, better living and working conditions, the dialogue between management and labour, the development of human resources and to combat social exclusion. In addition, the Commission is invited to monitor the demographic situation.

The Social Situation Report presents a synthetic overview through 17 statistical portraits.

This *Social Situation Report*, as did the previous editions, presents key indicators in 17 statistical portraits that address a range of social policy concerns for the European Union: population; education and training; labour market; social protection; income, social inclusion and living conditions; gender equality and health and safety. Sixteen of the chosen twenty-five key indicators presented in the portraits are among the Structural Indicators which are used in order to monitor the progress towards the agreed targets based on the Lisbon Strategy for growth and jobs.

In-depth social monitoring takes place through a number of annual and biennial reports.

However, the monitoring of social issues and progress towards the EU's social policy objectives is a complex undertaking. It could not be done in this report alone. There are various specific reports which examine the areas covered by the statistical portraits in much more depth. These include notably

- the annual *Employment in Europe* reports and the joint employment reports by the Commission and the Council;
- the biennial demography reports;
- the annual reports on equality between women and men;
- the biennial reports on Industrial Relations in Europe;
- and the annual joint reports on social protection and social inclusion.

A major review of key social indicators agreed within the context of the Open Method of Coordination on social protection and social inclusion has been carried out in 2008¹. Together, these reports constitute a comprehensive tool for monitoring the social situation and social policies in the Member States of the EU.

¹ See Commission Staff Working Document *Monitoring progress towards the objectives of the European Strategy for Social Protection and Social Inclusion* of 6 October 2008, http://ec.europa.eu/employment_social/spsi/joint_reports_en.htm

This Social Situation Report contributes to a better understanding of specific issues related to social inclusion.

This year's Social Situation Report has a specific focus on two aspects which are related to social inclusion and notably the concept of active inclusion, which has been identified as a key policy issue in the Commission's Renewed Social Agenda². Building upon recent statistical data obtained through the Community Statistics on Income and Living Conditions (EU-SILC), it provides an insight into the extent to which people of working age receive benefits from various schemes, including social assistance. The other issue considered in this report is participation in various social activities, an aspect which the Committee of the Regions viewed as a central element of the active inclusion approach³. Thus, the 2008 *Social Situation Report* adds to the analysis on social inclusion issues presented in the 2007 Report⁴, which tried to identify more precisely which groups were most at risk of poverty⁵ in different Member States, how low incomes were related to poor living conditions and to what extent social disadvantages were transmitted from one generation to the next.

The focus is on the effectiveness of benefit systems in tackling poverty among working-age people and on the link between low incomes and social participation.

The 2008 *Social Situation Report* presents new evidence on those two issues related to social inclusion. A first chapter examines the role of benefit systems in tackling poverty among people of working age. It is an investigation into the effectiveness of benefit systems in helping those people who do not manage to earn enough income to stay above the at-risk-of-poverty threshold. The chapter is based on recent data from the EU-SILC and it examines in particular whether people who are affected by unemployment or low incomes do receive benefits. A second chapter exploits the result of a special module of EU-SILC which collected data on participation in social life and checks in particular whether people below the risk-of-poverty threshold are prevented from participating in social life to the same extent as people with higher incomes.

Receipt and take-up of benefits

More than two-thirds of people at risk of poverty are of prime working age and should therefore derive their income mainly from work.

Just over two-thirds of people at risk of poverty are either of prime working age (25-59) or under 25 years of age living in the same household as someone of prime working age. These households would normally be expected to derive an adequate income from employment – contrary to households of older people who would typically receive their income in the form of benefits paid by public and private pension schemes. This chapter of the Report focuses on the households of people of prime working age and aims at contributing to a better understanding of how benefit systems alleviate poverty in those cases where people are unable to derive an adequate income from employment. It provides some indications on possible weaknesses in social safety nets in the Member States, but these would have to be examined in much more detail through national studies.

² Commission communication *Renewed Social Agenda: Opportunities, Access and Solidarity*, COM(2008) 412 final of 2 July 2008.

³ However, the definition of active inclusion in the report, by the Committee of the Regions, differs somewhat from that used by the Commission. Income support, including social assistance, constitutes the first pillar of the comprehensive strategy put forward by the Commission to support the active inclusion of people excluded from the labour market with inclusive labour markets and quality services being the other two constituent pillars (see Commission Recommendation on the active inclusion of people excluded from the labour market, C(2008) 5737, published in the Official Journal L 307, 18.11.2008 p. 11 and COM (2008) 639.

⁴ <http://ec.europa.eu/social/main.jsp?catId=501&langId=en>

⁵ The at-risk-of-poverty rate is defined as the percentage of the population with an equivalised disposable income of less than 60 % of national median equivalised disposable income. "Equivalisation" of income means that income is adjusted to take account of household size and composition and thus make it comparable across different household types. For this, the so-called modified OECD equivalence scale is used, which assigns a weight of 1.0 to the first household member above 14, a weight of 0.5 to any subsequent household member above 14 and a weight of 0.3 to each household member below 14.

In some Member States, only a small proportion of those who had been unemployed received any benefits...

The chapter starts by checking to what extent people who were unemployed did actually receive benefits in 2005 (the latest income year for which EU-SILC data were available when this report was compiled). There are considerable differences across the Member States of the EU. In five Member States, fewer than one in four people aged 25-49 who had been unemployed for most of the year received an income benefit. Seven countries were at the other end of the spectrum, with more than 90 % of these people receiving benefits. The average for the EU as a whole was around six out of ten for people aged 25-49 and more than seven out of ten for people aged 50-59 (a proportion of whom already received old-age benefits).

... and in some cases these benefits appeared to be poorly targeted at those most in need.

These results reflect considerable differences in the design of benefit systems which, particularly in the Southern and Eastern Member States did not seem to reach many of those who were affected by spells of unemployment. Moreover, in the Southern countries with low coverage, the proportion of benefit recipients was higher among people above than below the risk-of-poverty threshold, which suggests that benefit systems not only fail to provide a comprehensive safety net, but that they are also not well targeted at those most in need.

In the Nordic countries, a significant proportion of fully employed households also received benefits.

The chapter pushes the analysis further by examining to what extent households composed of prime working age people received benefits depending on their employment status and income level. Typically, most households in which everyone of working age was employed during the entire year did not receive any benefits, even if their income was very low. However, in the Nordic countries, a significant proportion of fully employed households did receive benefits, suggesting that in-work benefits play an important role in complementing inadequate earnings from work.

Having a low disposable income does not automatically imply risk of poverty and benefit agencies take other resources of households into account.

In practice, the need for benefits is assessed by the benefit agencies not only on the basis of disposable income, but also takes into account other resources available to the members of a low income household. Another indication that can be used to examine the adequacy and effectiveness of benefit systems is, therefore, material deprivation. The chapter looks at material deprivation indicators, such as the ability to afford a car, a one-week holiday or to face unexpected costs, and compares the level of material deprivation between those people on low incomes who receive benefits and those who don't.

Low-income households not receiving benefits tend to experience slightly less material deprivation, suggesting that they are less in need of benefits.

The results show that, for the EU as a whole, people on low incomes who do not receive benefits experience less material deprivation than low-income people who do receive benefits. This suggests that welfare systems do manage to target benefits to some extent to those genuinely in need. However, in some Member States, the differences are small or it may even be the case that low-income people not in receipt of benefits suffer greater material deprivation than people who do receive benefits. This suggests that there are holes in the safety net and that benefits do not reach all those who are in need. Against the background of a severe downturn of economic growth in the EU economies as expected for 2009, this analysis provides a useful set of points to be checked about the effectiveness of those safety nets.

Not all people entitled to benefits claim them; full take-up could result in a slight reduction in risk of poverty rates.

Benefit systems may also become less effective if people who would be entitled to benefits do not claim them. The extent of benefit take-up cannot be examined on the basis of EU data. This chapter therefore looks at some national findings on benefit take-up which estimate that, for some benefits, only about one third of those entitled do actually claim them. It then presents some microsimulation results based on EUROMOD which show that full take-up of benefits could lift about 3 % of the population above the at-risk-of-poverty threshold in Poland and between 0.5 and 0.7 % in Sweden, France and the United Kingdom.

Social participation and social exclusion

A special module on social participation was carried out in 2006.

The 2006 wave of the Community Statistics on Income and Living Conditions contained a special module on social participation. The second chapter of this Report presents some key findings from this module and explores in particular the links between low incomes and participation in social life. Various dimensions of social participation are considered, some of which typically entail financial costs, others less so.

People below the risk-of-poverty threshold attend cultural and recreational events half as often as people above the threshold.

Not surprisingly, people on low incomes (below the at-risk-of-poverty threshold of 60 % of median equivalised disposable income), do not attend cultural or recreational events (going to the cinema, a live performance or sports event) and do not visit cultural sites as often as people with incomes above the poverty threshold. Indeed these activities have a cost and low incomes would thus act as a barrier. As a result, people at risk of poverty visit such events or sites about half as often as people above the poverty risk threshold. The frequency of participation is also linked, to some extent, to the average income level of a Member State. However, low incomes appear to be less of a barrier for young people (aged 16-24) than for middle-aged and older people. Moreover, the participation gap between people below and above the at-risk-of-poverty threshold differs considerably across countries, and in a few countries – Denmark and Sweden – people on low incomes do not appear to be excluded to a great extent from the events and activities under review.

Income below the risk-of-poverty threshold does not appear to deprive people from maintaining contacts with friends and relatives.

Another form of social participation considered in this chapter are contacts with relatives and friends. Here, incomes below the risk-of-poverty threshold certainly do not appear to be an obstacle to meeting relatives and friends not living in the same households. Particularly older people on low incomes tend to meet relatives and friends more frequently than older people with higher incomes. However, low-income people do seem to find it somewhat more difficult than people on higher incomes to stay in touch with friends and relatives by telephone or writing. Thus, from this angle, the risk of poverty assessed on the basis of equivalised disposable income is not a strong indication of more general social isolation.

The vast majority of Europeans, even those below the risk of poverty threshold, report that they can ask relatives, friends or neighbours for help.

An interesting result of the module is that, except in one Member State, the vast majority of Europeans reported that they can ask relatives, friends or neighbours for help. The proportion of people who feel that they can rely on help from others is slightly higher for people with income above the risk-of-poverty threshold, but even for those below it still exceeds 80 % for the EU as a whole as well as in most Member States.

Only a small proportion of Europeans participate in political, professional, religious, recreational or voluntary organisations. Low incomes do appear to be an obstacle.

Participation in group activities such as political parties, trade unions, professional associations, churches and religious groups, recreational or voluntary organisations is generally low and exceeds 10 % only in the case of recreational and church/religious activities. Whereas for church and religious activities a higher level of participation can be observed for low-income people than for people above the risk-of-poverty threshold, the reverse is true for recreational activities. Middle-aged men and women with income above the threshold are almost twice as active in recreational group activities as people below the risk-of-poverty threshold. The participation gap between people below and above the threshold is smaller for older women and younger people in particular.

A wider social network goes with higher earnings, but the direction of causality remains unclear.

Finally, this chapter presents the results of an econometric investigation that tried to establish whether there is a link between social participation and earnings. Having a wide social network may increase an individual's opportunities to find a good job and to progress in it. On the other hand, being well paid also means that one can afford to participate in a wider range of group activities, which typically entail costs. The econometric analysis does indeed find a positive correlation between participation in group activities – and hence wider social connections – and earnings. However, it is not possible to ascertain whether this statistical link also reflects a causal link, or to establish the direction of such a causal link.

Active inclusion requires financial help as well as personalised support

To sum up, these findings tend to confirm the relevance of disposable income as a synthetic indicator for social inclusiveness of European societies. People with income below the at-risk-of-poverty threshold of 60 % of median equivalised disposable income as used in the Open Method of Coordination on social protection and social inclusion do find it more difficult to engage in the social and cultural life and participate in group activities. Although people with low incomes can rely on strong networks of relatives, friends and neighbours for help in need and social contacts, their more restricted access to wider networks could mean that they have less access to employment opportunities in particular. This tends to confirm the importance of personalised support through adequate active labour market policies and access to basic services for those most excluded from work.

2. RECEIPT AND TAKE-UP OF BENEFITS

This chapter aims to contribute to a better understanding of how effective benefit systems are in alleviating poverty. It starts by checking the extent to which people who were unemployed actually received benefits in 2005 (which is for most countries the latest income reference year for which EU-SILC data were available when this report was compiled). There are considerable differences across the Member States of the EU. In five Member States, fewer than one in four people aged 25-49 who had been unemployed for most of the year received an income benefit. Seven countries were at the other end of the spectrum, with more than 90 % of these people receiving benefits. The average for the EU as a whole was around six out of ten. These results reflect considerable differences in the design of benefit systems which, particularly in the Southern and Eastern Member States did not seem to reach many of those who were affected by spells of unemployment. Moreover, in the Southern countries with low coverage, the proportion of benefit recipients was higher among people above than below the at-risk-of-poverty threshold, which suggests that benefit systems not only fail to provide a comprehensive safety net, but that they are also not well targeted at those most in need.

The chapter pushes the analysis further by examining the receipt of benefits by the households of people of prime working-age in relation to their employment status and income level. Typically, most households in which everyone of working age was employed during the entire year do not receive any benefits, even if their income is very low. However, in the Nordic countries, a significant proportion of fully employed households do receive benefits, suggesting that in-work benefits (of whatever form) play an important role.

The need for benefits is assessed not only on the basis of disposable income, but may take into account other resources available to the members of a low income household. This reflects the fact that annual income as such is not always a good measure of purchasing power. Another indication that can be used to examine the adequacy and effectiveness of benefit systems is therefore in terms of material deprivation. The chapter looks at material deprivation indicators, such as the ability to afford a car, a one-week holiday or to face unexpected costs, and compares the level of material deprivation between those people on low incomes who receive benefits and those who don't. The results show that, for the EU as a whole, people on low incomes who do not receive benefits experience less material deprivation than low-income people who do receive benefits. This seems to confirm, as indicated above, that annual disposable income is not necessarily a good measure of purchasing power and suggests that welfare systems may be justified in not targeting solely on the basis of low income. However, in some Member States, the differences are small or it may even be the case that low-income people not in receipt of benefits suffer greater material deprivation than people who do receive benefits. This suggests that there are holes in the safety net and that benefits do not reach all those who are in need.

Benefit systems may also become less effective if people who are entitled to benefits do not claim them. The extent to which this is the case cannot be examined on the basis of EU-level data. This chapter therefore looks at some national findings on benefit take-up which estimate that, for some benefits, only about one third of those entitled do actually claim them. It then presents some microsimulation results based on EUROMOD which show that full take-up of benefits could lift about 3 % of the population above the poverty risk threshold in Poland and between 0.5 and 0.7 % in Sweden, France and the United Kingdom.

In all Member States, the social protection system is intended to prevent people from falling into poverty and to provide income support in times of need. This aim, in practice, is incorporated in the social welfare system in very different ways in different countries, with a varying degree of focus on ensuring universal coverage. In addition, the definition of what constitutes a minimal acceptable level of income varies markedly between Member States, in large part in line with the overall level of income in the country. Accordingly, the effectiveness of different systems in achieving the objective of poverty alleviation would need to be assessed in terms of the specific way in which this is defined in the different countries concerned⁶.

⁶ The way that minimum income levels are defined in Member States in minimum income guarantee systems is in many cases not straightforward to interpret and to compare with actual income levels as indicated by household surveys. This is essentially because such levels tend to vary according to family circumstances, accumulated savings and other factors, so that there is rarely a unique level which represents the minimum. Assessing the extent to which incomes in practice fall below minimum levels is a research project in itself and is beyond the scope of the present analysis.

At the same time, all Member States have accepted that the proportion of the population with low levels of disposable income in relation to the national median is a meaningful measure of relative poverty and a primary indicator of the risk of social exclusion. The level of income below which people are considered as being at risk of poverty is conventionally set in the EU⁷ at 60 % of the national median equivalised disposable income. This translates into markedly different amounts across countries in terms of both money income and purchasing power, or the goods and services it is capable of buying. Member States have, accordingly, committed themselves to monitoring this indicator with the aim of reducing the proportion concerned. Although, therefore, the relative poverty rate as measured may not be the most appropriate means of assessing the success of different national systems in alleviating poverty and social exclusion as these are seen in particular countries, it still provides a useful guide to the effectiveness of policy in different countries.

The aim here is fourfold. It is, first, to examine the extent to which those at apparent risk of poverty, focusing in particular on those who are unemployed, are in receipt of benefit in different Member States according to the EU-SILC for the latest available year (2006) – or more, specifically, those who were unemployed for a time during the preceding year (2005 for most countries⁸) and received benefit.

Secondly, it is to investigate the circumstances of those whose income, measured in equivalised terms, falls below the 60 % threshold relative to the national median. To do this, the people concerned are divided into three groups in terms of their income in 2005 (i.e. the year for which income details were collected in the 2006 survey wave, see also note to table 1 below) – those with income between 50 % and 60 % of the median; those with income between 40 % and 50 % and those with income below this level⁹. For each group, the main concern is to see to what extent the people in question were in receipt of benefit¹⁰ at all. If they were, then the amount received was demonstrably insufficient to bring their income above the particular line set as a threshold. If they were not, then they were either not eligible for support or they were eligible and did not claim the support owing to them for whatever reason.

Thirdly, while it is not possible from the information available to distinguish clearly between the latter two alternatives, it is possible to gain an insight into the financial circumstances of those involved by examining to what extent they are able to afford particular items of expenditure which most people in society are able to buy and whether or not they have financial problems. This at least should give an indication of the extent to which the people concerned are materially deprived and, accordingly, in need of support, which, in turn, should indicate how far the social welfare system in the country in question is failing to protect people from social exclusion for whatever reason – whether because there are gaps in coverage or because of the inability, unwillingness or lack of awareness of people to claim the support they are entitled to. By the same token, it also gives an indication of the extent to which income in a given year is an unreliable measure of purchasing power and, therefore, of the risk of poverty and deprivation.

The final aim is, fourthly, to examine the evidence on the non-take-up of benefit in the countries for which information on this exists – i.e. on the basis of studies which have been carried out in recent years on this. The concern here is to assess the relative number not claiming benefit and to explore how important the fact of them not claiming is in explaining the number of people recorded as being at risk of poverty. Non-take-up, of course, is a problem only for means-tested benefits, the receipt of which depends on individuals demonstrating that their income and other assets are low enough to qualify them for support. Since, however, in a number of countries, there is reliance on means-tested benefits to ensure that people do not fall below a minimum level in terms of their income and living standards, the take up of benefit is of critical importance in ensuring that the social protection system achieves what it is intended to in this regard.

The aim is to try to assess whether those not claiming the support they qualify for are likely to be above or below the at-risk-of-poverty threshold in terms of their income. The evidence available rarely gives an indication of this, but it is clearly key to any assessment of the effectiveness of the system concerned in reducing the numbers at risk of poverty.

The focus as far as possible is on those aged 25-59 in order to avoid – or at least minimise – the complication in the upper age ranges of retirement pensions, which might come from either public or private schemes or

⁷ The EU refers throughout to the 24 EU Member States for which microdata are available from the 2006 EU-SILC, i.e. the 27 countries excluding Bulgaria and Romania, which were not covered by the 2006 survey and Malta for which no microdata are available in the User's Database.

⁸ For all countries but IE (moving income reference period 2005-2006) and the UK (income reference period 2006) the relevant income and labour market status information in the EU-SILC 2006 wave refers to 2005. Household composition and most other characteristics refer to the time of the survey.

⁹ More specifically, this means that they lived in a household whose income, including transfers and excluding taxes and equivalised to adjust for differences in household size and composition, fell into one of the broad ranges being examined.

¹⁰ All benefits are taken into account, including those paid at the household level, apart from family benefits and housing allowances.

both, and the particular rules governing the payment of these, and, in the lower age ranges of young people below 25, the rules applying to those who might be living at home or students (the latter are included to the extent that they live in households with those aged 25-59 in the later sections of the analysis).

2.1. Payment of benefit to those at risk of poverty

The first issue addressed is the extent to which social protection systems in different countries provide income support to individuals at risk because they are unemployed and so no longer have earnings from employment, which is one of the primary functions of social protection systems. The EU-SILC gives an indication of this by including information on both social benefits received and whether or not individuals were unemployed¹¹ during the preceding year and if so for how many months. Although it is not possible to link the two pieces of information – to know whether those who were unemployed received benefit *because* they were unemployed rather than for some other reason – the two together at least give a maximum estimate of the proportion of the unemployed for various lengths of time who received benefit.

In order to take account of differences between countries in the form of support provided, the receipt of benefit is not confined to those benefits which are labelled to be for 'unemployment' but covers all social transfers except family and child benefits, which in most countries are payable to everyone with children irrespective of their employment status (though the amount paid might be larger if someone is unemployed).

The information collected by the EU-SILC in 2006 indicates that just over half (53 %) of those aged 25-49 in the EU who reported being unemployed for between one and three months during the previous year also reported receiving unemployment benefit, while a further 7 % received another form of benefit, either sickness or disability benefit or an income maintenance benefit of some kind or both. Some 60 % of those concerned, therefore, received at least one benefit during the year and some of these received two or more (Table 1).

Among those unemployed for 4 to 6 months 71 % received some form of benefit, but this still meant that a significant proportion did not. Only 58 % of those unemployed for 7 to 12 months received benefit, leaving over 40 % of those who had been unemployed for more than half the year not in receipt of any benefit at all.

The proportion receiving benefit varies markedly across countries. For those reporting up to 3 months of unemployment, the relative number receiving benefit of some kind ranged from over 90 % in Germany, Austria, the Netherlands and Finland to a third or less in Estonia, Greece, Italy, the United Kingdom and Lithuania. Similarly, the proportion of those unemployed for 4 to 6 months receiving benefit was over 90 % in the former group of countries plus Denmark, while it was under half in the latter group (except for Italy) plus Latvia, Poland and Portugal.

Moreover, whereas in a majority of countries more than 70 % of those unemployed for 7 to 12 months during 2005 were in receipt of benefits, it was under a quarter in the three Baltic States, Greece and Italy and only just over a quarter in Poland and Cyprus. In these countries, therefore, the large majority of those unemployed for more than half the year did not receive any benefit.

¹¹ Whether or not an individual was unemployed during the previous year refers to their own self-assessment which may differ from the criteria applied by Member States when determining eligibility to unemployment benefit or other forms of income support.

Table 1: Spells of unemployment of those aged 25-49 and receipt of benefit

	Unemployment benefits			Sickness/Disability benefits			Social exclusion not elsewhere classified			At least 1 of the 3 benefits		
	<i>Number of months spent unemployed</i>											
	1-3	4-6	7-12	1-3	4-6	7-12	1-3	4-6	7-12	1-3	4-6	7-12
BE	88	89	94	2	6	4	3	1	2	88	90	95
CZ	72	82	30	23	22	10	9	15	41	83	89	69
DK	76	95	86	48	53	37	.	.	.	85	98	93
DE	92	91	85	7	7	1	12	24	38	94	96	92
EE	19	31	12	18	10	6	.	.	2	33	36	18
IE	44	(47)	63	9	(8)	7	2	(5)	26	51	(50)	77
EL	27	45	12	.	.	1	4	6	8	29	49	18
ES	55	60	31	4	3	3	2	1	2	57	62	34
FR	65	72	66	15	7	7	12	15	31	75	81	90
IT	27	64	18	4	1	4	2	0	1	31	64	22
CY	53	69	24	2	3	3	.	2	2	54	71	28
LV	25	40	17	19	1	4	0	11	6	41	49	24
LT	11	14	8	1	8	3	8	4	11	19	26	21
LU	61	49	51	0	1	4	11	20	29	67	68	75
HU	70	68	68	11	12	1	3	10	13	72	74	72
NL	80	66	32	15	25	20	15	37	64	93	98	96
AT	95	97	88	5	13	8	5	4	8	95	97	91
PL	30	31	10	4	4	1	8	15	18	38	43	26
PT	38	39	44	13	.	1	1	.	6	46	39	50
SI	25	29	26	10	10	6	47	50	57	69	69	70
SK	48	44	17	5	9	6	10	19	43	55	61	57
FI	89	92	95	14	11	13	19	22	47	92	96	97
SE	53	60	46	26	25	22	9	15	23	73	79	70
UK	14	32	45	6	10	11	14	21	32	29	56	71
EU	53	64	45	8	7	4	8	13	21	60	71	58

Note: Survey year 2006. Income reference period 2005 for all countries except IE (moving income reference period 2005-2006) and UK (2006). Labour market status information relates to the income reference period. Data for PT are provisional. EU aggregates population size-weighted and are computed without MT (not available in the UDB) and BG and RO (no EU-SILC data for 2006). '.' data not shown due to less than 20 observations. Data in brackets are uncertain due to small sample size, i.e. between 20 and 50 observations. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

Much the same pattern emerges for those aged 50 to 59, although the figures are generally only conclusive for those unemployed for more than half the year. Some of those aged 50 to 59 were in receipt of old-age pensions, especially in the Netherlands, presumably because of taking early retirement, while a larger number received sickness or disability benefit, again in the Netherlands but also in the Czech Republic and the three Nordic countries (Table 2).

Table 2: Spells of unemployment of those aged 50-59 and receipt of benefit

	Unemployment benefits			Sickness/Disability benefits			Social exclusion not elsewhere classified			Old-age benefits			At least 1 of the 4 benefits		
	<i>Number of months spent unemployed</i>														
	1-3	4-6	7-12	1-3	4-6	7-12	1-3	4-6	7-12	1-3	4-6	7-12	1-3	4-6	7-12
BE	.	.	97	.	.	3	.	.	1	.	.	0	.	.	98
CZ	(77)	(89)	39	(33)	(20)	29	(15)	(16)	30	(12)	(5)	3	(89)	(94)	79
DK	.	.	90	.	.	24	.	.	.	.	.	.	.	.	100
DE	98	99	83	7	6	3	11	14	26	.	3	0	98	99	90
EE	(29)	(36)	14	(16)	(12)	6	.	(1)	4	(4)	(0)	5	(49)	(42)	27
IE	(65)	(72)	69	(12)	.	7	(1)	(5)	15	(10)	(8)	4	(82)	(75)	81
EL	(41)	(78)	20	.	.	7	(2)	.	5	.	.	0	(41)	(78)	33
ES	(73)	67	39	(16)	3	4	.	.	2	(0)	.	0	(85)	67	44
FR	(87)	(72)	76	(12)	(12)	7	.	(1)	19	(4)	(13)	1	(91)	(82)	88
IT	21	58	25	5	8	6	2	2	3	8	4	1	35	65	33
CY	(66)	78	(50)	(11)	6	(10)	.	.	.	.	2	(4)	(73)	81	(54)
LV	.	(34)	10	.	(17)	2	.	(7)	9	.	.	1	.	(42)	20
LT	.	(12)	19	.	(16)	2	.	(17)	6	.	(2)	1	.	(37)	28
LU	.	.	(78)	.	.	(6)	.	.	(19)	.	.	(5)	.	.	(94)
HU	(76)	(81)	69	(19)	(9)	8	(9)	(2)	14	(3)	(5)	2	(83)	(81)	75
NL	(54)	(69)	41	(27)	(25)	20	(25)	(11)	51	(22)	(15)	18	(98)	(97)	96
AT	(89)	(98)	94	(31)	(21)	16	.	(9)	8	(7)	.	1	(96)	(98)	96
PL	(41)	37	18	(19)	10	2	(7)	12	22	(1)	6	0	(60)	52	41
PT	47	.	73	9	.	3	.	.	4	11	.	4	47	.	76
SI	45	39	59	21	11	14	48	29	35	9	6	4	85	65	82
SK	(60)	(29)	18	(21)	(21)	10	(10)	(23)	44	(12)	(12)	3	(73)	(54)	63
FI	87	88	96	29	13	17	16	18	26	4	2	1	91	94	99
SE	(40)	.	55	(28)	.	37	(2)	.	8	.	.	9	(60)	.	80
UK	(10)	(16)	(44)	(4)	(12)	(5)	(14)	(32)	(15)	(18)	(3)	(6)	(43)	(49)	(64)
EU	57	69	60	13	10	7	7	10	19	6	5	2	70	77	73

See also note to table 1. ' . ' data not shown due few observations. Data in brackets uncertain due to small sample size. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

Again two-thirds or more of those reporting being unemployed for more than half of 2005 received no social benefit at all during the year in the three Baltic states, Greece and Italy, while in Poland the figure was almost 60 % and in Spain over 55 %. In addition, in the United Kingdom, less than half of those unemployed for 6 months of the year or less were paid any form of benefit.

The analysis can be extended further by, first, examining the income of those who were unemployed for at least one month during the year, to see to what extent they were at risk of poverty and, secondly, to see whether they were in receipt of benefit or not. In the EU as a whole, therefore, just over a third of those aged 25-49 who were unemployed during the year had income of less than 60 % of the national median equivalised disposable income in the same year, with some 13 % having income below 40 % of the median (see Table 3). The division between income groups is virtually identical for those aged 50-59, with, again, 34 % having an income below 60 % of the median.

Table 3: Division of the unemployed* aged 25-49 by income relative to the median

	<i>% total unemployed</i>			
	Income** relative to the median***			
	< 40%	≥40% and <50%	≥50% and <60%	≥60%
BE	7	14	17	62
CZ	15	12	11	62
DK	4	3	11	82
DE	10	11	13	67
EE	25	12	10	52
IE	7	9	16	68
EL	11	5	10	74
ES	14	6	9	71
FR	5	8	12	75
IT	20	8	9	64
CY	6	5	8	81
LV	33	14	6	47
LT	35	11	8	46
LU	13	17	18	52
HU	19	13	12	56
NL	2	7	19	72
AT	9	9	10	72
PL	19	10	12	58
PT	11	6	11	73
SI	9	9	11	70
SK	15	8	11	66
FI	4	8	16	72
SE	10	7	9	74
UK	23	17	12	48
EU	13	9	11	66

* Unemployed for at least one month during 2005

** Equivalised disposable income

*** National median equivalised disposable income

See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

The proportion of the unemployed with income below 60 % of the national median (after the receipt of benefits) varies markedly between countries. In Latvia, Lithuania and the United Kingdom, over half of the unemployed (52-53 % in each case) had income below this level in 2005, while in Estonia and Luxembourg, it is almost half. In Latvia and Lithuania, around a third of the unemployed had very low incomes of below 40 % of the median, and in Estonia and the United Kingdom around a quarter. Elsewhere, around 20 % of the unemployed had income this low in Italy, Hungary and Poland and around 15 % in the Czech Republic, Slovakia and Spain.

By contrast, over 80 % of the unemployed had income above 60 % of the national median in Denmark and Cyprus and around three quarters in Greece, France and Sweden; in Cyprus and Greece this was the case despite a large proportion of the unemployed not being in receipt of benefit¹².

The proportion of the unemployed receiving benefits was similar at the EU level for those with income below 60 % of the national median – 57 % on average (i.e. taking all the unemployed with income below this level) – as for those above – 59 % (Table 4 – benefit again covers all benefits apart from family and child benefits). The proportion receiving benefit, however, was smaller for those with income below 40 % of the national median – only 46 % of the total concerned (again income is defined to include benefits).

¹²

In Cyprus, where the receipt of benefit varies considerably according to the number of months of unemployment, over 30% of the unemployed were out of work for over half the year and only 28% of these received benefits.

Table 4: Receipt of benefit by the unemployed* aged 25-49 by income relative to the median

	% receiving benefit			
	Income** relative to the median***			
	< 40%	≥40% and <50%	≥50% and <60%	≥60%
BE	(98)	91	98	92
CZ	67	(71)	69	71
DK	.	.	.	86
DE	91	99	95	91
EE	11	18	(14)	23
IE	(57)	(67)	63	59
EL	18	(23)	22	30
ES	28	31	26	46
FR	(92)	87	82	82
IT	15	27	26	31
CY	(16)	25	(47)	56
LV	19	18	(31)	34
LT	18	27	(29)	14
LU	67	64	72	72
HU	72	85	77	67
NL	.	.	(98)	91
AT	(85)	(97)	(89)	95
PL	43	40	34	23
PT	35	(39)	(23)	50
SI	71	64	65	68
SK	82	61	51	46
FI	(83)	97	97	94
SE	(32)	(74)	(71)	66
UK	46	(69)	(87)	31
EU	46	65	63	59

* Unemployed for at least one month during 2005

** Equivalised disposable income

*** National median equivalised disposable income

See also note to table 1. '.' data not shown due few observations.

Data in brackets uncertain due to small sample size

Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

These proportions vary greatly across countries. They are particularly high, around 90 % or more, for all or some of the income groups in Belgium, Germany and Finland. In all of these countries, the unemployment insurance system covers everyone, or nearly everyone.

At the other extreme, only a minority of the unemployed received benefit, irrespective of their income level, in the three Baltic States and Poland as well as in the Southern countries. This is also the case at some levels of income in the United Kingdom, where the effect of the means-tested system is particularly visible: comparatively few of those with income above 60 % of the median equivalised disposable income were in receipt of benefit. At the same time, more than half of the unemployed with income below 40 % of the median were not in receipt of benefits, despite the existence of a wide-ranging income support scheme. More generally, in 8 Member States, less than half the unemployed with this level of income received any benefit.

2.2. Receipt of benefit by those aged 25-59 at risk of poverty

In this section, the focus of the analysis is on all those with income below the at-risk-of-poverty threshold in the age group 25-59 and their dependents and the extent to which they are in receipt of benefits (see Box for a description of the coverage). The above analysis considered how many of the unemployed were in receipt of benefits in 2006 (income reference period 2005 for most countries). The focus here is again on those aged 25-59, but in this case irrespective of whether they were unemployed or not. The household circumstances are taken into account by considering the number of people in the household who are in work and who, therefore, are a source of income from employment.

Population covered in the analysis

The analysis here covers all people aged 25-59 and, implicitly their dependents, or those living in the same household who by definition have the same level of equivalised disposable income. In most cases, those aged 25-59 will be the main source of income in the household, though their income may be boosted by pensions in cases where they share the household with people in retirement or by family benefits in cases where they have children, as well as by any earnings from employment of people aged 60 and over or under 25 living with them.

Table 5 gives an approximate indication of the proportion of the population effectively covered by the analysis for each broad income group by summing the total population aged 25-59 and those aged under 25 living in the same household as someone of this age. The figures in the table understate the actual proportion effectively covered since they exclude those aged 60 and over living in the same household as someone aged 25-59. Those not covered by the analysis, therefore, are those aged 16-24 living outside the family home and those aged 60 and over living by themselves or with someone of the same age (or in a very few cases, with someone aged under 25). These make up a minority of the population, in many cases a small minority, in all income groups in most Member States. The main exception is in Cyprus where the risk of poverty of the elderly population is particularly high.

The people considered here – i.e. 25-59 year olds together with their children and others living with them – make up the great majority of the population in all EU Member States and in a number of countries, the new Member States, in particular, nearly all of those with low levels of income (Table 5).

In the EU as whole, therefore, this section of the population made up 77 % of the total with an equivalised disposable income more than 60 % of the median equivalised disposable income in and 76 % of the total with income under 40 % of the median, though only for around 70 % of those with income in between. In the three Baltic States and Hungary as well as Luxembourg, they made up some 84-88 % or more of those with income under 40 % of the median, and in the Czech Republic, Poland and Slovakia 94-95 %. In these countries, therefore, it is people of working age and their dependents who are most affected by very low levels of income. In Denmark and Finland, however, this group made up only 55 % of those with income of under 40 % of the median (and a similar proportion of those with income of 40-60 % of the median), and in Cyprus just 50 %. Accordingly, in these countries, those on low incomes are disproportionately people aged 60 and over.

Table 5: Population aged 25-59 and young people under 25 living in the same household as someone aged 25-59 as a percentage of the total population per income group

	<i>% total population</i>			
	Income* relative to the national median**			
	< 40%	≥40% and <50%	≥50% and <60%	≥60%
BE	72	62	65	80
CZ	96	91	80	79
DK	55	62	51	77
DE	68	74	66	74
EE	84	71	52	77
IE	78	83	66	84
EL	75	63	68	76
ES	76	59	66	80
FR	62	68	70	76
IT	82	68	68	75
CY	50	43	62	89
LV	86	64	57	79
LT	87	74	66	78
LU	87	87	87	80
HU	88	86	82	77
NL	77	68	75	79
AT	77	76	64	77
PL	95	90	87	79
PT	74	68	64	79
SI	71	63	66	81
SK	94	84	84	81
FI	55	52	54	77
SE	63	61	64	75
UK	67	66	64	78
EU	76	70	69	77

* *Equivalised disposable income*

** *National median equivalised disposable income*

See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

In 2006, some 84 % of those aged 25-59 and their dependents in the EU as a whole had income of over 60 % of the national median. The risk of poverty (i.e. having an equivalised disposable income of less than 60 % of the national median), therefore, affected 16 % of this section of the population. Around a third of these (5.4 % of the total) had income of below 40 % of the median (Table 6).

The at-risk-of-poverty rate among this group ranged from 23 % in Latvia and around 20 % in Greece, Spain, Italy and Lithuania, with the rate in Poland and the United Kingdom being only slightly lower to just under 12 % in Denmark, Slovenia and Slovakia and just 10 % in the Czech Republic and the Netherlands. At the same time, some 8-9 % of this group had very low income of under 40 % of the median in Greece, Latvia and Lithuania and 7-8 % in Spain, Italy and Poland (though not the United Kingdom), while the figure was only just over 2 % in the Czech Republic and Finland and just over 3 % in France, Austria, Luxembourg and the Netherlands.

Table 6: Division of those aged 25-59 and young people under 25 living with them by income bracket

	% total aged 25-59 and dependents			
	Income* relative to the national median**			
	< 40%	≥40% and <50%	≥50% and <60%	≥60%
BE	3,3	4,9	6,5	85,3
CZ	2,3	2,6	4,9	90,2
DK	3,4	2,4	5,9	88,3
DE	4,1	3,2	5,4	87,3
EE	5,8	4,9	7,5	81,7
IE	3,4	5,7	9,4	81,5
EL	8,0	5,5	7,1	79,5
ES	7,6	5,4	6,8	80,3
FR	3,1	4,1	6,0	86,9
IT	7,5	5,1	7,1	80,4
CY	3,8	5,1	6,9	84,2
LV	9,0	6,7	7,5	76,9
LT	8,3	4,9	6,8	80,0
LU	3,2	4,8	6,0	86,0
HU	5,8	4,2	5,9	84,1
NL	3,2	1,9	4,9	90,1
AT	3,1	3,0	6,4	87,4
PL	7,4	4,9	6,8	80,9
PT	6,5	4,8	7,2	81,5
SI	2,9	3,7	5,1	88,3
SK	3,8	2,7	5,1	88,4
FI	2,1	3,3	7,2	87,5
SE	4,5	2,8	5,0	87,7
UK	6,3	5,6	7,3	80,8
EU	5,4	4,3	6,4	83,9

*Equivalised disposable income

** National median equivalised disposable income

See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

In most countries, a significant proportion of the people at risk of poverty lived in workless households – i.e. those in which no-one was in employment during 2005 (the income reference period in most countries, survey year 2006). In the EU as a whole, over 30 % of those with income below 60 % of the national median equivalised disposable income and some 35 % of those with income below 40 % of the median lived in households where no-one was in work over the year (Table 7¹³).

The latter figure was over 50 % in Belgium, Germany, Estonia and Ireland and almost 70 % in the Czech Republic. On the other hand, over 40 % of those with income below 40 % of the median equivalised disposable income in Denmark and Sweden lived in households where everyone was in work throughout the year (though not necessarily in full-time jobs) and over 30 % in the Netherlands, Finland and Luxembourg.

Moreover, in Denmark, the Netherlands and Sweden, around two-thirds or more lived in households where at least half the people of working age were in employment (or those living alone worked more than half the months during the previous year). This was also the case in Greece, while in Luxembourg and Portugal over 60 % of the people in this group lived in households where the work intensity was equal to or greater than 0.5, and in Spain this figure was just below 60 %. In most Member States, a significant majority of the people with income below 40 % of the median lived in households where either no-one worked during the year or someone worked for less than the full year (e.g. only one of the persons in a two-adult household was

¹³ The data in tables 7-11 are in some cases based on a relatively small number of observations, especially in the smaller Member States, and the small differences between figures are, therefore, not necessarily significant.

employed and then only for part of the year). In a number of Member States, however, people with income this low lived in households where either everyone worked or the work undertaken was equivalent to at least one person in a couple household working throughout the year.

In the EU as a whole, just under 5 % of all those aged 25-59 (together with their dependents) had both an equivalised disposable income below 60 % of the median and lived in workless households in 2005 (Table 8). At the same time, around 3 % of persons under the at-risk-of-poverty threshold lived in households where everyone was employed throughout the year and just under 9 % lived in households where the work intensity was 0.5 or more (i.e. where in most cases at least one of two adults was in employment).

Examination of the situation in different countries reveals that in a number of them there were more people with income below 60 % of the median equivalised disposable income living in households where everyone was working than living in workless households. This was the case, in particular, in Greece and Portugal as well as Latvia, where the overall risk of poverty was relatively high, but also in Luxembourg and Sweden, where it was relatively low. In all of these countries, the proportion of people with this level of income and living in households where everyone was in work was over 4 % – in Sweden 5 % and Latvia 6 %. The proportion was also over 5 % in the United Kingdom and close to 5 % in Lithuania. In all of these countries, therefore, having all the people in the household in employment throughout the year was not sufficient to raise income above the at-risk-of-poverty threshold. It should be emphasised, however, that many of the people concerned were in part-time work in Luxembourg, Sweden and the United Kingdom, but only to a limited extent in the other countries.

Table 7: Division of those aged 25-59 and those under 25 living with them by income bracket and work intensity of the household

	Equivalised disposable income relative to the national median disposable income															
	< 40%				≥40% and <50%				≥50% and <60%				≥60%			
	WI=0	0<WI<0.5	0.5≤WI<1	WI=1	WI=0	0<WI<0.5	0.5≤WI<1	WI=1	WI=0	0<WI<0.5	0.5≤WI<1	WI=1	WI=0	0<WI<0.5	0.5≤WI<1	WI=1
BE	55	10	12	23	61	15	15	8	52	18	18	13	6	6	30	58
CZ	69	15	10	6	43	15	32	10	23	16	45	16	3	4	39	53
DK	27	8	24	41	49	7	15	28	46	9	18	27	5	2	23	70
DE	51	8	23	19	49	17	19	16	39	11	30	19	6	5	40	49
EE	50	17	18	15	27	15	34	24	11	8	47	34	1	3	36	60
IE	51	18	14	17	57	12	21	10	28	19	38	15	3	5	46	46
EL	15	16	40	30	13	15	57	15	9	22	49	20	4	7	46	43
ES	21	21	44	14	14	13	56	17	9	15	62	15	2	7	46	45
FR	46	13	15	26	40	21	21	18	20	15	41	24	4	4	32	60
IT	34	20	40	7	15	27	46	12	13	18	58	11	5	9	42	44
CY	27	16	36	21	11	21	55	13	7	11	63	20	1	5	42	52
LV	35	18	32	15	13	10	51	26	11	12	36	41	1	4	36	59
LT	37	16	27	20	14	17	37	32	12	8	55	25	2	4	34	60
LU	13	25	31	32	11	11	62	15	10	7	42	41	3	3	39	55
HU	49	24	20	8	31	35	25	9	20	20	43	16	5	7	42	46
NL	13	6	45	36	40	2	46	12	44	10	31	14	6	3	32	58
AT	34	11	33	23	33	16	37	15	23	13	46	18	4	6	42	49
PL	25	26	27	21	24	25	36	15	15	26	41	18	6	10	42	41
PT	23	16	36	24	13	15	48	23	9	13	57	21	3	6	38	53
SI	43	18	31	7	28	24	32	17	21	20	44	15	3	7	36	54
SK	41	16	23	20	18	25	42	14	12	18	49	22	3	6	39	52
FI	30	15	23	33	34	27	20	19	40	18	26	16	4	4	38	54
SE	16	9	32	43	22	14	29	34	22	6	27	45	4	3	23	71
UK	42	7	23	28	44	6	24	26	41	5	26	28	6	2	21	71
EU	35	16	31	19	32	18	33	17	24	15	41	20	5	6	36	53

Note: WI=Work intensity, which is defined as the number of people of working-age in employment, weighted by the number of months each was in work in the previous year, relative to the total number of people of working age in the household. **WI=0** when no-one of working age in the household was employed during 2005. **WI<0.5** when less than half the people of working-age were employed or someone was employed for less than every month during the previous year (e.g. someone in a couple household where the other person was not in work. **0.5≤WI<1** when one person in a couple household is employed and the other is not or when two people of working age are employed in a 3-person household. **WI=1** when everyone of working age were employed every month during the previous year.

See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

Table 8: Relative numbers of people aged 25-59 plus those under 25 living with them by income bracket and work intensity of the household

% Total aged 25-59 plus those aged under 25 living with them

	Equivalent disposable income relative to national median equivalent disposable income															
	>40%				≥40% and <50%				≥50% and <60%				Total <60%			
	WI=0	0<WI<0.5	0.5≤WI<1	WI=1	WI=0	0<WI<0.5	0.5≤WI<1	WI=1	WI=0	0<WI<0.5	0.5≤WI<1	WI=1	WI=0	0<WI<0.5	0.5≤WI<1	WI=1
BE	1,8	0,3	0,4	0,8	3,0	0,7	0,7	0,4	3,4	1,1	1,2	0,8	8,2	2,2	2,3	2,0
CZ	1,6	0,3	0,2	0,1	1,1	0,4	0,9	0,3	1,1	0,8	2,2	0,8	3,9	1,5	3,3	1,2
DK	0,9	0,3	0,8	1,4	1,2	0,2	0,4	0,7	2,7	0,5	1,1	1,6	4,9	1,0	2,2	3,6
DE	2,1	0,3	0,9	0,8	1,5	0,5	0,6	0,5	2,1	0,6	1,6	1,0	5,8	1,5	3,2	2,3
EE	2,9	1,0	1,1	0,9	1,3	0,7	1,7	1,2	0,8	0,6	3,5	2,6	5,0	2,3	6,3	4,6
IE	1,7	0,6	0,5	0,6	3,3	0,7	1,2	0,6	2,7	1,8	3,5	1,4	7,6	3,1	5,2	2,6
EL	1,2	1,3	3,2	2,4	0,7	0,8	3,1	0,8	0,7	1,5	3,5	1,4	2,5	3,7	9,8	4,5
ES	1,6	1,6	3,3	1,1	0,8	0,7	3,0	0,9	0,6	1,0	4,2	1,0	2,9	3,3	10,5	3,0
FR	1,4	0,4	0,5	0,8	1,6	0,9	0,8	0,7	1,2	0,9	2,5	1,4	4,2	2,1	3,8	3,0
IT	2,5	1,5	3,0	0,5	0,8	1,4	2,3	0,6	0,9	1,3	4,1	0,8	4,2	4,1	9,4	1,9
CY	1,0	0,6	1,4	0,8	0,6	1,1	2,8	0,7	0,4	0,7	4,3	1,3	2,0	2,4	8,5	2,8
LV	3,2	1,6	2,9	1,3	0,9	0,7	3,4	1,7	0,8	0,9	2,7	3,1	4,9	3,2	8,9	6,1
LT	3,1	1,3	2,2	1,6	0,7	0,9	1,8	1,6	0,8	0,6	3,7	1,7	4,6	2,7	7,8	4,9
LU	0,4	0,8	1,0	1,0	0,6	0,6	3,0	0,7	0,6	0,4	2,5	2,5	1,6	1,8	6,5	4,2
HU	2,8	1,4	1,2	0,4	1,3	1,5	1,1	0,4	1,2	1,2	2,6	1,0	5,3	4,0	4,8	1,8
NL	0,4	0,2	1,4	1,1	0,7	0,0	0,9	0,2	2,1	0,5	1,5	0,7	3,3	0,8	3,8	2,0
AT	1,0	0,3	1,0	0,7	1,0	0,5	1,1	0,4	1,5	0,9	3,0	1,2	3,5	1,7	5,1	2,3
PL	1,9	2,0	2,0	1,5	1,2	1,2	1,7	0,7	1,0	1,8	2,8	1,2	4,1	4,9	6,6	3,5
PT	1,5	1,1	2,4	1,6	0,6	0,7	2,3	1,1	0,6	1,0	4,1	1,5	2,8	2,7	8,8	4,2
SI	1,3	0,5	0,9	0,2	1,0	0,9	1,2	0,6	1,1	1,0	2,3	0,8	3,4	2,4	4,3	1,6
SK	1,6	0,6	0,9	0,8	0,5	0,7	1,2	0,4	0,6	0,9	2,5	1,1	2,7	2,2	4,5	2,3
FI	0,6	0,3	0,5	0,7	1,1	0,9	0,7	0,6	2,9	1,3	1,9	1,2	4,6	2,5	3,0	2,5
SE	0,7	0,4	1,4	1,9	0,6	0,4	0,8	1,0	1,1	0,3	1,3	2,3	2,4	1,1	3,6	5,1
UK	2,6	0,5	1,5	1,7	2,5	0,4	1,4	1,5	3,0	0,4	1,9	2,0	8,1	1,2	4,7	5,2
EU	1,9	0,9	1,6	1,0	1,4	0,8	1,4	0,7	1,6	0,9	2,6	1,2	4,8	2,6	5,7	3,0

See also notes to table 1 and 7

Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

It is also the case that in these other countries, but especially in Greece and Portugal, the risk of poverty is particularly high in households where not everyone of working age is in employment, such as, in particular, two-person households where only one person is working (i.e. the work intensity index is 0.5 or higher but less than 1). This applies equally in Spain and Italy. In all four of these Southern Member States, therefore, around 9-10 % of the population group considered here with a work intensity of 0.5 to 1 were at risk of poverty (i.e. of having income below 60 % of the median), while the figure was only slightly less in Cyprus (as well as Latvia).

In all of these countries too – though less so in Italy than the others – only a relatively small proportion of those at risk of poverty lived in workless households. By contrast, in Belgium, Ireland and the United Kingdom, those living in workless households made up a substantial proportion of those at risk of poverty. In Belgium, more than half of those with equivalised disposable income below 60 % of the median lived in workless households (around 8 % of the population considered here). These differences across countries reflect the different social protection systems, with comparatively few of the unemployed, as noted above, receiving benefit in the southern Member States, so making it difficult for the unemployed to live alone or in households where no-one is earning income from employment. In Belgium, Ireland and the United Kingdom, on the other hand, a relatively large proportion of the unemployed receive benefit, but this in many cases is not enough to raise their income above the at-risk-of-poverty threshold.

Focusing on those with less than 40 % of the median equivalised disposable income – i.e. well below the threshold as conventionally defined – there is a similar pattern, in the sense that in the Southern countries a significant proportion of people with income this low live in households where not everyone of working age is in employment – typically only one of a couple. In Greece, Spain and Italy, the people concerned amounted to around 3 % or more of the total in this age group (including their dependents) in 2005 (in Italy, this means around 1.4 million people and in Spain, around 1 million). In Greece, moreover, some 2.4 % of those in this population group had an income this low and lived in households in which everyone was working, while in Portugal, the figure was 1.6 %.

The figure was similar in Sweden, at just under 2 %, as well as in the United Kingdom, Lithuania and Poland, while in Denmark it was only slightly lower. The underlying household circumstances, however, differed between these countries, in the sense that in Denmark, Sweden and the United Kingdom, the people concerned tended either to live alone or with someone who was in part-time work (it should be reiterated that the work intensity index makes no allowance for part-time working and treats this in the same way as full-time employment). In the other countries, the people tended to live in couple households where both of those concerned worked full-time, though often with relatively large families, so emphasising their low level of earnings.

In the United Kingdom, the relative number of people with income below 40 % of the median who lived in workless households was also comparatively high (2.6 % of the population group considered), as it was in Italy (2.5 %), Hungary (2.8 %) and the three Baltic States (around 3 % in each case).

The next stage is to examine the extent to which those identified as having low incomes and living in households of varying degrees of work intensity are in receipt of benefit. This shows that at the EU level, a relatively large proportion of those at risk of poverty and in work or living in households where someone else was in work were not in receipt of benefits. For those living in households where everyone of working age was in employment, just over 70 % of those with equivalised disposable income below 60 % of the median did not receive any benefits (Table 9). Accordingly, the proportion receiving benefits was not much higher than for those with income above this level (just under 30 % as opposed to 20 %).

Table 9: Division of those aged 25-59 and those under 25 living with them by income bracket, work intensity of household and receipt of benefit

	Equivalised disposable income relative to national median equivalised disposable income															
	< 40%				≥40% and <50%				≥50% and <60%				≥60%			
	WI=0	0<WI<0.5	0.5≤WI<1	WI=1	WI=0	0<WI<0.5	0.5≤WI<1	WI=1	WI=0	0<WI<0.5	0.5≤WI<1	WI=1	WI=0	0<WI<0.5	0.5≤WI<1	WI=1
BE	23	32	77	98	3	3	66	(94)	4	21	44	66	9	17	47	88
CZ	23	27	(87)	(78)	19	.	48	(88)	14	26	49	68	5	2	36	70
DK	(83)	.	(26)	64	(25)	25	(17)	58	23	(0)	23	26	12	11	23	63
DE	25	38	55	91	8	7	60	68	10	8	47	84	8	18	57	88
EE	51	45	64	76	20	47	73	72	17	48	47	65	14	21	48	67
IE	25	34	74	60	24	40	67	(42)	8	17	53	87	11	18	52	81
EL	45	68	78	85	21	41	74	71	21	46	73	78	15	31	69	90
ES	34	48	84	86	1	40	84	91	14	30	72	82	7	22	61	85
FR	9	7	33	31	4	25	58	64	2	16	64	74	4	12	43	83
IT	53	46	73	79	21	47	68	85	22	40	75	80	13	24	52	69
CY	29	(52)	91	68	35	40	70	50	21	43	78	85	37	43	64	92
LV	47	46	63	82	7	26	56	79	0	23	39	67	10	27	47	65
LT	40	55	74	81	2	21	88	87	7	(25)	62	88	12	17	60	82
LU	21	31	87	94	17	68	68	90	1	7	70	98	12	39	73	92
HU	31	24	69	80	9	7	53	65	12	10	53	81	5	6	37	70
NL	(84)	.	64	82	5	.	46	(60)	5	(12)	56	65	6	15	48	86
AT	38	(58)	76	96	12	12	48	64	12	14	64	88	10	12	45	86
PL	22	33	63	72	7	26	56	70	12	22	52	68	6	16	46	82
PT	31	46	94	90	8	16	73	73	15	28	66	88	5	19	50	87
SI	16	28	57	(72)	12	18	42	75	3	11	38	68	3	4	23	58
SK	3	44	40	34	3	20	52	92	6	21	66	83	0	11	37	79
FI	14	45	51	59	4	8	36	49	1	12	35	42	1	8	29	68
SE	51	(82)	71	57	5	(34)	42	39	5	(0)	26	39	8	14	25	40
UK	31	43	40	71	17	(20)	34	60	4	8	53	56	24	34	62	82
EU	32	41	68	74	11	27	62	70	9	23	62	71	11	19	51	80

See also notes to Table 1 and 7.

'.' data not shown due few observations. Data in brackets uncertain due to small sample size.

Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

Much the same is the case for those living in two-person households where only one person was working (or where the work intensity was more than 0.5 but less than 1), though for these, a larger proportion of people were receiving benefits if their income was above the poverty risk threshold than if it was below. This was especially the case for those with income of less than 40 % of the median, where under a third received benefits as opposed to around half of those with income above 60 % of the median equivalised disposable income.

In most countries, only a minority of people in fully employed households with income below 60 % of median received benefits. The main exceptions are the three Nordic countries, where most people living in fully employed or nearly fully employed households with income just below 60 % of the median received benefits. In these countries, many of those with income above the at-risk-of-poverty threshold also received benefits, despite living in households where everyone was in work. At the same time, a relatively small proportion of people with very low incomes (of below 40 % of the median equivalised disposable income) were in receipt of benefit in these countries – much less than half of those living in fully employed households. By contrast, in France and Slovakia around two-thirds of those in this situation did so, though the numbers involved were relatively small.

Most of those with income below the at-risk-of-poverty threshold living in workless households, or near workless households (with a work intensity index of less than 0.5) were in receipt of benefit in all or nearly all Member States. In the EU as a whole, around 90 % of those living in workless households with income between 40 % and 60 % of the national median equivalised disposable income received benefit, much the same proportion as for those with income above this level. For those living in such households with income below 40 % of the median, however, only around two-thirds were in receipt of benefits.

Fewer people living in workless households with income below 60 % of the median received benefits in Greece, Italy and Cyprus than was the case elsewhere (in each of these, the figure was under 80 % as compared with around 90 % or above elsewhere). The situation is somewhat different for those with income below 40 % of the median equivalised disposable income. For these, less than half of those living in workless households received benefit in Italy, Sweden and Estonia and just over half in Greece. At the same time, the relative numbers involved were small in Sweden (much less than 1 % of the population covered), whereas in Italy, Estonia and Latvia, they represented around 1.5 % of the total population considered here (people aged 25-59 plus their dependents) and over 1 % in Lithuania.

2.3. The non-receipt of benefits and material deprivation

The non-receipt – or non-payment – of benefits can be investigated further by considering the living conditions of those on low incomes, as indicated by the information collected by the EU-SILC, and how far they differ between those receiving benefits and those not receiving them. Such a comparison can potentially provide a guide to the relevance of income as a measure of purchasing power or living standards. It can also provide a guide to the possible reasons for the non-payment of benefits to those with low income, in the sense that in most means-tested systems explicit account is taken of overall financial resources, such as accumulated savings (assets are not covered by the EU-SILC), and not just income when assessing the entitlement of households to support. Purchasing power, as revealed by whether or not the people concerned can afford certain items or are in financial difficulty can, therefore, be regarded as a reflection of financial resources and, accordingly, of whether or not income support is called for to attain a reasonable standard of living as compared with others in society.

The focus is again on those aged 25-59 together with their dependents. It is also on those with the lowest levels of income – below 50 % of the national median equivalised disposable income – who ought to be most in need of income support. The people concerned are split into two groups, those with income above and below 40 % of the median, in order to examine how far deprivation and financial difficulties increase in different countries as income declines.

Looking first at those with income between 40 % and 50 % of the median equivalised disposable income in each country, most people with this level of income report living in households which can afford a telephone, TV and washing machine, irrespective of whether they received benefits or not, though the figures are much lower in some of the new Member States, especially Latvia and Lithuania, than in most of the other countries (Table 10). A substantial proportion in many countries, however, report not being able to afford a car or a meal with meat, chicken or fish (or the vegetarian equivalent) every other day and even more report not being able to afford one week's annual holiday away from home. Similarly, the majority in most countries state that they cannot face unexpected financial costs.

The main concern, however, is with the difference between those in receipt of benefit and those not. For nearly all countries, a larger proportion of people with income between 40 % and 50 % of the median and in receipt of

benefits reported not being able to afford these items and to have financial difficulties than those not receiving benefits.

In most countries, moreover, the differences were relatively large. This was especially so in the three Nordic countries, the Netherlands (for several items at least) and the United Kingdom, which suggests that the people not receiving benefits had a significantly higher level of purchasing power than those receiving benefits. It also suggests that the income earned in 2005 may not always be a good measure of living standards because of accumulated wealth or other reasons. Accordingly, it suggests that the social protection system in these countries may have targeted those in need of support better than if the level of income alone had been used as the determinant for the award of benefits. On the other hand, the differences are relatively small, or go the other way, in Greece, Cyprus and the Czech Republic, implying that many people did not receive support that ought to have done in the light of their reported living standards.

A similar difference emerges for those with income of less than 40 % of the median. Again in nearly all countries, those not receiving benefits seem to have had a higher standard of living than those in receipt (Table 11).

Table 10: Proportion of people aged 25-59 with income 40-50 % of the median experiencing material deprivation according to selected indicators by receipt of benefit

	Receiving benefits**					Not receiving benefits					Percentage point difference				
	Unable to afford (%):				Unable to face unexpected costs (%)	Unable to afford (%):				Unable to face unexpected costs (%)	Unable to afford:				Unable to face unexpected costs (%)
	Phone, TV or washing machine	Car	Decent meal every other day	1 week annual holiday		Phone, TV or washing machine	Car	Decent meal every other day	1 week annual holiday		Phone, TV or washing machine	Car	Decent meal every other day	1 week annual holiday	
BE	8	41	20	76	80	4	13	7	41	40	4	28	13	35	39
CZ	16	44	39	76	74	7	48	33	59	80	9	-4	6	17	-6
DK	25	42	22	22	72	0	34	6	23	39	25	7	17	0	32
DE	6	24	34	75	88	3	18	15	52	72	2	6	19	23	16
EE	21	42	25	97	62	11	35	21	82	59	10	8	4	15	3
IE	9	49	12	67	82	1	24	2	53	71	8	25	10	14	11
EL	3	11	16	84	47	6	5	8	72	42	-2	6	8	13	6
ES	3	12	9	72	66	1	7	5	55	43	2	5	4	18	23
FR	11	21	22	78	82	3	4	6	65	61	8	17	16	13	21
IT	5	5	16	79	54	6	7	9	56	45	-1	-2	7	23	8
CY	3	14	20	95	76	1	21	13	93	92	3	-7	6	2	-17
LV	18	57	49	92	85	12	44	45	83	84	6	13	3	10	1
LT	21	44	55	88	85	11	35	29	84	79	10	8	26	4	6
LU	0	15	15	55	73	0	3	0	29	67	0	12	15	26	6
HU	26	61	63	94	86	10	33	40	88	78	16	28	23	6	8
NL	0	7	46	64	74	0	15	12	32	30	0	-8	35	33	44
AT	5	27	36	69	76	0	27	16	47	60	5	1	20	22	16
PL	12	46	59	95	88	4	27	46	87	81	8	18	13	8	7
PT	24	36	25	86	49	17	17	6	67	18	7	19	19	20	31
SI	7	18	19	69	79	0	6	17	49	62	7	12	3	19	17
SK	19	54	69	86	84	2	35	57	82	66	17	19	12	4	18
FI	8	25	15	62	69	1	18	0	47	42	7	7	15	16	27
SE	0	19	12	46	47	2	8	0	27	13	-2	11	12	19	33
UK	2	19	15	71	79	0	3	3	38	35	2	17	12	32	44
EU	8	26	29	78	77	4	13	14	59	53	4	13	15	18	24

* Equivalised disposable income below 40-50 % of the national median equivalent disposable income

** Receiving benefit in respect of at least one of the following: unemployment, old-age, sickness, disability or social exclusion

See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008

Table 11: Proportion of people aged 25-59 with income below 40 % of the median experiencing material deprivation according to selected indicators by receipt of benefit

	Receiving benefits***					Not receiving benefits					Percentage point difference				
	Unable to afford (%):				Unable to face unexpected costs (%)	Unable to afford (%):				Unable to face unexpected costs (%)	Unable to afford:				Unable to face unexpected costs (%)
	Phone, TV or washing machine	Car	Decent meal every other day	1 week annual holiday		Phone, TV or washing machine	Car	Decent meal every other day	1 week annual holiday		Phone, TV or washing machine	Car	Decent meal every other day	1 week annual holiday	
BE	12	60	31	82	81	10	19	6	40	32	2	41	25	42	49
CZ	32	63	61	90	93	12	41	40	61	81	20	22	21	29	12
DK	0	18	0	5	37	15	21	7	15	36	-15	-3	-7	-10	0
DE	6	23	40	75	81	4	12	13	29	56	2	11	26	47	24
EE	17	45	36	92	70	11	34	24	85	62	6	11	12	8	8
IE	1	46	16	70	86	7	27	0	51	73	-6	19	16	20	13
EL	13	24	33	86	62	5	16	23	72	53	8	9	10	15	9
ES	3	14	8	77	58	7	17	11	59	49	-4	-4	-4	18	10
FR	9	13	16	69	65	10	19	26	60	57	-1	-7	-10	9	8
IT	10	12	18	83	72	7	8	13	72	59	3	5	5	11	13
CY	3	8	36	95	85	3	17	5	91	85	1	-9	31	4	0
LV	39	64	70	99	97	25	60	49	81	83	14	5	22	18	13
LT	47	56	52	97	96	36	60	63	92	87	11	-4	-12	5	9
LU	4	14	12	46	80	2	13	11	46	61	2	1	1	0	19
HU	28	45	58	95	88	16	39	46	83	72	12	7	13	12	16
NL	0	12	6	23	19	0	4	2	24	19	0	8	4	-1	0
AT	3	17	25	62	75	4	9	18	51	63	-1	8	7	11	12
PL	18	47	66	97	94	5	25	43	80	74	12	22	23	17	19
PT	23	52	28	97	57	12	22	6	75	24	11	31	22	22	33
SI	9	14	24	66	71	2	7	15	44	48	7	8	9	23	23
SK	17	56	64	81	78	0	44	62	91	82	17	11	2	-10	-4
FI	13	30	7	45	53	11	21	6	37	56	2	8	1	8	-3
SE	3	17	17	42	46	3	3	3	10	8	0	14	13	32	38
UK	3	19	15	61	69	1	8	12	38	47	2	11	3	23	22
EU	10	26	31	78	74	7	16	19	59	55	4	10	12	19	19

* Equivalised disposable income below 40 % of the national median equivalent disposable income

** Receiving benefit in respect of at least one of the following: unemployment, old-age, sickness, disability or social exclusion

See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

For people with income this low, however, as compared with those with equivalised disposable income of 40-50 % of the median, there are slightly more cases where those not in receipt of benefits seem to be able to afford less than those receiving benefits. This is particularly so in Denmark, Spain and France, if purchasing power is measured by the inability to afford certain items, which might suggest that the people concerned slipped through the safety net. On the other hand, those not in receipt of benefit seem clearly to have a higher level of purchasing power than those in receipt in Belgium, the Czech Republic, Germany, Ireland, Poland, Portugal, Sweden and the United Kingdom.

The above analysis at the very least, therefore, poses important questions about the use of net income alone to indicate the risk of poverty, not least perhaps because it is measured simply over the course of a given year which may not necessarily reflect either the income of previous years or other sources of purchasing power, such as capital gains or inheritances, which are not included as part of income as defined in the EU-SILC.

It should be said, however, that despite the fact that those not in receipt of benefits appear to be able to afford more in most countries than those in receipt, they still have a relatively high level of material deprivation, which raises questions about their apparent exclusion from systems of income support.

It is also the case that in the majority of countries, those with income below 40 % of the median tend to have a higher level of material deprivation and report having more financial problems than those with a slightly higher income level (i.e. 40-50 % of the median equivalised disposable income) (compare Tables 10 and 11). Income, therefore, remains a central indicator of deprivation and the risk of poverty, even if in some cases there is a need to take account of other determinants of purchasing power.

2.4. The take-up of benefits¹⁴

This final section examines the evidence on the take-up of means-tested benefits and presents preliminary estimates of the effect of non-take up on the relative number of people with income below the at-risk-of-poverty line threshold. A review of the studies carried out on the take-up of benefits to which people are entitled indicates a significant scale of non-take up in a number of countries.

In the United Kingdom, data for the survey year 2006 indicates that 79-88 % (according to the group examined) of those entitled to income support (the most important minimum income guarantee scheme) actually took it up, though many of those not taking it up were entitled to relatively small amounts. In the case of Jobseekers' Allowance payable to the unemployed, only 50-59 % actually took up the payment.

Estimates for other countries are less extensive and usually less up-to-date as well as being from academic rather than official sources.

In Austria, the take up of social assistance in 2003 is estimated at 44 % in terms of numbers claiming benefits and at 52 % in terms of the amount of benefit claimed, while over-payment of benefit was estimated at 32 %.

In Denmark, estimates suggest that only 67 % of those eligible for the general housing benefit scheme in 1992 actually claimed it, while the figure for the special scheme for pensioners was 85 %.

In Finland, take-up of social assistance (*Toimeentulotuki*) by working-age families during the post-recession period (1996-2003) is estimated at between 50 % and 60 % and to have declined over the period.

In France, the take up of minimum guaranteed income (RMI) has been estimated at around 65-67 %.

In Germany, social assistance (*Sozialhilfe*) was estimated in the 1990s to have been taken up by no more than 37 % of those eligible, while the most up-to-date study concluded that the take-up of social assistance in 2002 was around 33 % in terms of numbers claiming benefit and around 43 % in terms of the amount of benefit claimed (over-payment of benefit being estimated at 13 %).

In Greece, the estimated take up of family benefits in 1999 was 68 % as regards benefits for the third child and 32 % for large family benefits. More recently, the take up of the pensioner social solidarity supplement EKAΣ in 2004-05 is estimated at between 59 % and 71 % in terms of numbers claiming benefit (and over-payment of benefit at between 10 % and 23 %).

¹⁴ For a more detailed analysis see the research note by the Social Situation Observatory on *The take up of social benefits* <http://www.socialsituation.eu>

In Ireland, the take up of Family Income Supplement in 2005 has been estimated at 30 % in terms of numbers claiming and around 36 % in terms of the amount claimed.

In Portugal, the take up of minimum guaranteed income (RMG) in 2001 has been estimated at 72 %.

2.5. The effects of non-take-up

Although a number of studies, as indicated above, have estimated the extent of non-take-up of benefits, there has so far been little attempt to assess the effect of this on the distribution of disposable income and relative poverty rates. There are a number of ways of doing this in principle (see Box), but the lack of information about the characteristics and household circumstances of people claiming means-tested benefits restricts what is possible in practice. The method used here, based on random selection from among those potentially entitled to benefit, is intended simply to give some indication of the effect of non-take-up on the relative number of people at risk of poverty in selected countries and of the importance of taking account of non-take-up when assessing the effectiveness of national systems of social protection.

Approaches to estimating the effect on income distribution

The most satisfactory method of estimating the income of non-claimants of means-tested benefits is to use statistical techniques to identify potential recipients of benefits in terms of qualifying characteristics and to compare these with actual recipients. From this, the probability of people in different circumstances claiming could then be estimated. The use of this method, however, requires reliable information both on the receipt of benefits and on eligible potential claimants, which tends to be lacking.

A second approach is based on the evidence that smaller entitlements more often go unclaimed than larger ones, which leads to the possibility of ranking potential recipients in descending order of expected entitlement and then imposing a cut-off point which is equal to the actual proportion of claimants. Potential recipients below this point would then simply be assumed not to claim. This approach, however, relies on income being reliably recorded, which in the case of very low levels may well not be the case (which is a further reason, it should be noted, of why there might be a mismatch between income and alternative measures of purchasing power, as described above).

A third approach is to identify the population of potential recipients based on their income, family circumstances, age and so on and to randomly select from this population so that the selected number of recipients matches the official, or unofficial, estimate of the actual number. Although this is a less sophisticated approach, it is an advance on the prevailing practice which is simply to assume 100 % take-up.

The estimates presented here are based on this third approach and are derived from national data and a model of households (EUROMOD) which is used to select those not claiming benefit from those identified by the model as being potentially eligible for means-tested support through a random process¹⁵. In order to improve the robustness of the results, this random selection was made 1000 times (100 times in the case of Poland) and averages taken of the results. The results were then incorporated into EUROMOD to estimate the proportion of the population in the age group covered who would have an equivalised disposable income of below 40 %, 50 % and 60 % of median income with perfect targeting of benefits – i.e. if everyone claimed what they were entitled to and the problem of non-take-up was eliminated completely.

The countries examined are France, Poland, Portugal, Sweden and the United Kingdom. The specific measures considered are indicated in the Box, together with the year for which estimates of the effect of non-take up are calculated. As above, the elderly population is excluded. In addition, no allowance is made for the effects of possible over-payment of benefits.

¹⁵ For details on the model and definitions see footnote 14.

The means-tested benefits examined

France: Revenu Minimum d'Insertion. RMI is a guaranteed minimum income scheme in which recipients are expected to sign up to various social reintegration activities. The number of recipients is around 1 million. The estimated rate of take up used in the analysis is 65 %. The policy year simulated is 2001 on 2001-02 data.

Poland: Pomoc Społeczna. This is a general social assistance scheme, funded jointly by central and local government. Social assistance is permanent in the case of the elderly, the disabled and other groups, and temporary in the case of economically active recipients. The number of recipients in 2005 was around 170 000 for permanent, and around 650 000 households for temporary assistance . No estimate of benefit take-up is available. A comparison between eligibility as calculated in EUROMOD and reported programme participation suggests a rate of benefit take up of 76 % for permanent social assistance and 43 % for temporary. The policy year simulated is 2005 using data for the same year.

Portugal: Rendimento Mínimo Garantido. The scheme, later renamed Rendimento Social de Inserção, provided means-tested assistance in exchange for participation in a various activation programmes. The present number of recipients is around 310 000 but it was around 480 000 in 2001, the reference year. The estimated rate of take-up used is 72 %.

Sweden: Ekonomiskt Bistånd / Socialbidrag. This is a general social assistance scheme providing financial assistance on a willingness-to-work basis. The number of recipients in 2003 was around 418 000, but it was slightly higher (434 000) in 2001, the reference year. No estimate of benefit take up is available. A comparison between eligibility as calculated in EUROMOD and reported programme participation suggests a rate of take up of 69 %.

United Kingdom: Income Support. The scheme operates as a social safety net of last resort. The number of households receiving support was almost 4 million in 2001, the reference year. The estimated rate of take-up used here is 91 %.

The estimates indicate that if means-tested benefits were paid to everyone entitled to them, the relative number of people with an income below 60 % of the median equivalised disposable income would be reduced by almost 3 percentage points in Poland and between 0.5 and 0.7 of a percentage point in Sweden, France and the United Kingdom (which may not seem much but which represents a reduction of some 300 000 people having income this low in the last two countries). However, it is estimated to have little effect at all in Portugal (Table 12).

The effect is markedly larger in proportionate terms on those with income below 50 % of the median equivalised disposable income and even more on those with income below 40 % of the median. In the latter case, the proportion is reduced again by almost 3 percentage points in Poland and by around 1 percentage point in Sweden and the United Kingdom. The fact that these figures are larger than those estimated above, when 60 % was taken as the income threshold, indicates the relatively low level of the benefits concerned in many cases. Although, therefore, a significant number of people not claiming benefits in these countries would see their income increase if they received them, the increase for some of them would not be sufficient to raise their income above 60 % of the median in the country in question. Accordingly, they would remain at risk of poverty as it is at present defined.

2.6. Concluding remarks

The analysis presented in this chapter provides some indications on the effectiveness of benefit systems in tackling poverty among households of working-age people. More than two-thirds of Europe's population at risk of poverty live in such households, including the children of people aged 24-59. It is therefore important to ensure that these households get better opportunities to earn an adequate income or, failing this, can rely on benefit systems to provide them with an adequate income.

The data from the EU-SILC reveal that in several countries only a small proportion of people who had experienced spells of unemployment received benefits. Moreover, particularly in the Southern countries, these benefits appeared to be not very well targeted. By contrast, in the Nordic countries, even a significant proportion of fully employed households received benefits, suggesting that in-work benefits play an important role in securing adequate incomes without discouraging labour force participation.

The effectiveness of benefit systems in tackling poverty also depends on whether eligible people actually claim benefits. Non-take-up of benefits appears to be widespread and microsimulation results suggest that full take up of benefits could slightly reduce the proportion of people below the at-risk-of-poverty threshold.

The findings of this chapter do not allow any conclusions on national policies to be drawn. They hint at potential weaknesses, but these would have to be confirmed and analysed in more depth through national studies in order to ascertain what policy changes should be envisaged.

Table 12: Distributional effect of non-take-up of benefits in five countries

	France	Poland	Portugal	Sweden	UK
poverty rate (40 % of median equivalised disposable income)					
full take-up	1.6	2.6	4.2	2.5	2.8
incomplete take up	1.9	5.4	4.6	3.7	3.7
<i>Percentage point difference</i>	<i>0.3</i>	<i>2.8</i>	<i>0.4</i>	<i>1.2</i>	<i>0.9</i>
poverty rate (50 % of median)					
full take-up	4.0	5.4	10.1	4.3	7.2
incomplete take up	4.4	9.2	10.1	5.7	8.0
<i>Percentage point difference</i>	<i>0.4</i>	<i>3.8</i>	<i>0</i>	<i>1.4</i>	<i>0.8</i>
poverty rate (60 % of median)					
full take-up	10.0	13.0	15.4	8.8	14.6
incomplete take up	10.5	15.8	15.4	9.5	15.1
<i>Percentage point difference</i>	<i>0.5</i>	<i>2.8</i>	<i>0</i>	<i>0.7</i>	<i>0.5</i>

Source: EUROMOD estimates (national data)

3. SOCIAL PARTICIPATION AND SOCIAL EXCLUSION

This chapter explores the links between low incomes and participation in social life. It is based on the results of a special module on social participation that was carried out as part of the 2006 wave of the Community Statistics on Income and Living Conditions (EU-SILC), the EU's main tool for monitoring social conditions.

Various dimensions of social participation are considered, some of which typically entail financial costs, others less so. Not surprisingly, people on low incomes (below the at-risk-of-poverty threshold of 60 % of median equivalised disposable income), do not attend cultural or recreational events and do not visit cultural sites as often as people with incomes above the poverty risk threshold. In fact, people on low incomes visit such events or sites about half as often as people above the poverty risk threshold.

By contrast, incomes below the poverty risk threshold do not appear to be an obstacle to staying in touch with relatives and friends not living in the same household. Particularly older people on low incomes tend to meet relatives and friends more frequently than older people with higher incomes.

Except in one Member State, the vast majority of Europeans reported that they can ask relatives, friends or neighbours for help. The proportion of people who feel that they can rely on help from others is slightly higher for people with income above the at-risk-of-poverty threshold, but even for those below it still exceeds 80 % for the EU as a whole as well as in most Member States.

Participation in group activities such as political parties, trade unions, professional associations, churches and religious groups, recreational or voluntary organisations is generally low and exceeds 10 % only in the case of recreational and church/religious activities. Whereas for church and religious activities a higher level of participation can be observed for low-income people than for persons above the poverty risk threshold, the reverse is true for recreational activities. Middle-aged men and women with income above the at-risk-of-poverty threshold are almost twice as active in recreational group activities as people below the threshold. The participation gap between people below and above the risk-of-poverty threshold is smaller for older women and younger people in particular.

This chapter also presents the results of an econometric investigation that tried to establish whether there is a link between social participation and earnings. Having a wide social network may increase an individual's opportunities to find a good job and to progress in it. On the other hand, being well paid also means that one can afford to participate in a wider range of group activities, which typically entail costs. The econometric analysis does indeed find a positive correlation between participation in group activities – and hence wider social connections – and earnings. However, it is not possible to ascertain whether this statistical link also reflects a causal link or to establish the direction of such a causal link.

The 2006 survey of income and living conditions carried out in the EU Member States (the EU-SILC which surveyed people in 2006) includes a special module on social participation. This gives an indication of the extent to which people across the Union participate in cultural, recreational and voluntary activities as well as political, professional and religious ones and the frequency with which they get together with relatives and friends. The information obtained through this module shows how men and women in different age groups and in different circumstances participate in social life. In particular, it offers an opportunity to examine how social participation may be constrained by low incomes. This chapter focuses in particular on the extent to which people with incomes below the at-risk-of-poverty threshold of 60 % of the national median equivalised disposable income are less involved in various kinds of social activities, have less contact with other people and are less able to rely on their support. It thus aims to enhance the understanding of the multidimensional nature of social exclusion and complements the analysis on non-monetary aspects of social exclusion presented in the 2007 Social Situation Report.

This chapter also tries to investigate the relationship between social connections, as measured through the module on social participation, and chances in life. The data can be used to examine how far people who have a wider circle of social contacts to draw upon are, other things being equal, able to find a better job and earn a high level of income as a result. The concern here is to see whether any such effect can be detected once allowance has been made for the usual factors which tend to determine earnings, such as education levels, age and experience, whether the nature of these connections matters and how far the effect varies between countries.

3.1. Social participation and the risk of poverty

3.1.1. Participation in cultural and recreational activities

The EU-SILC module contains four questions on participation in cultural and recreational activities, relating to the number of times over the past 12 months the person concerned went, respectively, to the cinema, a live performance (e.g. the theatre, a concert, the opera), a cultural site (such as a museum, art gallery or historical building) and to a live sporting event¹⁶. The question examined here, in each case, is whether those at risk of poverty¹⁷ tended to participate in these activities less than other people in society and if they do, what is the extent of the difference and how far does it vary between Member States.

In order to compare like with like, as well as to examine the differences involved, men and women are considered separately and, divided into broad age groups. At the Member State level, the focus is on the age group 25-64. The differences between countries which show for this group reflect similar differences for those younger and older than this.

Visits to the cinema

As would be expected, young people tend to visit the cinema more frequently than middle-aged people; those aged 65 and over visit the cinema least of all. On average, therefore, across the EU as a whole young people aged 16-24 visited the cinema some 2.3 times more frequently than those aged 24-64, who in turn went to the cinema almost 4 times more often than those aged 65 or over (see Table 13).

Table 13: Visits to recreational and cultural places by men and women in the EU, 2006

	<i>Average number of visits over preceding 12 months</i>							
	Cinema		Live performance		Cultural site		Live sport	
	Income rel. to median*		Income rel. to median		Income rel. to median		Income rel. to median	
	>60%	<60%	>60%	<60%	>60%	<60%	>60%	<60%
Men								
16-24	5,2	3,9	2,2	1,8	1,6	1,3	4,2	3,3
25-64	2,3	1,2	1,7	0,8	1,9	0,9	2,7	1,5
65+	0,6	0,3	1,2	0,6	1,5	0,8	1,3	0,9
Women								
16-24	5,6	3,9	2,6	1,9	2,1	1,6	2,0	1,4
25-64	2,4	1,2	1,9	0,9	2,1	1,0	1,2	0,7
65+	0,7	0,4	1,3	0,7	1,4	0,7	0,4	0,2

* *Equivalised disposable income below 60 % of the national median equivalent disposable income*
See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

Within each of the age groups, moreover, those with income below the poverty risk threshold went to the cinema much less frequently than those with income above this level. This is the case among both men and women. Among men and women aged 16-24, therefore, in the EU as a whole those with income above the poverty risk threshold visited the cinema over the year preceding the survey some 30-40 % more often than those with income below the threshold. However, low income appears to be a much greater obstacle to men and women aged 25-64 and people aged 65 and over. People over the age of 25 with an income above the at-risk-of-poverty threshold went twice as often to the cinema than people with income below the threshold.

The same kind of difference is evident in all Member States with one or two notable exceptions. This can be seen by focusing on men and women in the 25-64 age group – the other age groups show a similar pattern of differences across countries.

The frequency of going to the cinema varies markedly across countries, largely in line with differences in national income levels but also partly in line with cultural differences. The average number of visits per year among men and women aged 25-64 was, therefore, high in Luxembourg and Denmark and lowest in the new Member States plus Portugal and Greece. At the same time, however, it was highest of all in Spain.

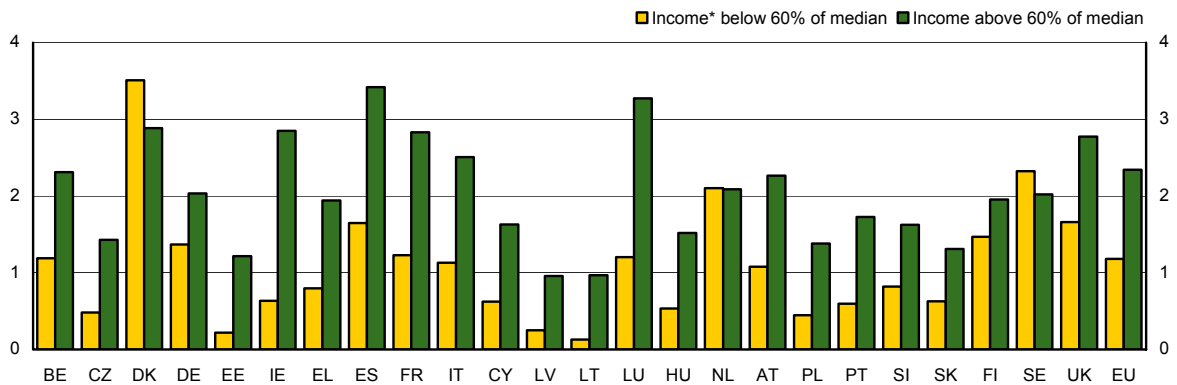
¹⁶ For a detailed description of the questions asked about participation in social activities see annex 2 to this chapter.

¹⁷ For the definition of the at-risk-of-poverty see footnote 5.

Among men in this age group, those with income below the at-risk-of-poverty threshold went to the cinema less frequently than those with income above the threshold in all countries except Denmark, Sweden and the Netherlands (see Figure 1).

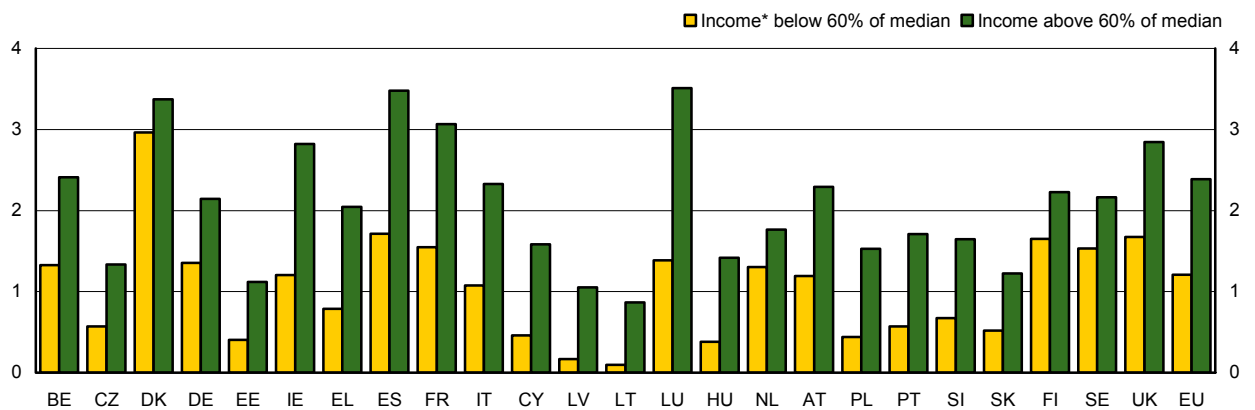
Among women aged 25-64, the pattern was similar, except that there were no countries in which women with income below the poverty risk threshold went to the cinema more often than those with income above the threshold. The difference in lower income countries in the frequency of visit between the two groups was, in most cases, equally large as among men or larger, though much smaller in Ireland as well as in Estonia and the Czech Republic (Figure 2).

Fig. 1: Average visits to the cinema per year by income level in 2006 (men aged 25-64) in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.
Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Fig. 2: Average visits to the cinema per year by income level (women aged 25-64) in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.
Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

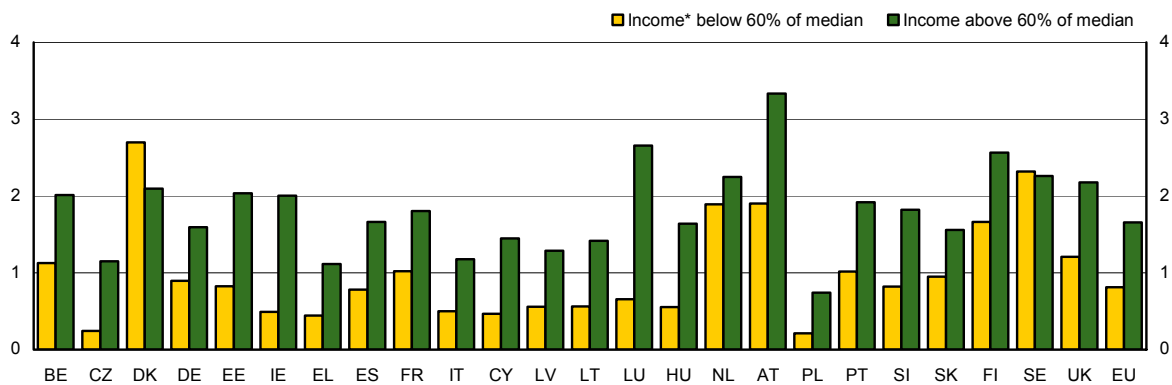
Visits to live events

The frequency of visits to live events – to the theatre, a concert and so on – shows a similar pattern to visits to the cinema. The number of visits per year tends to decline with age, albeit to a much lesser extent than for the cinema, and women tend to go to such events more often than men. On average across the EU, therefore, men and women in the 16-24 age group went to a live event 40 % more often than those aged 25-64, who in turn made 40 % more visits than those aged 65 and over, while women in the two former age groups made around 15 % more visits than men (among those aged 65 and over, the figure was 7 % - see Table 13 above).

For men aged 25-64, the average number of visits for those with income above the poverty risk threshold in the EU as a whole was over twice that for those with income below the threshold. Only in Denmark and Sweden did men with low income go to a live event more often than those with higher income (Figure 3). Among the other countries, the frequency of visit was over 50 % higher for men with income above the poverty risk threshold than for those with income below in all cases except the Netherlands (20 % higher). In a number of the new Member States – the Czech Republic, Cyprus, Hungary and Poland – the frequency of visit was around three times higher or more. This was also the case, however, in Ireland and Luxembourg (where the difference in both cases was over four times).

For women, the difference between the two groups tended to be larger. There were no countries where those with income below the poverty risk threshold made more visits to live events than those with income above the threshold. In Ireland, however, the difference in frequency of visit was markedly smaller than in the case of men, as it was, to a lesser extent, in the Czech Republic, though there was still a difference of over three times in Hungary, Poland and Luxembourg (Figure 4).

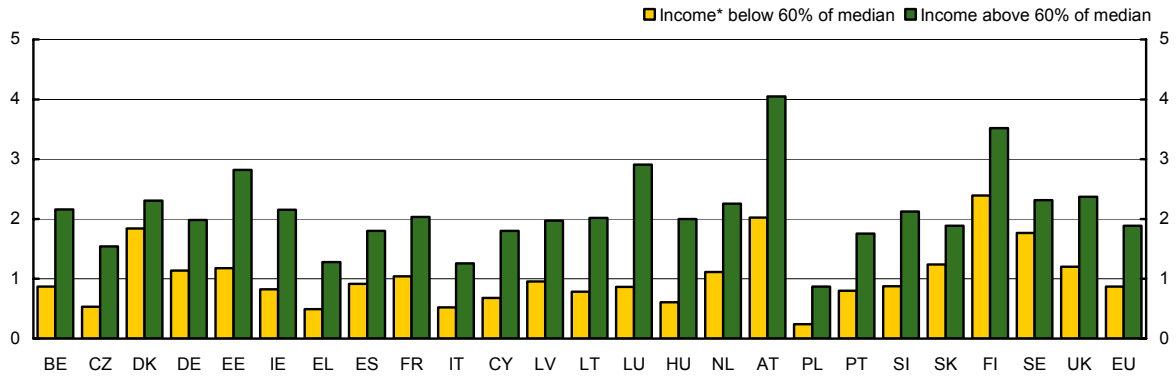
Fig. 3: Average visits to live performances per year by income level (men aged 25-64) in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Fig. 4: Average visits to live performances per year by income level (women aged 25-64) in 2006



Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Visits to cultural sites

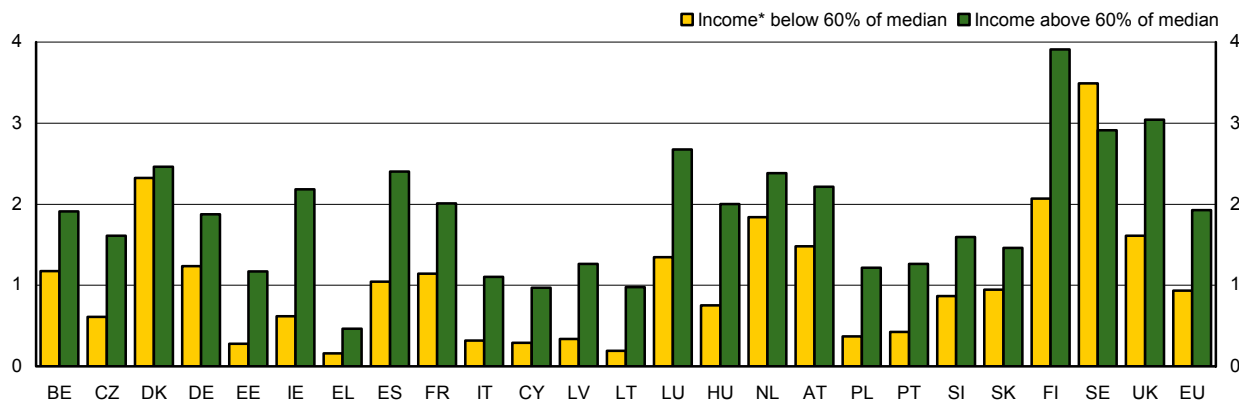
The frequency of visits to cultural sites (museums, art galleries, historical monuments and so on) shows a somewhat different pattern. In this case, those aged 25-64 tended to visit such sites slightly more often than younger people aged 16-24 and significantly more often than those of 65 and older. Women tend to visit cultural sites more often than men, except in the oldest age group (65+). In all age groups those at risk of poverty tended to make significantly fewer visits than those with higher levels of income (see Table 13).

Among men aged 25-64 in the EU as a whole, those with income above the poverty risk threshold visited cultural sites more than twice as often as those with income below the threshold. Only in Sweden was the reverse the case¹⁸, and the difference was small in Denmark. Again the difference tends to vary in some degree with national average income levels. The difference between the two groups was, therefore, over three times in the three Baltic States, Poland and Cyprus but also in Ireland and Italy (Figure 5).

¹⁸

This may be the result of the introduction in 2005 of free entrance to the major public museums in Sweden.

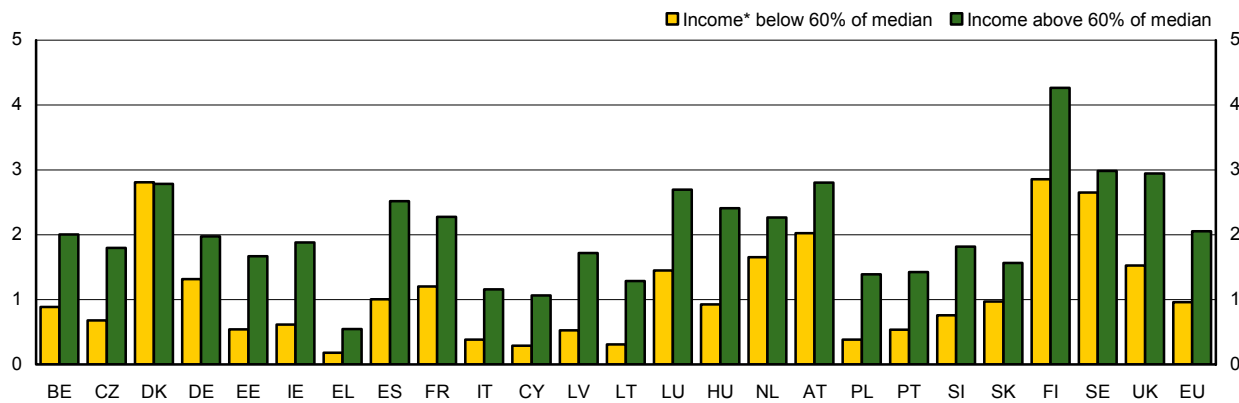
Fig. 5: Average visits to cultural sites per year by income level (men aged 25-64) in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.
 Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Among women, the difference in the frequency of visit between those with income above the at-risk-of-poverty threshold and those with income below was slightly wider than for men. Denmark is again an exception insofar as the average number of visits was higher among those with income below the poverty risk threshold than for those with income above; the difference was also small in Sweden (Figure 6).

Fig. 6: Average visits to cultural sites per year by income level (women aged 25-64) in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.
 Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

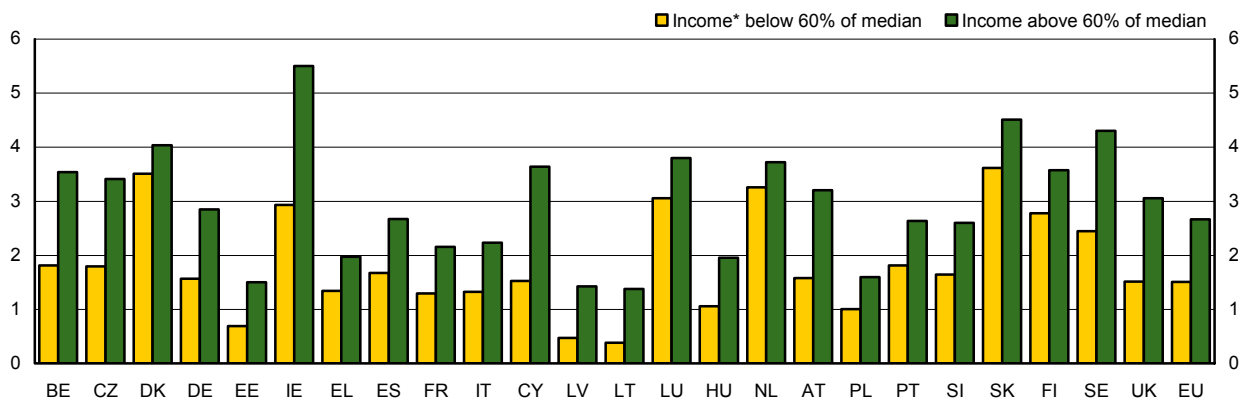
Visits to live sporting events

The frequency of going to see a live sporting event shows yet a different pattern. Women attend such events much less frequently than men. Moreover, while it is still the case that those with income below the poverty risk threshold go to sporting events much less often than those with income above, the difference is slightly smaller than for the other activities (see Table 13 above).

Men in the 25-64 age group in the EU with income above the poverty risk threshold made over 75 % more visits to live sporting events than those with income below this. In this case, there was no country in which the frequency of visit was higher among those with income below the poverty risk threshold. Unlike in the case of other activities, however, the extent of the difference in the frequency of visits between men in the two income groups varies less with average income across countries. The difference was largest in Latvia and Lithuania – the countries with the lowest average household income levels and with a relatively low average frequency of visits – with those with income above the poverty risk threshold going to sporting events over three times more often than those with income below. In Poland, Portugal and Greece, however, the difference was only around 1.5 times, less than the EU average (Figure 7).

Among women in this age group, the picture is similar in terms of the difference in frequency of visit between the two income groups and again it is the case in all countries that those with income above the poverty risk threshold saw more sporting events than people with income below the threshold, in most cases markedly so. Only in Denmark and Ireland was the difference less than 40 %, in both cases because of a relatively high frequency of visit among women with income below the poverty risk threshold rather than because of a low frequency among those with income above the threshold (Figure 8).

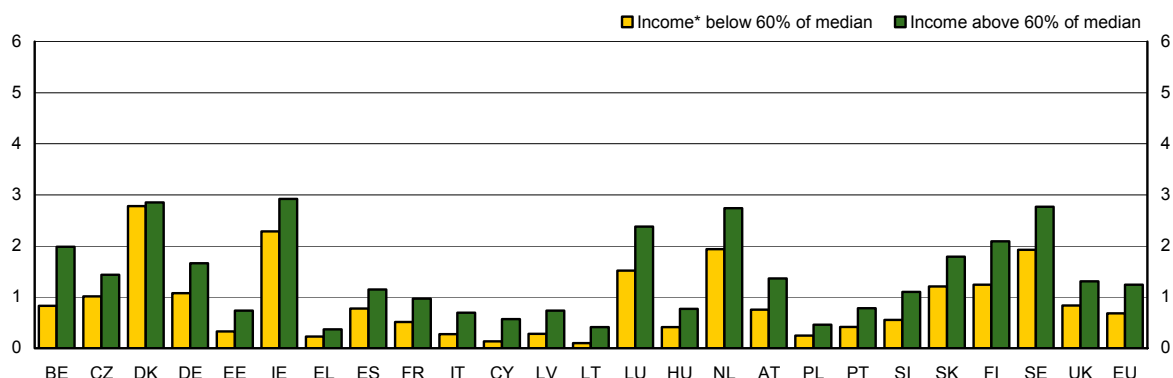
Fig. 7: Average visits to live sport events per year by income level (men aged 25-64) in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Fig. 8: Average visits to live sport events per year by income level (women aged 25-64) in 2006



Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

The result presented above indicate that men and women at risk of poverty across the Union participate to a lesser extent in cultural and recreational activities compared to those with a higher income. The frequency of participation is also linked, to some extent, to the average income level of a Member State. These are not surprising results as the activities considered in this section have a cost and low incomes would thus act as a barrier. However, low incomes appear to be less of a barrier for young people (aged 16-24) than for middle-aged and older people. Moreover, the participation gap between people below and above the at-risk-of-poverty threshold differs considerably across countries, and in a few countries – Denmark and Sweden – people on low incomes do not appear to be excluded from the events and activities under review.

3.1.2. Social interaction

Four questions were included in the EU-SILC module on the extent of contact with relatives and friends, apart from those living in the same household. Respondents were asked about both getting together with friends and relatives, in the sense of spending time with them, and about making contact with them, whether by telephone or in writing. A question was also included in the survey on the ability to ask relatives, friends or neighbours for help should the need arise.

The answers to these questions follow a different pattern from those examined above, as affordability is likely to be less of an issue. As a result, there tends to be much less of a difference between those with income below the poverty risk threshold and those with income above. Even in the case of social interaction, however, income may still be a relevant factor to the extent, for example, that people need to travel to meet relatives or friends and spending time with them may well involve expenditure of some kind, such as on a meal or on drinks. Making contact, in particular, by telephone, also involves some cost.

Getting together with relatives

There tends not to be a great deal of difference in the frequency of getting together with relatives between people in different broad age groups. However, over the EU as a whole, those aged 65 and over on average do so more often than people in younger age groups. Women on average tend more often to spend time with relatives than men in each of the three broad age groups, though again the difference is relatively small across the EU as a whole (Table 14).

Table 14: Contacts with relatives and friends by men and women in the EU in 2006

% doing so at least once a week

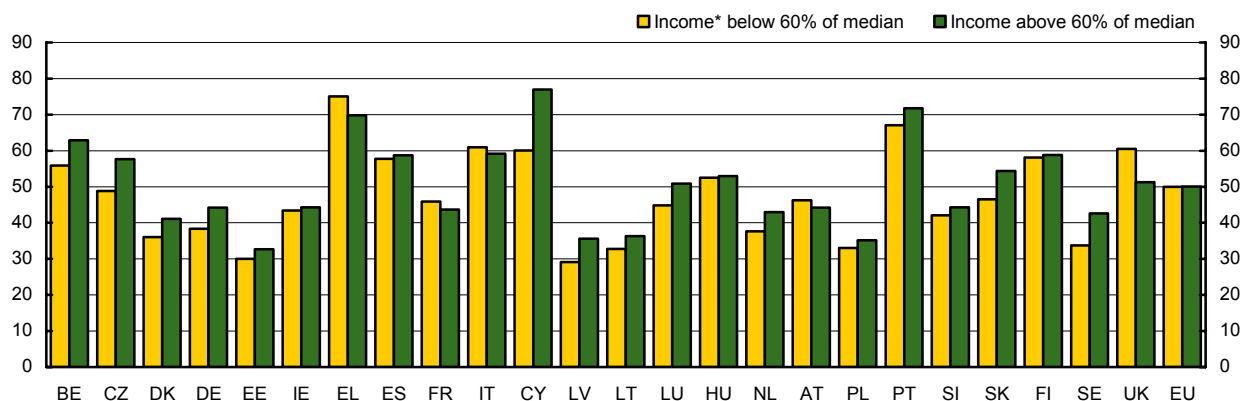
	Seeing relatives Income rel. to median*		Seeing friends Income rel. to median		Contacting relatives Income rel. to median		Contacting friends Income rel. to median	
	>60%	<60%	>60%	<60%	>60%	<60%	>60%	<60%
Men								
16-24	49,8	49,7	88,1	90,0	52,8	55,2	90,8	84,0
25-64	50,1	50,0	57,3	59,3	61,5	52,9	57,8	51,7
65+	52,9	58,3	50,2	58,4	60,1	56,3	39,2	35,9
Women								
16-24	53,0	58,6	86,8	85,9	61,9	66,4	89,6	86,1
25-64	57,4	56,4	55,1	56,3	74,1	64,7	60,9	53,4
65+	57,8	65,2	50,1	54,8	69,4	68,1	46,0	43,3

* *Equivalised disposable income below 60 % of the national median equivalent disposable income*
 See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

There is also not much difference in the frequency of getting together with relatives between those with income below the poverty risk threshold and those above, at least at the EU level and for those under 65. For men aged 25-64, therefore, half of those with income below the poverty risk threshold saw relatives at least once a week, which was the same proportion of those with income above the threshold, while for women in this age group the figures were slightly higher, again with little differences between women below and above the risk-of-poverty threshold. For men and women aged 65 and over, however, there is a difference: interestingly, a larger proportion of those with income below the poverty risk threshold are seeing relatives once a week or more than of those with income above the threshold.

The lack of difference for those aged under 65, however, masks differences between Member States. In 19 of the 24 countries, low-income men aged 25-64 got together with relatives less frequently than men with income above the poverty risk threshold. In only five countries – Greece, France, Italy, Austria and the United Kingdom – was the reverse the case (Figure 9).

Fig. 9: Share of men aged 25-64 getting together with relatives at least once a week by income level in 2006

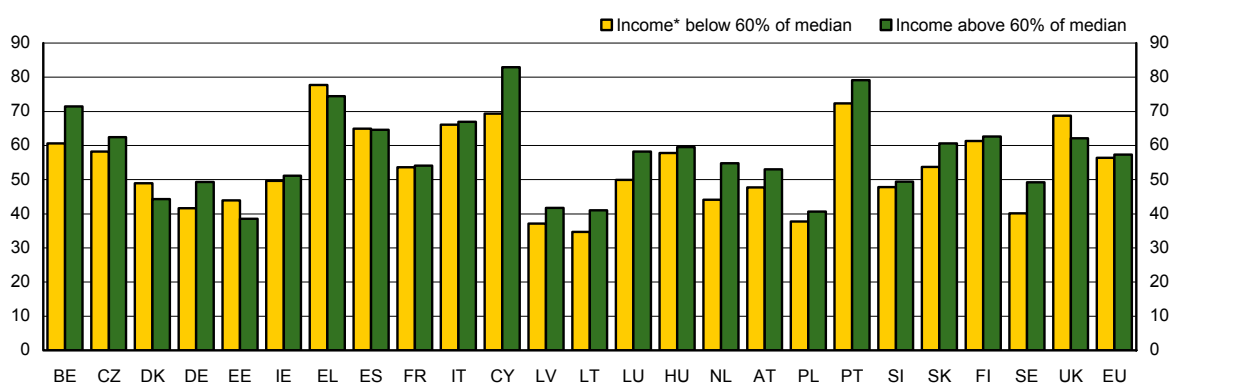


Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.
 Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Much the same was the case among women. As for men, in 19 of the 24 countries, the proportion of women getting together with relatives at least once a week was larger for those with income above the poverty risk threshold than for those with income below. In 11 of these 19 countries, the difference was around 5 percentage points or more; in Belgium, Cyprus and the Netherlands it was over 10 percentage points (Figure 10).

Among the other five countries, where the reverse was the case, the difference was marginal in Spain, leaving only four countries where women with income below the poverty risk threshold met up with relatives more often than those with income above the threshold – Greece, the United Kingdom, Denmark and Estonia.

Fig. 10: Share of women aged 25-64 getting together with relatives at least once a week by income level in 2006



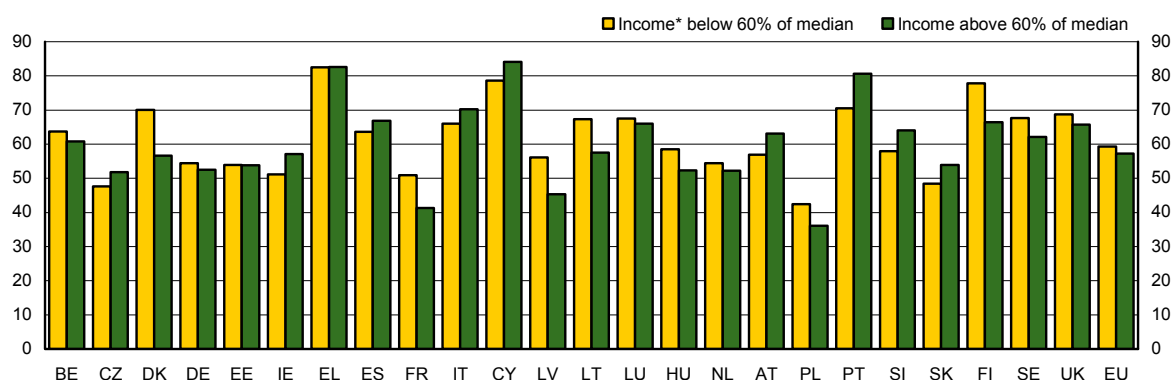
Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.
 Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Getting together with friends

The picture is different as regards getting together with friends. Young people under 25 tend to see friends more often than those in older age groups (see Table 14). Secondly, men and women aged 65 and over tend to see friends less often than those below this age. Thirdly, there is a slight tendency for those with income below the poverty risk threshold to see friends more frequently than those with income above this, and this tendency is larger for men than women in all age groups. On the other hand, as in the case of relatives, those aged 65 and over – in this case especially men – tend to see friends more often if they have income below the poverty risk threshold than if they have income above.

In the EU as a whole in 2006, a slightly larger proportion of low-income men aged 25-64 (just over 59 %) met up with friends at least once a week than of men above the poverty risk threshold (just over 57 %). The situation was mixed across Member States, with 14 countries showing the same relative proportions as in the EU as a whole and 10 showing the reverse with men with income below the at-risk-of-poverty threshold meeting up with friends less frequently than those with income above. These 10 countries include the four southern Member States (though the difference is marginal in Greece) and four of the new Member States (the Czech Republic, Cyprus, Slovenia and Slovakia) together with Ireland and Austria (Figure 11).

Fig. 11: Share of men aged 25-64 getting together with friends at least once a week by income level in 2006

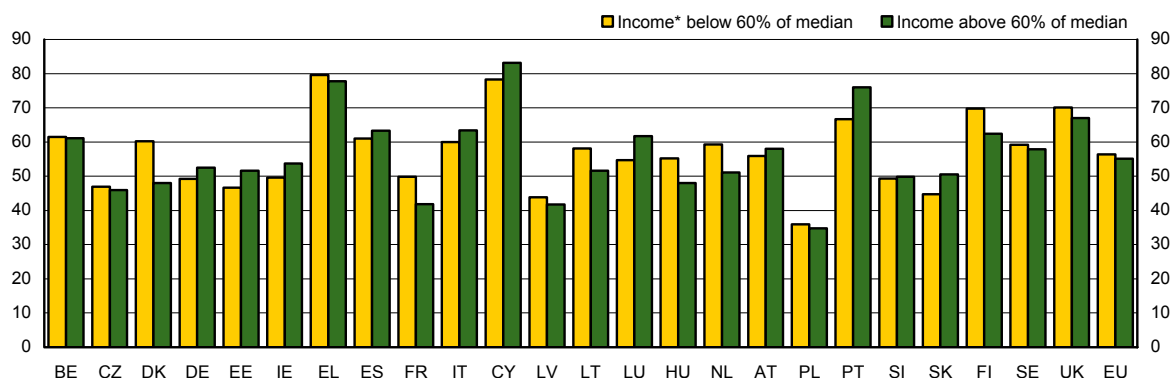


Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Among women in this age group as well, the frequency of meeting with friends appears to be slightly higher in the lower income group than for women above the poverty risk threshold: just over 56 % of women with less than 60 % of median equivalised disposable income reported getting together with friends at least once a week, compared to 55 % of women with income above this level. In 13 of the 24 countries for which microdata is available, the proportion of women meeting up with friends once a week or more was larger for those with income above the poverty risk threshold than for those with income below; in 11 countries, the reverse was the case (Figure 12). These 11 include the same countries as for men, except for Greece and the Czech Republic, with the addition of Germany, Estonia and Luxembourg.

Fig. 12: Share of women aged 25-64 getting together with friends at least once a week by income level in 2006



Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.

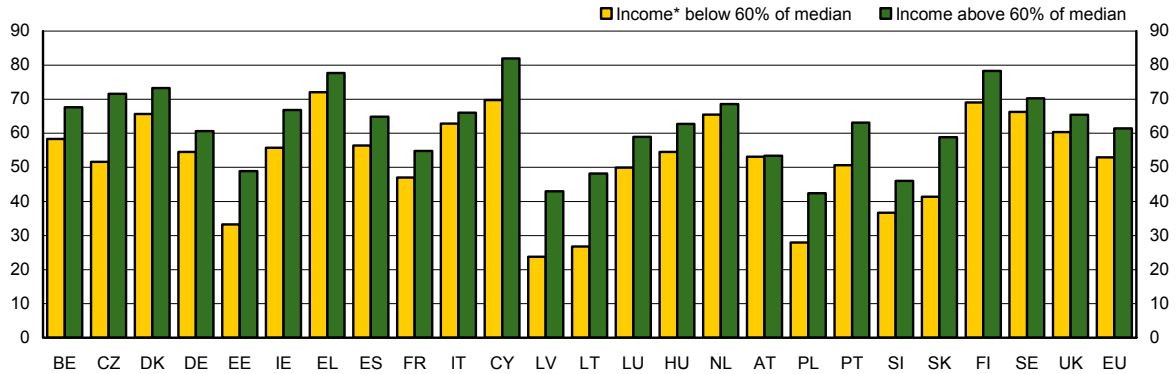
Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Making contact with relatives and friends

The picture is different again as regards making contact with relatives and friends rather than physically getting together with them. Both men and women over the age of 25 in virtually all countries are less likely to get in touch with relatives at least once a week if they have income below the at-risk-of-poverty threshold than if they have income above the threshold (see Table 14). At the same time, as in the case of seeing relatives, women tend to make more frequent contact than men in all age groups.

In the EU, for men aged 25-64, some 61.5 % of those with income above 60 % of national median equivalised disposable income made contact with relatives once a week or more as opposed to 53 % of those with income below this threshold. This gap could be observed in all Member States: in all of them, low-income men appear to have fewer contacts with relatives than men with income above the poverty risk threshold, though in Austria the difference was marginal (Figure 13). The gap was especially large in countries with relatively lower incomes – at around 20 percentage points in Latvia, Lithuania and the Czech Republic and over 15 percentage points in Estonia and Slovakia.

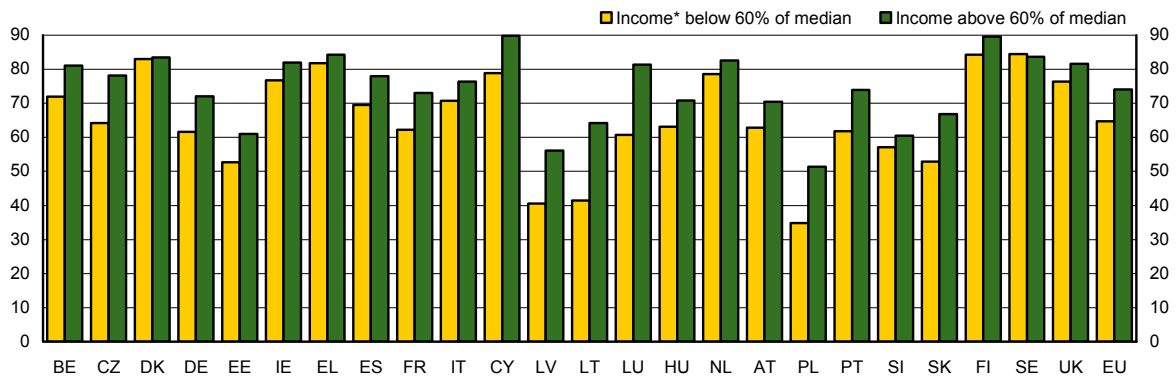
Fig. 13: Share of men aged 25-64 having contacts with relatives at least once a week by income level in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.
Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

A similar relation between income and the frequency of contacts can be observed for women in this age group, although in Sweden and Denmark the gap between those below and those above the poverty risk threshold is very small. Again, the gap tends to be larger in the lower income countries; it was over 15 percentage points in Latvia, Lithuania and Poland. The link with income across countries, however, is less systematic than in the case of men. The difference was also over 15 percentage points in Luxembourg and over 10 percentage points in Germany and France (Figure 14).

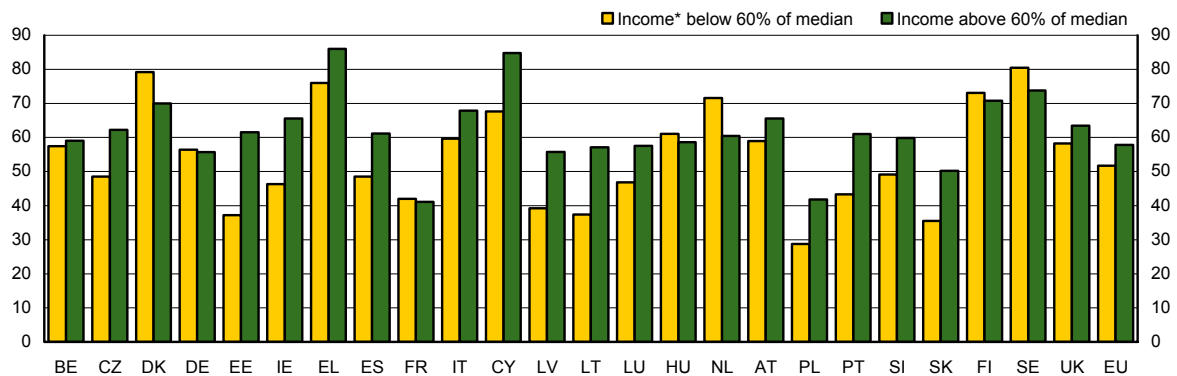
Fig. 14: Share of women aged 25-64 having contacts with relatives at least once a week by income level in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.
Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

The picture is also similar as regards the frequency of making contact with friends, in the sense that fewer men and women aged 25-64 with income below the poverty risk threshold contacted with friends at least once a week than was the case for those with income above the threshold. The situation, however, is not uniform across the EU, in particular as far as men are concerned. In seven of the 24 Member States – the three Nordic countries, the Netherlands, Hungary, Germany and France, though in the latter only marginally – more men aged 25-64 with income below the poverty risk threshold made contact with friends at least once a week than did those with income above the threshold (Figure 15).

Fig. 15: Share of men aged 25-64 having contacts with friends at least once a week by income level in 2006



Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.

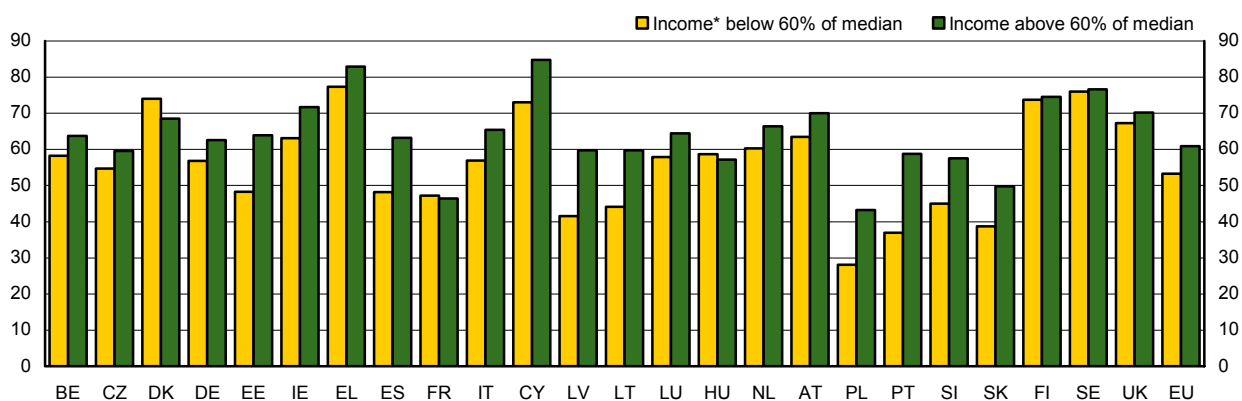
Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

In all of these seven countries, moreover, men in this age group with income below the poverty risk threshold also appear to meet up with friends more frequently than men with income above the threshold. In these countries, therefore, having a low level of income does not go together with having less contact with friends.

On the other hand, there are 12 Member States in which the proportion of men with income below the poverty risk threshold in contact with friends at least once a week was substantially smaller (over 10 percentage points smaller) than was the case for those with income above the threshold. In most of these countries, this was compounded by low-income men also meeting up less frequently with friends. This was especially the case in the Czech Republic, Cyprus, Slovenia and Slovakia among the new Member States, as well as in Portugal, Ireland and, to a lesser extent, Spain. In these countries, therefore, living in a low income-household seems to go together with having less contact with friends than is the case for those with higher income levels.

For women in this age group, the picture is slightly different. There are only three countries – Denmark, France and Hungary – in which women with income below the poverty risk threshold seem to have had more contacts with friends than women with income above the threshold. In the last two of these countries, moreover, the extent of the difference was minimal, as it was also in Finland and Sweden (Figure 16). In all five of these countries, more women with income below the poverty risk threshold than those with income above also got together at least once a week with friends. In these countries, therefore, where the same is also true for men, low incomes tend to be associated with more rather than less contact with friends.

Fig. 16: Share of women aged 25-64 having contacts with friends at least once a week by income level in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

There are slightly fewer countries, nine of the remaining 19, where the proportion of women contacting friends at least once a week is substantially smaller (over 10 percentage points) for those with income below the at-risk-of-poverty threshold than for those above. In all of these nine countries, the same is also the case for men. In several of these countries – Portugal, Cyprus, Slovakia and Estonia – the less frequent contacts of low-income women go together with less frequent meetings with friends. By contrast, in Latvia, Lithuania and Poland, for both low-income women and men, having less remote contact with friends does not tend to go with meeting up with them less regularly.

Ability to ask relatives, friends or neighbours for help

In all EU Member States, apart, very markedly, from the United Kingdom¹⁹, the vast majority of people feel able to ask relatives, friends or neighbours for help. This is the case among all age groups as well as among both men and women whether they have income above the poverty risk threshold or below (Table 15). Nevertheless, in all age groups, a smaller proportion of men and women with income below the poverty risk threshold were able to call on other people for help than those with income above the threshold.

Table 15: Ability to ask relatives, friends or neighbours for help in 2006

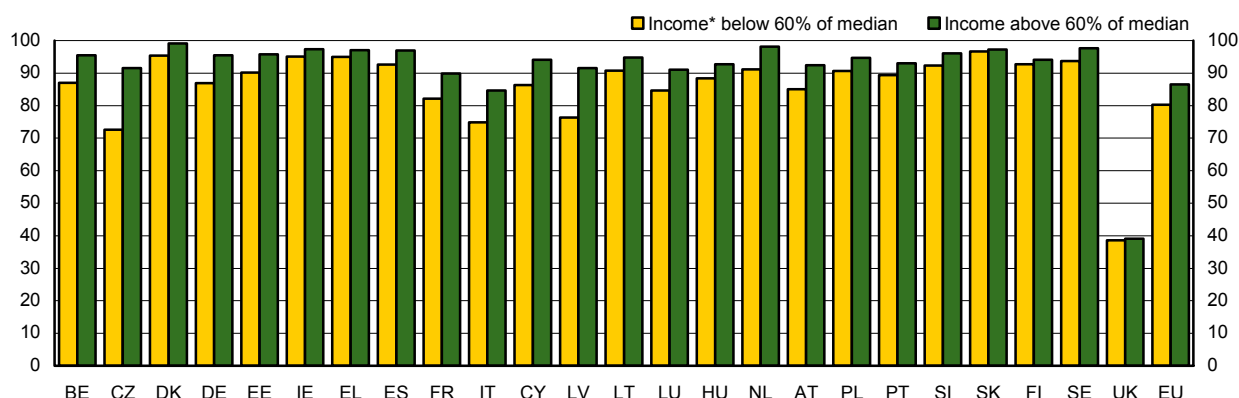
	% able to do so	
	Income rel to median*	
	>60%	<60%
Men		
16-24	87,4	83,9
25-64	86,5	80,3
65+	87,2	82,2
Women		
16-24	87,1	84,0
25-64	87,5	82,2
65+	88,7	84,1

* Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

¹⁹ Whether the low result for the UK are due to people being less willing to offer help or more reluctant to ask for help (or a combination of both) remains an open question and would require further investigation.

In all countries without exception, fewer of the men aged 25-64 with income below the poverty risk threshold reported being able to ask people for help than those with income above the threshold. Nevertheless, the difference was small (under three percentage points) in five countries – Ireland, Greece, Finland, the United Kingdom and Slovakia (Figure 17). On the other hand, in Italy, the difference was around 10 percentage points, and in Latvia and the Czech Republic over 15 percentage points. These were the only three countries apart from the United Kingdom, where the proportion of men with income below the at-risk-of-poverty threshold reporting being able to call on people for help was less than 80 %, though in each case, the proportion concerned was over 70 %. In the case of men aged 65 and over, the picture was similar and Italy was the only country, apart from the United Kingdom, where the proportion of men with low incomes unable to call on others for help was less than 80 % and then only marginally.

Fig. 17: Share of men aged 25-64 having the possibility to ask relatives, friends or neighbours for help by income level in 2006



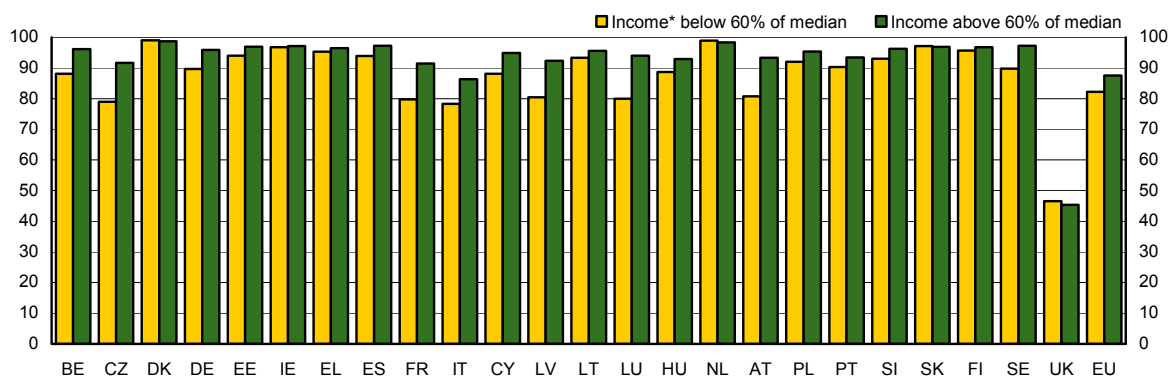
Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

For women in this age group, the relative number reporting being able to ask friends and relatives for help was over 90 % in 22 of the countries (Figure 18). There are four countries – Denmark, the Netherlands, Slovakia and the United Kingdom – where the proportion of women with low income being able to ask for help was larger than in the case of those with higher income levels. There are equally another five countries where the difference between the two groups is very small (under three percentage points) – Ireland, Greece, Finland, Estonia and Lithuania.

On the other hand, there are five countries – the Czech Republic, Ireland, Luxembourg, Austria and Latvia – where the proportion of women with income below the poverty risk threshold able to ask people for help was around 12-14 percentage points lower than for those with income above the threshold. Nevertheless, in all these countries, the proportion concerned was still around 80 %. In the older age group, however, the proportion of women with income below the poverty risk threshold unable to call on others for help was much less than 80 % in France (71 %) and the United Kingdom (53 %), though these were the only two countries where this was the case.

Fig. 18: Share of women aged 25-64 having the possibility to ask relatives, friends or neighbours for help by income level in 2006



Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Therefore, with the sole exception of the United Kingdom, the large majority of people seem able to call on friends or relatives for help irrespective of their level of income.

People on low incomes tend to be at a slight disadvantage when it comes to staying in touch with friends and relatives, but the situation does not differ very much from that of people with incomes above the poverty risk threshold. Moreover, more than 80 % of people on low incomes can ask relatives, friends or neighbours for help, a proportion that is only slightly below that observed among people above the poverty risk threshold. Thus, the risk of poverty assessed on the basis of disposable income is not a strong indication of more general social isolation.

3.1.3. Participation in group activities

The EU-SILC module also collected information on the participation of people in a number of group activities, such as those of political parties, trade unions, religious groups, professional associations and other groups. Table 16 presents the results for the EU as a whole by age and income level.

Table 16: Participation in group activities of different kinds in 2006

	% of each group participating											
	Political party, trade union Income rel. to median*		Professional association Income rel. to median		Church Income rel. to median		Recreational group Income rel. to median		Voluntary activities Income rel. to median		Other Income rel. to median	
	>60%	<60%	>60%	<60%	>60%	<60%	>60%	<60%	>60%	<60%	>60%	<60%
Men												
16-24	5,0	6,5	1,6	2,1	15,5	19,2	30,7	25,7	4,4	4,9	8,2	7,9
25-64	8,9	4,7	6,9	3,6	16,5	18,5	23,9	12,9	6,9	4,3	9,4	6,1
65+	6,8	3,1	4,0	2,4	21,1	19,6	20,8	13,1	7,7	4,9	11,7	6,5
Women												
16-24	4,2	4,0	1,4	1,4	19,7	22,6	22,4	16,0	6,4	5,6	6,9	6,6
25-64	6,9	3,5	4,5	1,8	22,1	24,2	19,1	10,5	8,6	6,0	8,6	6,0
65+	2,6	1,4	1,6	0,9	26,9	28,2	18,1	14,8	8,2	7,0	8,0	5,7

* Equivalised disposable income below 60 % of the national median equivalent disposable income
See also note to table 1. Source: EU-SILC 2006. UDB version 1 of 1st March 2008.

Country-by-country results for each of the first five activities are given in table A.3 in annex 1. They indicate that very few people in most EU Member States actively participate in the activities of political parties or those of trade unions. In the EU as a whole less than 10 % of men and women in each of the three broad age groups reported participating in this kind of activity and apart from young men aged 16-24, the proportion of those with income below the poverty risk threshold who participated was less than 5 %. The level of participation in political party and trade union activity was largest in the 25-64 age group, but even for this age group there were only three countries – Germany, Spain and Portugal – where the proportion for both men and women was over 10 %.

Participation in the activities of professional associations was also very low in most countries. The proportion was again largest among those aged 25-64, but even among these it was less than 20 % for men in all countries except Cyprus (where it was just 20 %) and under 10 % in 14 of the 24 Member States. For women, it was less than 15 % in all countries except Slovenia (where it was just under 16 %).

Participation in religious or church activities varied markedly between countries. In virtually all countries, it was higher among women than men in all age groups. Participation also tended to increase with age. The proportion of people under the age of 65 participating in religious or church activities was over 25 % in only around a third of the countries. In most countries, participation was higher for men and women with income below the poverty risk threshold than for people with income above. Participation was particularly high in Ireland, Poland and, above all, in Cyprus. In Ireland, around 65 % of those aged 65 and over participated in religious activities (and just under half of those aged 25-64), in Poland just over two-thirds (but also a similar proportion of those aged 25-64) and in Cyprus over 80 % of men and over 90 % of women (with again similar figures for the 25-64 age group).

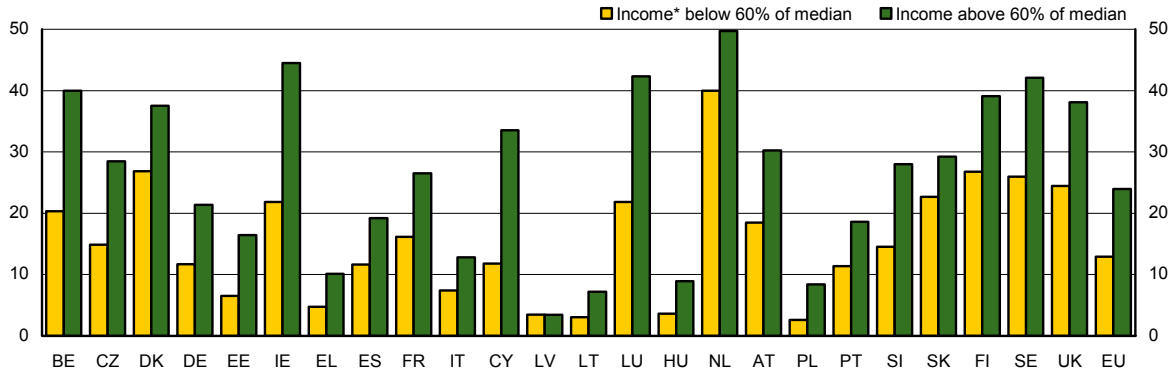
The other two areas of activity on which information was collected relate to participation in recreational group activities, such as belonging to a sports or leisure club, and in voluntary activities. These are examined in more detail below.

Participation in recreational group activities

In the EU as a whole, just over 30 % of men aged 16-24 and with income above the poverty risk threshold participated in recreational group activities, for example at a sports or leisure centre, over the 12 months preceding the EU-SILC 2006 survey. Around 24 % of those aged 25-64 and 21 % of those older than this participated in such activities (see Table 16). In each age group, the level of participation of people below the poverty risk threshold was lower. Men participated more in recreational group activities than women (see Table 16).

The level of participation varied across Member States, to a large extent in line with the national average household income levels. The share of men aged 25-64 participating ranged from over 35 % in the three Nordic Member States, the three Benelux countries, Ireland and the United Kingdom, to under 10 % in Latvia, Lithuania, Hungary, Poland and Greece (Figure 19).

Fig. 19: Share of men aged 25-64 participating in activities of recreational groups or organisations by income level in 2006



Note: *Equivalent disposable income below 60 % of the national median equivalent disposable income. See also note to Table 1.

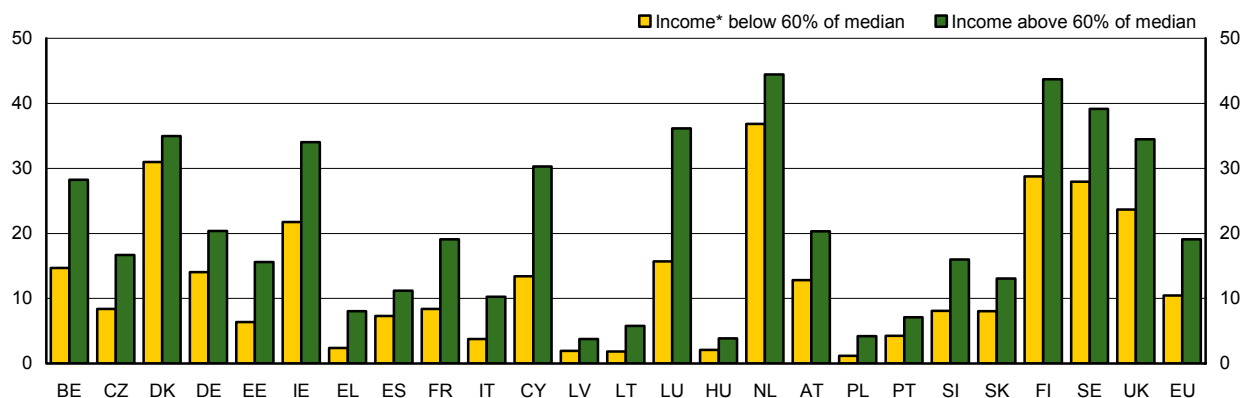
Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

In all of the countries, except Latvia where the figures were very small (under 4 % of men), the proportion of men participating in such activities was smaller for those with income below the poverty risk threshold than for those with income above. This was particularly the case in the countries where the overall proportion participating was highest (in each of these the difference was 10 percentage points and in Belgium, Ireland and Luxembourg as well as Cyprus, 20 percentage points or more), though less so in Denmark and the Netherlands than elsewhere.

For women in the same age group, the levels of participation in recreational group activities were generally smaller (though not in Finland and Sweden), but exceeded 35 % in the Netherlands, Finland and Sweden and were between 30 % and 35 % in Denmark, Ireland, Luxembourg and the United Kingdom as well as Cyprus. The proportion was under 10 % in all of the countries in which this was also the case for men, as well as in Portugal (Figure 20).

In all of the countries, the proportion of women with income below the poverty risk threshold who participated in these activities was less than for those with income above the threshold. Again the extent of the difference was particularly large in countries where overall participation rates were high, though, as for men, much less so in Denmark and the Netherlands than elsewhere.

Fig. 20: Share of women aged 25-64 participating in activities of recreational groups or organisations by income level in 2006



Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.

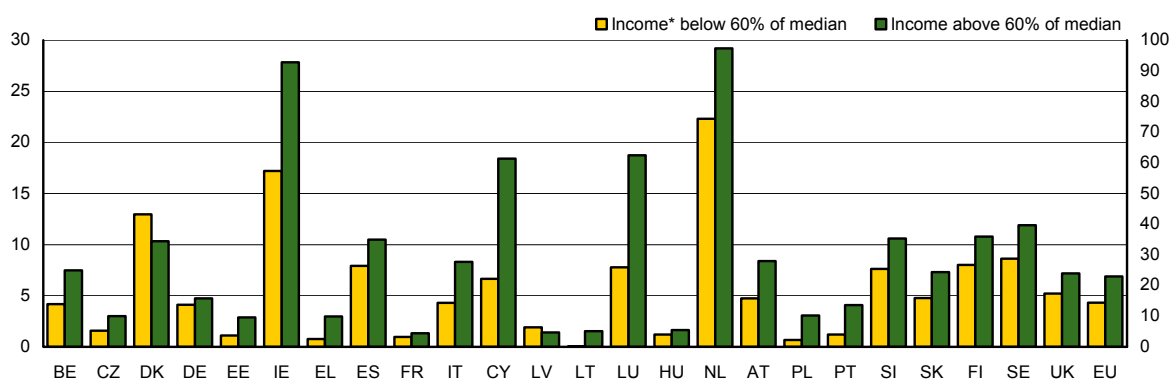
Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Participation in voluntary activities

Participation in the activities of charitable organisations or groups, by undertaking unpaid work on a voluntary basis and/or attending regular meetings is low in most countries and shows a pattern which is the reverse of that for participation in group recreational activities. The proportion participating, therefore, tends to increase with age and to be higher in each age group for women than for men. However, the level of participation also tends to be lower among those with income below the at-risk-of-poverty threshold than among those with income above.

For men aged 25-64, therefore, it averaged only just under 7 % across the EU and in all the new Member States less than 3 %, apart from Cyprus, Slovenia and Slovakia. In Cyprus and Luxembourg, however, it amounted to around 17 % and in Ireland and the Netherlands to 26-28 % (Figure 21).

Fig. 21: Share of men aged 25-64 participating in informal voluntary activities by income level in 2006



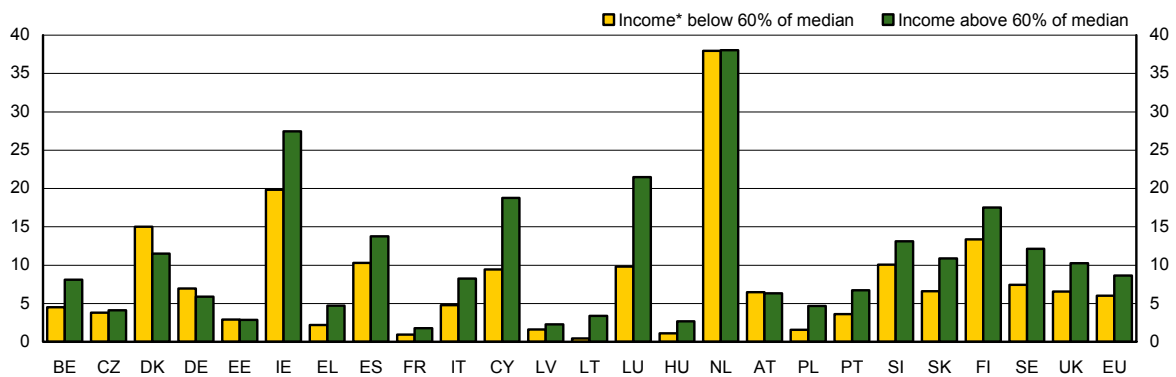
Note: *Equivalised disposable income below 60 % of the national median equivalised disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

In all of the countries, apart from Denmark and Latvia (where the figures are very small), more of the men with income above the poverty risk threshold were involved in this kind of activity than those with income below it. The difference was particularly marked in Ireland, Cyprus and Luxembourg, where the overall proportions participating in voluntary activities were relatively high.

For women in this age group, the relative number involved in voluntary work was slightly higher than for men (around 8 % in the EU as a whole) and, again, higher than elsewhere in Cyprus (17.5 %), Luxembourg (20 %), Ireland (26 %) and the Netherlands (38 %). It was also lower than elsewhere (in this case under 5 %) in most of the new Member States, France and Greece (Figure 22).

Fig. 22: Share of women aged 25-64 participating in informal voluntary activities by income level in 2006



Note: *Equivalentised disposable income below 60 % of the national median equivalentised disposable income. See also note to Table 1.

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

As for men, in nearly all of the countries, apart from Denmark, Germany and Austria, there were fewer women with income below the poverty risk threshold participating in voluntary activities than with income above the threshold. Again the extent of the difference was relatively large in Ireland, Cyprus and Luxembourg (though less so than for men in Ireland, in particular), while in the Netherlands, there was hardly any difference at all.

Participation in the activities considered in this section is generally low, and involvement in recreational group activities and church and religious activities is the most common. Yet, even among these, less than a quarter of Europeans engage in these activities. There are significant differences across countries, age groups and between women and men. Being at risk of poverty tends to be associated with lower participation – except in church and religious activities where people at risk of poverty appear to be slightly more engaged than people with incomes above the poverty risk threshold.

3.2. Social connections and earnings

The above analysis has examined the relationship between various social activities of people and their relative income levels, focusing on those at the bottom end of the income distribution as compared with those further up. The aim was to assess whether and to what extent those with low income levels also tend to be less involved in social and cultural activities and have less contact with friends and relatives than those with higher income levels. The concern was essentially to consider how far those with low incomes were doubly disadvantaged by also having less social contact and attending social and cultural events less often than other people, rather than to identify any causal relationship.

The data compiled by the EU-SILC special module can also be used, however, to examine the effect of social participation, or more specifically social relations, on the chances in life of people. In particular, the information collected can throw light on the extent of the influence, if any, of social connections – or ‘social capital’ – on the jobs which people can obtain and, accordingly, on the income they can earn. In other words, the issue is whether or not those who are better connected, or have a wider circle of connections, tend to be able to get

better jobs as a result. Although a number of studies have examined this issue for particular groups in individual countries²⁰, no attempt has been made up until now to carry out a multi-country analysis.

There are at least three different ways through which social relations might affect the jobs which people have and the earnings from them. First, social connections, or networks, facilitate the flow of information. Social ties, especially with those in strategic positions, can be a useful source of information about job opportunities, which might otherwise be missed. Secondly, social connections demonstrate a person's social credentials and, accordingly, might impress those making the decisions about hiring or promotion. Thirdly, the fact of having access to a social network might reassure those making such decisions that the person concerned can be useful to an organisation over and above their personal capabilities²¹.

A second question is whether what are called 'weak' ties, in the sense of contacts with acquaintances, as opposed to 'strong' ties, which are contacts with close friends or relatives, are likely to be a more important source of information than the latter on job openings. The reason why this might be the case is that close friends are likely to know the same group of people and, therefore, have access to the same information as the person concerned, whereas acquaintances will tend to have a different circle of contacts and so be a source of new information²². This is akin to the distinction between 'bonding' social capital and 'bridging' social capital, the former describing benefits which arise from having a circle of close friends or relatives that people can count on for support, the latter describing the potential gains from having links to another social network outside this circle.

Some studies have, therefore, found that the extent of social connections – or the amount of bridging social capital – as measured by the number of memberships of clubs and contacts with people in other organisations, has a substantial direct influence on income²³.

A third question is whether social connections matter more in the new Member States which used to be communist countries than in other Member States. The reason why this might be the case is that social networks tend to be more valuable and more widespread in communist regimes, because, for example, of the need to overcome continuous shortages of goods and bureaucratic regulations. These networks might remain in place partly because of inertia but also because of the uncertainty associated with the transition process²⁴.

²⁰ For example, a study on managers in the Netherlands by Boxman, Ed A.W., De Graaf, P. M. and H. D. Flap (1991). The impact of social and human capital on the income attainment of Dutch managers. *Social Networks* 13: 51-73 and a study of cooperative managers in Portugal by Barros, C. P. (2006). Earnings, Schooling and Social Capital of Cooperative Managers. *Annals of Public and Cooperative Economics*. (77)1:1-20 both of which find that social capital has a positive effect on earnings.

²¹ Lin, N. (1999). Building a Network Theory of Social Capital. *Connections* 22(1): 28-51.

²² This thinking stems initially from Granovetter, M. S. (1973). The Strength of Weak Ties. *American Journal of Sociology*, 78. 1360-80 and studies have generally found that weak ties are a common source of finding a job, but the evidence on the effect of weak ties on income is less conclusive. See, for example, Bridges, W. p. and W. J. Villemez, (1986). Informal hiring and income in the labor market. *American Sociological Review*, 51:574-82, Marsden, P. V. and J. S. Hurlbert (1998). Social Resources and Mobility Outcomes: A Replication and Extension. *Social Forces* 66. 1038-59 and Wegener, B. (1991). Job Mobility and Social Ties: Social Resources, Prior Job, and Status Attainment. *American Sociological Review* 56. 60-71, as well as Tassier, T. (2006). Labor market implications of weak ties. *Southern Economic Journal*. 72(3) 704-19.

²³ Buerkle, K. and A. Guseva (2002). What Do You Know, Who Do You Know? *American Journal of Economics and Sociology*, 61(3):657-80 and Boxman, Ed A.W., De Graaf, P. M. and H. D. Flap (1991). The impact of social and human capital on the income attainment of Dutch managers. *Social Networks* 13: 51-73. Analysing Polish data, Growiec, J. and K. Growiec (2007). Social Capital, Well-Being, and Earnings: Theory and Evidence from Poland. MPRA Paper No. 7071 find that 'weak' ties (which can be referred to as 'bridging' social capital, proxied by the number of friends a person has frequent contact with) has a significant effect in raising earnings.

²⁴ This has been argued in Sik, E. (1995). Network Capital in Capitalist, Communist, and Post-Communist Societies. Notre Dame, IN: Kellogg Institute and Kolankiewicz, G. (1996). Social Capital and Social Change. *British Journal of Sociology* 47(3): 427-41.

Measuring social capital

Three measures of social capital can be estimated on the basis of EU-SILC data. The first is based on the intensity of contact with relatives not living in the same household, in the sense of how often a person sees or gets in touch with them, which can be regarded as an indicator of the strong ties someone has, or the extent of bonding social capital. The second is the intensity of contacts with friends, which can also be regarded as a proxy of the width of a person's social network. In order to measure the intensity of contact, the information provided in the survey on the number of times friends or relatives were contacted in the previous year is divided into four categories – daily, weekly, several times a month and once a monthly or less frequently.

Another indicator of the wider social network is the number of organisations, clubs or social groups which a person is a member of, in the sense of participating in their activities. The more organisations, therefore, the wider the network of social contacts and the greater the extent of bridging social capital. For purposes of analysis, people are divided into three groups – those who did not participate in the activities of any organisation, those who participated in the activities of one and those who participated in the activities of two or more.

In general, people in Cyprus, Greece, the Nordic countries and the Netherlands tend, on average, to have more frequent contact with relatives, in the sense that only a relatively small proportion of people have contact only once a month or less with relatives (see Figure 23). Around half of people in Greece and Cyprus have contact with relatives daily. On the other hand, the proportion of people in most of the new Member States, contacting relatives frequently is much lower. The only exceptions are Cyprus (which was not previously a socialist country) and the Czech Republic.

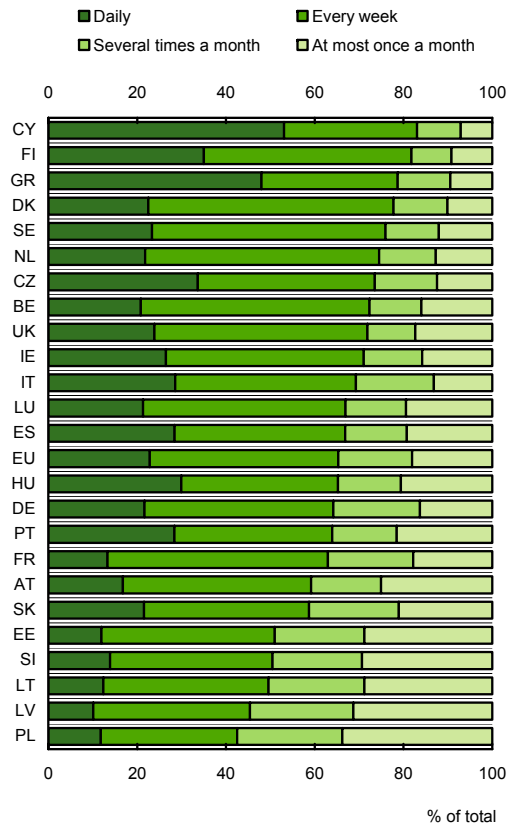
The picture is similar when social connections are measured by the intensity of contacts with friends. In the Nordic countries, Greece and Cyprus, as well as in this case of Germany, there is again a larger proportion of people making such contact frequently than in other countries, while the opposite is the case in most of the new Member States as well as in France, Portugal and Spain (Figure 24).

There are major differences between countries in the extent of social networks that people have access to, as measured by the number of organisations in which people participate. The organisations in question, it should be recalled, include church and religious groups as well as sports and leisure clubs, professional associations, charitable trusts and so on. It should also be recalled that in some countries (Ireland and, most notably, Poland and Cyprus), many more people than elsewhere participated in church or religious activities. Since the concern here is with the extent of social contacts, the focus is on those who participated in the activities of two or more organisations over the preceding year, which accordingly helps to reduce the potential bias caused by the large number of church-goers in Ireland, Poland and Cyprus if only one organisation was considered.

As in the case of contact with relatives and friends, the relative number of people participating in the activities of two or more organisations is relatively large in the Nordic countries and Cyprus as well as in the Netherlands, Luxembourg and Ireland. Equally, it is relatively small in many of the new Member States and France. Unlike in the case of contact with friends, the relative number is also comparatively small in Greece as well as in Belgium, Italy, Austria and Portugal (Figure 25).

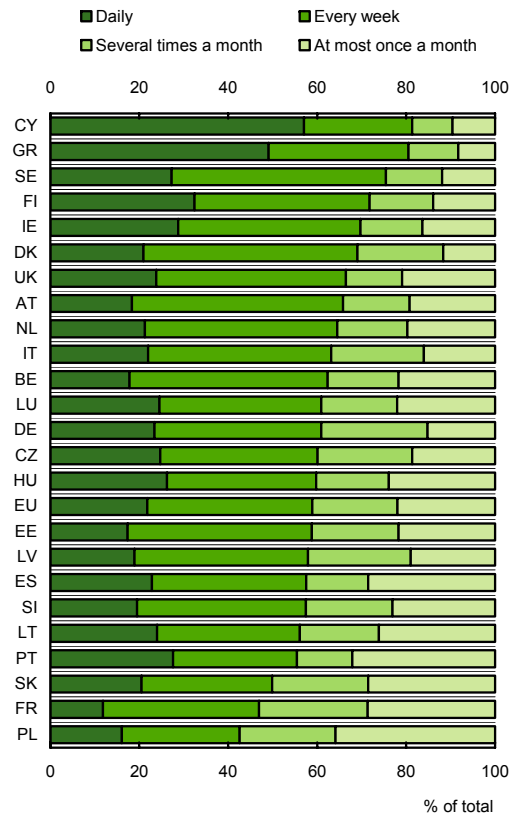
There are no marked differences between men and women in the intensity of social relations, as indicated above, in the sense that the pattern of differences between countries is very similar. The same is generally true of participation in the activities of membership organisations. Men and women are, therefore, considered together in the analysis which follows.

Figure 23: Intensity of contacts with relatives in 2006



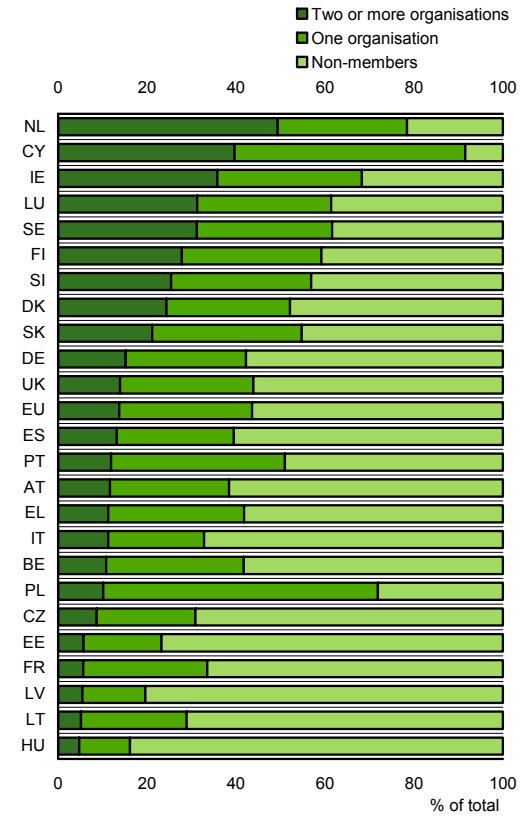
Note: See also note to Table 1 Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Figure 24: Intensity of contacts with friends in 2006



Note: See also note to Table 1 Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Figure 25: Participation in activities of membership organisations in 2006



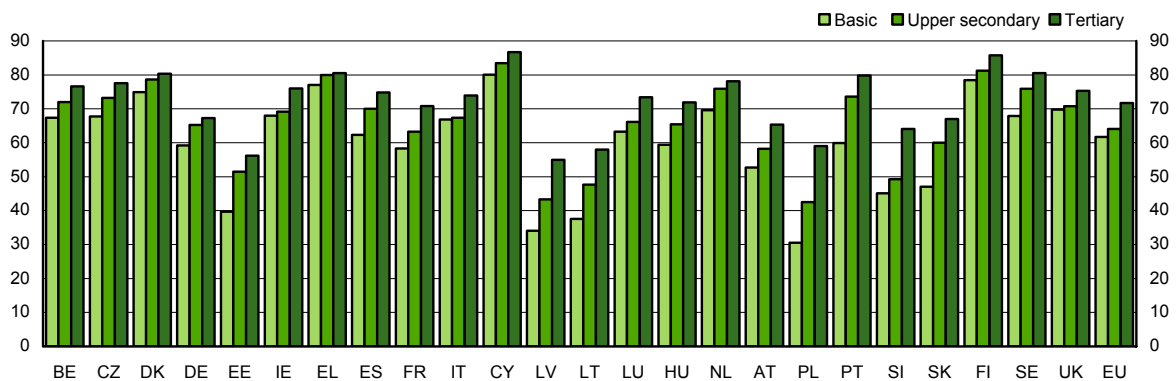
Note: See also note to Table 1 Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Social capital and education attainment levels

There is a close association between the intensity of contact with relatives and friends and education levels. In all Member States, the proportion of people with tertiary education who are in contact with relatives at least once a week is larger than for those with upper secondary education, which in turn is larger for those with only basic education (Figure 26).

The relationship is less close as regards contact with friends. In 18 of the 24 countries, the proportion of people who are in contact friends once a week or more varied systematically with education levels. However, in five countries – Denmark, Finland, Ireland, Lithuania and the United Kingdom – the proportion of those with tertiary education contacting friends this frequently was smaller than for those with upper secondary education (though in all except Ireland and Lithuania, only marginally). In Germany, a larger proportion of those with only basic education made frequent contact with friends than among those with upper secondary education (Figure 27).

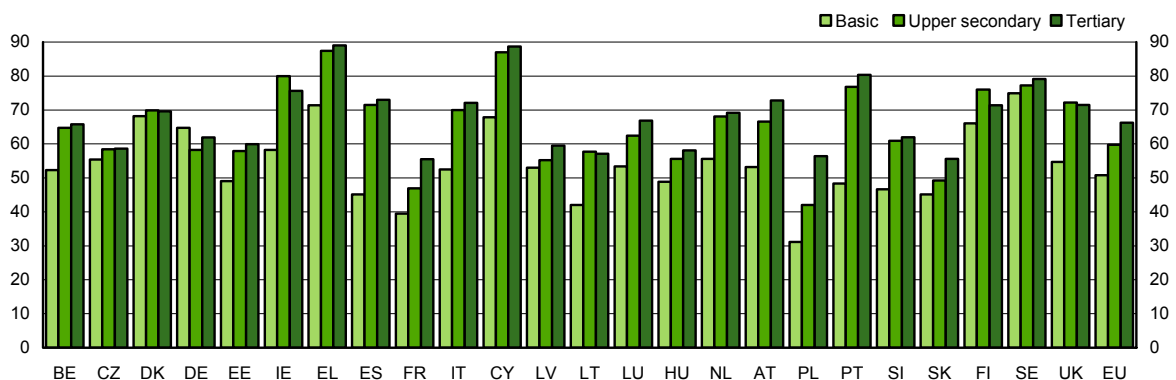
Figure 26: Share of people aged 25-64 having contact with relatives at least once a week by education level in 2006



Note: See also note to Table 1

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

Figure 27: Share of people aged 25-64 having contact with friends at least once a week by education level, 2006

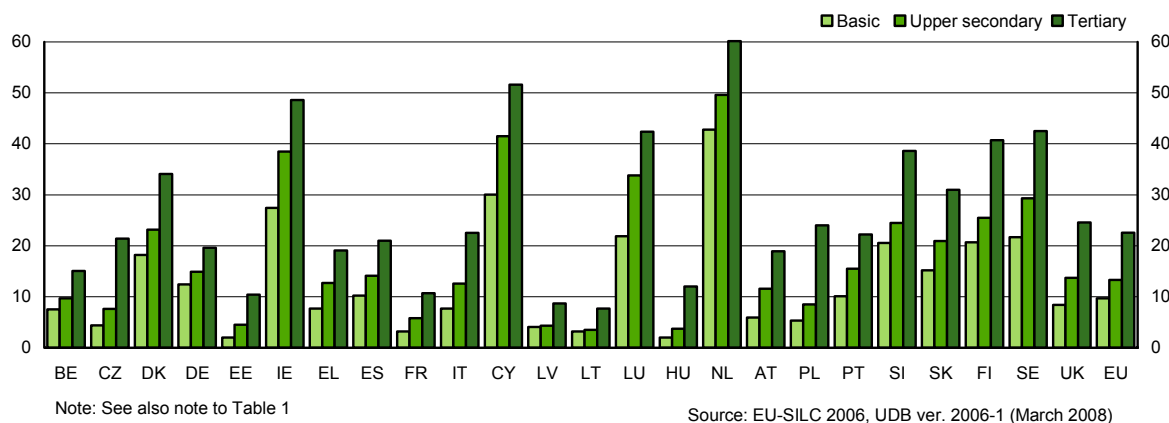


Note: See also note to Table 1

Source: EU-SILC 2006, UDB ver. 2006-1 (March 2008)

There is an even closer association between education levels and participation in the activities of membership organisations. The relative number of people who participated in the activities of two or more organisations was significantly larger for those who had completed tertiary education than for those with lower levels of education. Equally, more of those who had completed upper secondary education participated in at least two organisations than was the case for those with only basic education (Figure 28). The extent of social connections, therefore, seems to increase with education levels.

Figure 28: Share of people aged 25-64 participating in 2 or more social activities or organisations by education level, 2006



The relatively close association between educational attainment levels and social connections complicates the investigation of the effect of the latter on earnings since these in turn tend to increase as education levels rise. Explicit account, therefore, needs to be taken of this in the analysis in order to try to isolate the effect of social connections on earnings. Equally, account needs also to be taken of the tendency for earnings to rise with age and experience as well as to vary across sectors of activity. Econometric methods are used to do this.

The findings

The results of the statistical analysis indicate that in 19 of the 24 countries, at least one of the indicators of social connections is positively associated with earnings²⁵ when allowance is made for the other influences (Table 17). Participation in the activities of two or more membership organisations, therefore, is associated with higher earnings, other things being equal, in 15 Member States, friendship connections in 13 countries, and connections with relatives in ten countries. In all but five countries, therefore, there is evidence of those with more extensive social networks – a larger amount of bridging social capital –having better jobs and the higher earnings which come with these.

The five countries in which there is no sign of such an effect are the three Nordic countries, the Netherlands and Greece. Except for Greece, these countries are among those with the most extensive social contacts as measured by the three alternative indicators, as shown above. In these countries, therefore, it could be that the value of social connections tends to be lower than elsewhere simply because it is more common for people to have such connections. Accordingly, if most people have relatively extensive social contacts, there is less to be gained than in a situation where the reverse is the case²⁶.

²⁵ As measured by the annual gross cash (or near cash) income from employment in the previous year (i.e. before deducting taxes and before including social transfers. The self-employed, and self-employment income, are excluded from the analysis. For more detailed information about methods and definitions see research note on *The effect of social capital on wage income: an analysis of the EU-SILC module on social participation* prepared by the Social Situation Observatory <http://www.applica.be>

²⁶ A further possible explanation in these countries – though perhaps less so in Greece than in the other four – is that a relatively large amount of emphasis is put on educational qualifications and recruitment and on promotion according to merit, thus leaving less room for social connections to have an effect.

Table 17: Social connections by type with positive effect on earnings in 2006

	Social contacts		
	Organisations	Friends	Relatives
BE			+
CZ	+	+	
DK			
DE		+	
EE	+	+	+
IE	+		
EL			
ES	+	+	+
FR	+	+	+
IT	+		
CY	+	+	
LV	+		
LT		+	+
LU		+	+
HU	+	+	+
NL			
AT	+	+	
PL	+	+	+
PT	+		+
SI	+	+	
SK	+		+
FI			
SE			
UK	+	+	

+ significantly positive effect on earnings

A positive association between earnings and social contacts as measured by participation in membership organisations – which is an indicator of ‘bridging’ ties and a wider social network – is evident in all the countries apart from the five listed above together with Belgium, Germany, Luxembourg and Lithuania. Of these, both Luxembourg and Germany have a relatively large proportion of people with wide networks. In most of the countries where the effect of social participation on earnings is significant, therefore, the relative number of people with wide social networks is relatively small, so perhaps putting a premium on the value of this.

Moreover, the results indicate not only that social contacts of this kind are positively associated with higher earnings, but that participating in the activities of additional organisations – i.e. a more extensive social network – tends to increase earnings even further. Indeed, in some countries – the Czech Republic, France, and Italy, in particular – only participation in two or more organisations seems to be associated with higher earnings.

The results also seem to indicate that the extent of bridging social capital has more of an effect on earnings than ‘that of bonding social capital. There are more countries, therefore, where contact with social networks (15 countries) is positively associated with higher earnings than there are where contact with relatives (ten countries) or friends (13 countries) affect earnings.

It is equally the case that the findings provide some support for the hypothesis that social connections tend to have a greater effect on earnings in countries which were previously communist than in others. Accordingly, for all of the new Member States on the European mainland (i.e. excluding Cyprus as well as Malta, for which EU-SILC data were not available anyway), at least one of the indicators of social connections is positively related to earnings. Indeed, for three of them – Estonia, Hungary and Poland – all three indicators have a significant effect (in statistical terms). By contrast, of the EU-15 countries plus Cyprus, there are five in which none of the indicators has a positive effect and only two – France and Spain – where all three have a significant effect²⁷.

²⁷ It should be noted that much the same results emerge if the frequency of getting together with relatives and friends rather than the frequency of making contact, are used as indicators of social ties.

3.3. Concluding remarks

In the first part of this chapter, a clear association emerged between income levels and social and cultural activities, if the latter is measured by visits to the cinema, theatre, concerts, museums, sporting events and so on. In particular, in nearly all countries, people with income below the at-risk-of-poverty threshold tend to go to less of these places and events than those with income above the poverty risk threshold. Having low income, therefore, tends to mean that people are less involved in such activities. This is less so, however, in Denmark, Finland, Sweden and the Netherlands than elsewhere. By contrast, it tends to be particularly the case in low income countries, especially in many of the new Member States.

Having low income, however, does not seem to mean that people have less social contact in the sense of getting together less often with friends or relatives. In most countries, therefore, there is not a significant difference between the frequency with which those with income below the poverty risk threshold meet up with relatives or friends and that with which those with income above the threshold do so. On the other hand, it is the case in many countries that those on low incomes tend to have contact less often with relatives and friends than those with higher income levels. This is especially the case in Member States where average income levels are low and many of the new Member States, in particular.

It is also the case that both men and women with income below the poverty risk threshold tend to be less able to ask a relative, friend or neighbour for help than those with income above the threshold in nearly all countries. The difference, however, except in a few countries, is not large and the vast majority of those on low incomes report that they do have friends and others they can go to for help.

Equally, those on low income are less likely to participate in the activities of membership organisations. Indeed, the number of such organisations that people are involved with tends to increase with income. It also, however, tends to increase with education levels, which makes for difficulty in disentangling the effects of education and social participation, defined in these terms, on income.

Statistical methods, however, enable the two relationships concerned to be distinguished. The use of such methods indicates that social connections seem to have the effect of increasing earnings in most EU countries over and above the effect of other factors – education levels, age and sector of activity, in particular. The exceptions are the three Nordic countries, the Netherlands and Greece, where such connections seem to play no role in determining the job which people have and the earnings associated with it. Greece apart, these are also the countries in which participation in social activities seems to depend least on income.

A general point to emphasise in this regard is that the relationships identified in the study between social participation and income or earnings do not necessarily imply causality. The relationship between the two can, therefore, run both ways. Accordingly, the results reported are consistent with the thesis that social connections affect earnings and that earnings tend to be higher, other things being equal, the more extensive such connections are. They are also consistent with bridging social capital (a person's wider social network) having more of an effect on earnings than bonding social capital (a person's close circle of friends or relatives). On the other hand, the results are also consistent with the opposite direction of causality, i.e. with higher earnings allowing people to become more involved in social activities and to belong to more membership organisations.

In practice, there is no easy way of determining which of these possible causal directions is the more valid. Indeed, it could well be that both causal relationships are at work, that social connections are important in many cases in helping people get a good job or gain promotion but, by the same token, having a good job and the income it brings leads people to be more socially active and increases the possibilities of them being more active.

ANNEX 1

Table A.1: Participation in cultural and recreational activities among men and women aged 25-64 by income level, 2006

	Average visits to the cinema per year				Average visits to live performances per year				Average visits to cultural sites per year				Average visits to live sport events per year			
	Men		Women		Men		Women		Men		Women		Men		Women	
	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%
BE	1.2	2.3	1.3	2.4	1.1	2.0	0.9	2.2	1.2	1.9	0.9	2.0	1.8	3.5	0.8	2.0
CZ	0.5	1.4	0.6	1.3	0.2	1.1	0.5	1.5	0.6	1.6	0.7	1.8	1.8	3.4	1.0	1.4
DK	3.5	2.9	3.0	3.4	2.7	2.1	1.8	2.3	2.3	2.5	2.8	2.8	3.5	4.0	2.8	2.9
DE	1.4	2.0	1.4	2.1	0.9	1.6	1.1	2.0	1.2	1.9	1.3	2.0	1.6	2.8	1.1	1.7
EE	0.2	1.2	0.4	1.1	0.8	2.0	1.2	2.8	0.3	1.2	0.5	1.7	0.7	1.5	0.3	0.7
IE	0.6	2.8	1.2	2.8	0.5	2.0	0.8	2.2	0.6	2.2	0.6	1.9	2.9	5.5	2.3	2.9
EL	0.8	1.9	0.8	2.0	0.4	1.1	0.5	1.3	0.2	0.5	0.2	0.5	1.3	2.0	0.2	0.4
ES	1.6	3.4	1.7	3.5	0.8	1.7	0.9	1.8	1.0	2.4	1.0	2.5	1.7	2.7	0.8	1.1
FR	1.2	2.8	1.5	3.1	1.0	1.8	1.0	2.0	1.1	2.0	1.2	2.3	1.3	2.2	0.5	1.0
IT	1.1	2.5	1.1	2.3	0.5	1.2	0.5	1.3	0.3	1.1	0.4	1.2	1.3	2.2	0.3	0.7
CY	0.6	1.6	0.5	1.6	0.5	1.4	0.7	1.8	0.3	1.0	0.3	1.1	1.5	3.6	0.1	0.6
LV	0.3	1.0	0.2	1.1	0.6	1.3	1.0	2.0	0.3	1.3	0.5	1.7	0.5	1.4	0.3	0.7
LT	0.1	1.0	0.1	0.9	0.6	1.4	0.8	2.0	0.2	1.0	0.3	1.3	0.4	1.4	0.1	0.4
LU	1.2	3.3	1.4	3.5	0.7	2.7	0.9	2.9	1.3	2.7	1.4	2.7	3.1	3.8	1.5	2.4
HU	0.5	1.5	0.4	1.4	0.6	1.6	0.6	2.0	0.8	2.0	0.9	2.4	1.1	2.0	0.4	0.8
NL	2.1	2.1	1.3	1.8	1.9	2.2	1.1	2.3	1.8	2.4	1.7	2.3	3.3	3.7	1.9	2.7
AT	1.1	2.3	1.2	2.3	1.9	3.3	2.0	4.0	1.5	2.2	2.0	2.8	1.6	3.2	0.8	1.4
PL	0.4	1.4	0.4	1.5	0.2	0.7	0.2	0.9	0.4	1.2	0.4	1.4	1.0	1.6	0.2	0.5
PT	0.6	1.7	0.6	1.7	1.0	1.9	0.8	1.8	0.4	1.3	0.5	1.4	1.8	2.6	0.4	0.8
SI	0.8	1.6	0.7	1.6	0.8	1.8	0.9	2.1	0.9	1.6	0.8	1.8	1.6	2.6	0.6	1.1
SK	0.6	1.3	0.5	1.2	1.0	1.6	1.2	1.9	0.9	1.5	1.0	1.6	3.6	4.5	1.2	1.8
FI	1.5	2.0	1.6	2.2	1.7	2.6	2.4	3.5	2.1	3.9	2.9	4.3	2.8	3.6	1.2	2.1
SE	2.3	2.0	1.5	2.2	2.3	2.3	1.8	2.3	3.5	2.9	2.7	3.0	2.4	4.3	1.9	2.8
UK	1.7	2.8	1.7	2.8	1.2	2.2	1.2	2.4	1.6	3.0	1.5	2.9	1.5	3.1	0.8	1.3
EU	1.2	2.3	1.2	2.4	0.8	1.7	0.9	1.9	0.9	1.9	1.0	2.1	1.5	2.7	0.7	1.2

* Equivalised disposable income below 60 % of the national median equivalent disposable income. See also note to table 1.

Source: EU-SILC 2006. UDB version 1 of 1st of March 2008.

Table A.2: Social interaction among men and women aged 25-64 by income level, 2006

	Getting together with relatives at least once a week				Getting together with friends at least once a week				Having contacts with relatives at least once a week				Having contacts with friends at least once a week				Having the possibility to ask relatives, friends or neighbours for help			
	Men		Women		Men		Women		Men		Women		Men		Women		Men		Women	
	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%
BE	55.9	62.9	60.7	71.5	63.7	60.8	61.5	61.1	58.4	67.6	72.0	81.0	57.5	59.1	58.3	63.7	87.0	95.5	88.1	96.2
CZ	48.8	57.6	58.3	62.5	47.6	51.8	46.9	46.0	51.6	71.6	64.2	78.1	48.6	62.2	54.7	59.6	72.6	91.6	78.9	91.7
DK	36.1	41.1	49.0	44.3	70.1	56.6	60.2	48.0	65.7	73.3	83.0	83.4	79.2	70.0	74.0	68.5	95.4	99.1	99.0	98.7
DE	38.3	44.2	41.7	49.4	54.4	52.5	49.2	52.5	54.6	60.6	61.7	72.1	56.4	55.7	56.8	62.6	86.9	95.5	89.7	95.9
EE	30.1	32.7	43.9	38.5	53.9	53.8	46.6	51.6	33.3	48.9	52.7	61.0	37.2	61.6	48.3	63.9	90.2	95.8	94.1	97.0
IE	43.4	44.3	49.6	51.2	51.2	57.1	49.5	53.7	55.8	66.8	76.7	81.9	46.4	65.6	63.1	71.7	95.1	97.3	96.8	97.2
EL	75.0	69.8	77.8	74.5	82.5	82.6	79.6	77.8	72.0	77.7	81.8	84.2	76.0	86.0	77.3	83.0	95.0	97.0	95.3	96.4
ES	57.7	58.7	65.0	64.6	63.6	66.9	61.1	63.3	56.4	64.9	69.4	78.0	48.5	61.2	48.2	63.2	92.7	97.0	93.9	97.3
FR	45.9	43.7	53.7	54.1	50.9	41.3	49.8	41.8	47.1	54.8	62.2	73.0	42.0	41.1	47.2	46.4	82.1	89.9	79.8	91.5
IT	60.9	59.2	66.1	67.0	66.0	70.2	60.0	63.4	62.9	66.0	70.7	76.4	59.7	67.9	56.9	65.4	74.9	84.7	78.3	86.3
CY	60.1	77.0	69.4	83.0	78.6	84.1	78.3	83.2	69.8	81.9	78.8	89.9	67.7	84.8	73.0	84.8	86.3	94.1	88.1	94.9
LV	29.2	35.6	37.1	41.8	56.1	45.4	43.9	41.7	23.8	42.9	40.5	56.1	39.2	55.7	41.6	59.7	76.3	91.5	80.4	92.3
LT	32.8	36.3	34.7	41.0	67.4	57.5	58.1	51.6	26.8	48.2	41.5	64.2	37.4	57.1	44.1	59.8	90.7	94.8	93.4	95.6
LU	44.9	50.8	50.0	58.2	67.5	66.0	54.7	61.8	49.9	58.9	60.7	81.3	46.8	57.6	57.9	64.4	84.7	91.0	80.0	94.0
HU	52.5	52.9	57.8	59.5	58.5	52.3	55.2	48.0	54.5	62.8	63.1	70.8	61.1	58.6	58.7	57.2	88.4	92.7	88.7	92.9
NL	37.6	43.0	44.1	54.8	54.5	52.3	59.2	51.1	65.5	68.6	78.6	82.6	71.6	60.5	60.3	66.4	91.1	98.2	98.9	98.3
AT	46.3	44.2	47.7	53.0	56.9	63.1	56.0	58.0	53.2	53.4	62.8	70.5	58.9	65.6	63.5	70.0	85.0	92.4	80.7	93.3
PL	33.1	35.1	37.8	40.7	42.5	36.1	35.9	34.7	28.0	42.4	34.8	51.3	28.7	41.8	28.1	43.3	90.7	94.7	92.0	95.3
PT	67.1	71.8	72.3	79.2	70.5	80.7	66.7	76.0	50.7	63.1	61.8	73.9	43.3	61.0	37.0	58.8	89.4	93.0	90.2	93.4
SI	42.1	44.3	47.8	49.4	58.0	64.0	49.3	49.8	36.7	46.0	57.1	60.4	49.2	59.9	45.0	57.5	92.3	96.1	93.1	96.2
SK	46.5	54.4	53.7	60.6	48.5	53.9	44.7	50.5	41.4	58.9	52.9	66.8	35.5	50.2	38.7	49.8	96.7	97.2	97.1	96.9
FI	58.1	58.8	61.3	62.6	77.8	66.4	69.8	62.4	69.1	78.3	84.3	89.5	73.1	70.8	73.8	74.5	92.7	94.1	95.7	96.8
SE	33.8	42.6	40.1	49.3	67.6	62.2	59.2	57.9	66.3	70.3	84.4	83.6	80.4	73.9	76.0	76.6	93.8	97.6	89.8	97.2
UK	60.5	51.3	68.7	62.1	68.8	65.7	70.1	67.0	60.4	65.4	76.3	81.6	58.3	63.4	67.3	70.2	38.6	39.1	46.6	45.4
EU	50.0	50.1	56.4	57.4	59.3	57.3	56.3	55.1	52.9	61.5	64.7	74.1	51.7	57.8	53.4	60.9	80.3	86.5	82.2	87.5

* Equivalised disposable income below 60 % of the national median equivalent disposable income. See also note to table 1

Source: EU-SILC 2006. UDB version 1 of 1st of March 2008.

Table A.3: Participation in group activities among men and women aged 25-64 by income level, 2006

	Participating in activities of recreational groups or organisations				Participating in voluntary activities				Participation in activities of political parties or trade unions				Participation in activities of professional associations				Participation in activities of churches or other religious organisations			
	Men		Women		Men		Women		Men		Women		Men		Women		Men		Women	
	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%	Income <60%	Income >60%
BE	20.3	40.0	14.7	28.3	4.2	7.5	4.5	8.1	5.6	14.3	1.5	4.9	8.0	8.9	4.8	7.8	n.a	n.a	n.a	n.a
CZ	14.9	28.5	8.4	16.7	1.6	3.0	3.8	4.1	6.9	10.0	4.8	4.2	3.3	10.1	1.2	7.1	3.5	4.4	5.1	6.3
DK	26.9	37.5	31.0	34.9	13.0	10.3	15.0	11.5	0.5	4.6	1.1	6.0	21.5	18.8	11.0	10.1	11.1	8.8	14.0	12.0
DE	11.7	21.4	14.0	20.4	4.1	4.8	7.0	5.9	13.9	13.3	11.0	14.5	2.1	5.1	2.0	2.5	6.6	12.3	13.9	17.6
EE	6.5	16.5	6.4	15.6	1.1	2.9	2.9	2.9	3.6	6.5	1.2	3.9	1.4	4.0	0.6	7.2	2.5	3.1	4.4	6.6
IE	21.9	44.5	21.8	34.0	17.2	27.9	19.8	27.5	5.6	7.6	0.8	3.0	4.3	15.3	1.0	7.5	44.1	44.9	49.2	51.3
EL	4.8	10.1	2.4	8.1	0.8	3.0	2.2	4.7	2.1	4.0	1.5	4.4	6.1	12.2	1.3	6.4	29.0	24.1	34.0	32.1
ES	11.7	19.2	7.3	11.2	7.9	10.5	10.3	13.8	5.7	14.5	5.9	15.0	5.1	7.0	3.0	5.0	14.1	9.7	20.8	16.4
FR	16.1	26.5	8.4	19.1	1.0	1.3	1.0	1.8	4.8	10.2	1.2	4.3	1.2	1.7	0.5	1.0	1.9	0.9	1.7	1.5
IT	7.4	12.8	3.8	10.3	4.3	8.3	4.8	8.3	0.6	3.1	1.1	2.5	5.4	8.9	1.8	4.4	14.9	14.2	25.3	21.7
CY	11.8	33.6	13.4	30.3	6.7	18.4	9.4	18.8	1.4	3.1	0.3	2.5	6.8	20.8	0.5	9.8	81.2	84.5	86.0	91.8
LV	3.5	3.4	2.0	3.8	1.9	1.4	1.6	2.3	6.0	6.7	2.3	2.4	1.6	4.3	1.6	5.8	4.6	5.9	10.1	10.3
LT	3.0	7.2	1.9	5.8	n.a.	1.5	0.4	3.4	5.5	8.0	2.3	3.2	0.3	2.6	0.0	2.7	10.1	15.7	22.5	24.7
LU	21.9	42.3	15.7	36.1	7.8	18.7	9.8	21.5	4.3	6.8	3.7	11.9	5.9	18.2	6.2	12.8	27.1	28.6	30.9	37.2
HU	3.6	8.9	2.1	3.9	1.2	1.6	1.1	2.7	2.5	6.8	1.8	4.2	0.9	4.3	1.0	3.5	1.6	3.3	2.6	4.2
NL	40.0	49.7	36.8	44.4	22.3	29.2	38.0	38.0	1.6	5.8	0.7	4.9	17.9	17.1	4.2	12.2	34.8	40.9	49.9	45.7
AT	18.4	30.3	12.8	20.3	4.8	8.4	6.5	6.3	2.6	9.4	3.0	4.7	1.3	6.4	0.3	3.3	11.0	12.0	11.0	15.9
PL	2.6	8.4	1.2	4.2	0.7	3.1	1.6	4.7	0.3	5.1	0.7	2.2	1.2	5.7	0.8	4.5	63.2	64.2	72.7	72.2
PT	11.4	18.6	4.3	7.1	1.2	4.1	3.6	6.7	6.6	11.9	3.9	10.4	0.7	6.4	0.4	3.5	35.7	36.1	54.0	47.9
SI	14.5	28.0	8.1	16.0	7.6	10.6	10.1	13.1	4.8	10.5	1.9	10.0	6.7	17.0	6.2	15.7	16.6	18.8	25.8	22.1
SK	22.7	29.2	8.1	13.1	4.8	7.3	6.6	10.9	1.9	3.8	0.7	2.0	2.1	4.6	1.9	4.1	28.1	28.9	36.4	40.0
FI	26.7	39.1	28.8	43.7	8.0	10.8	13.4	17.5	2.3	4.7	0.9	2.7	3.6	11.1	3.7	9.9	9.8	10.4	20.5	18.1
SE	26.0	42.1	28.0	39.1	8.6	11.9	7.4	12.1	2.6	7.5	2.5	5.7	7.2	13.4	9.2	10.8	15.4	16.9	19.2	21.2
UK	24.5	38.1	23.7	34.5	5.2	7.2	6.6	10.3	3.8	6.9	1.7	3.9	3.1	6.4	1.7	5.2	6.5	7.6	10.6	12.6
EU	12.9	23.9	10.5	19.1	4.3	6.9	6.0	8.6	4.0	7.7	2.4	5.6	3.6	6.9	1.8	4.5	18.5	16.5	24.2	22.1

* Equivalised disposable income below 60 % of the national median equivalent disposable income. See also note to table 1

Source: EU-SILC 2006. UDB version 1 of 1st of March 2008.

ANNEX 2: Questionnaire on Social participation

Definitions

Relatives: shall be understood in the widest sense, and shall include father/mother/children, siblings, grandparents, aunts, uncles, cousins, nephews, nieces and families-in-law.

Friends: people the respondent gets together with in his/her spare time (i.e. after working hours, at weekends, or for holidays) and with whom the respondent shares private matters.

To get together: means spending time with friends or relatives at home or elsewhere. It can be talking or doing some kind of activities together. Merely encountering someone by chance is not considered as 'being together'.

Frequency of getting together/being in contact with friends and relatives: refers to the frequency with which the respondent gets together/is in contact with any relative/friend. Not only the person that the respondent *gets together/is in contact* with most often is to be considered. If the respondent meets his/her friends/relatives 'once a year' during holidays or feasts, the answer shall be 'at least once a year'.

Informal voluntary activities: refers to activities that take place outside an organisational context and tend to be done on an individual basis. Informal voluntary activities include cooking for others; taking care of people in hospitals/at home; taking people for a walk; shopping, etc. It excludes any activity that a respondent undertakes for his/her household, in his/her work or within voluntary organizations.

Participation in cultural events: refers to going to the cinema, live performances, visiting cultural sites or attending live sports events, wherever these events take place and whether these activities are performed by professionals or amateurs. For live sports events and live performances, participation refers only to attending as spectator.

Questions

Number of times going to the cinema: The number of times the respondent went to the cinema, during the last twelve months.

Number of times going to live performances (plays, concerts, operas, ballet and dance performances): The number of times, during the last twelve months, the respondent went to any live performance, whether it was performed by professionals or amateurs. Going to live performances to watch one's own children should be included. Live performances include plays, concerts, operas, ballet and dance performances. Visits to live sport events should not be included. Participation of the respondent in live performances is excluded.

Number of visits to cultural sites: The number of times, during the last twelve months, the respondent visited historical monuments, museums, art galleries or archaeological sites.

Number of times attending live sport events: The number of times, during the last twelve months, the respondent attended a live sporting event whether it was performed by professionals or amateurs. Attending an event to watch one's own children should be included. Participation of the respondent in live sporting events is excluded.

Frequency of getting together with relatives: The frequency with which the respondent usually gets together with relatives during a usual year. Only relatives who do not live in the same household as the respondent should be considered.

Frequency of getting together with friends: The frequency with which the respondent usually gets together with friends during a usual year. Only friends who do not live in the same household as the respondent should be considered.

Frequency of contact with relatives: The frequency with which the respondent is usually in contact with relatives, during a usual year, by telephone, letter, fax, e-mail, sms.... Only relatives who do not live in the same household as the respondent should be considered.

Frequency of contacts with friends: The frequency with which the respondent is usually in contact with friends, during a usual year, by telephone, letter, fax, e-mail, sms.... Only friends who do not live in the same household as the respondent should be considered.

Ability to ask any relatives, friend or neighbour for help: If the respondent has the ability to ask for help from any relative, friend or neighbour. The question is about ability for the respondent to ask for the help whether the respondent has needed it or not, the potential of getting help even if the help actually have been received or not. Only relatives and friends (or neighbours) who do not live in the same household as the respondent should be considered.

Participation in informal voluntary activities: If the respondent, during the last twelve months, undertook (private) voluntary activities to help someone. It includes cooking for others; taking care of people in hospitals/at home; taking people for a walk, shopping... It excludes any activity that a respondent undertakes for his/her household, in his/her work or within voluntary organizations.

Participation in activities of political parties or trade unions: If the respondent, during the last twelve months, participated in activities related to political groups, political association, political parties or trade unions. Attending meetings connected with these activities is included. Participating in strikes/demonstrations is not included.

Participation in activities of professional associations: If the respondent, during the last twelve months, participated in activities related to a professional association. Attending meetings connected with these activities is included. Receiving training organised by such association is excluded.

Participation in activities of churches or other religious organisations: If the respondent, during the last twelve months, participated in activities related to churches, religious communions or associations. Attending meetings connected with these activities is included. Attending holy masses or similar religious acts or helping during these services is also included.

Participation in activities of recreational groups or organisations: If the respondent, during the last twelve months, participated in recreational/leisure activities arranged by a club, association or similar. It can be sport groups, hobby associations, or leisure clubs. Attending meetings connected with these activities is included.

Participation in voluntary activities: If the respondent, during the last twelve months, participated in the unpaid work of charitable organisations, groups or clubs. It includes unpaid charitable work for churches, religious groups and humanitarian organisations. Attending meetings connected with these activities is included.

Participation in activities of other groups or organisations: If the respondent, during the last twelve months, participated in the activities of environmental organisations, civil rights groups, neighbourhood associations, peace groups etc. Attending meetings connected with these activities is included.

PART 2 - AREAS OF SOCIAL POLICY CONCERN: STATISTICAL PORTRAITS

The structure of the Part Two: Part Two presents a series of statistical portraits that address a range of social policy concerns for the European Union. Virtually all the main European social policy domains are covered: population; education and training; labour market; social protection; income, social inclusion and living conditions; gender equality and health and safety. The annexes present additional tables and explain terminology.

The Structure of the statistical portraits: Each statistical portrait is presented in the form of tables, charts and commentary. Gender issues are covered not only by the portrait in the domain “Gender equality” but also by other portraits and the statistical annexes where a number of indicators are disaggregated by sex.

Key indicators: Each portrait is built around one or two selected key indicators (see table in the next page). The first two portraits provide contextual information, one on the economic situation, the other on demography, households and families. Both of them have a *context* key indicator whereas the social portraits 3-17 have *social* key indicators. Together, this set of key indicators provides not only a snapshot of today's social situation and its background, but also an instrument for monitoring and comparing progress in the social field among the twenty-seven Member States, the three Candidate Countries and the four EFTA countries.

Criteria in selecting the key indicators: The following criteria have been applied as much as possible in selecting the key indicators:

1. Each indicator should be:
 - (a) policy relevant at EU level;
 - (b) comparable across the twenty-seven Member States;
 - (c) available using Eurostat harmonised sources;
 - (d) measurable over time and;
 - (e) easily understood.
2. The set of indicators should be relatively stable over time to ensure continuity. However, a degree of flexibility is required to take account of changing policy needs and improvements in data availability.

The Structural Indicators: Sixteen of the chosen twenty-five key indicators are among the Structural Indicators, which are used in order to monitor the progress towards the agreed targets based on the Lisbon Strategy focusing on growth and jobs (more about the Lisbon Strategy can be found in the web address: http://europa.eu.int/growthandjobs/index_en.htm).

Annexes: A summary of the key indicators with the most recent data for each geopolitical entity, i.e. a country or a group of countries (EU-27, EU-25, EA-15 and EA-13), can be found in Annex 1.1. Annex 1.2 consists of key indicator tables with time series for each geopolitical entity (mainly around the latest 10 available years). Detailed other statistical data covering the whole report can be found in Annex 1.3. Symbols, country codes, country groupings, other abbreviations and acronyms are explained in Annex 2.

Data used: The portraits in Part 2 and annexes 1.1, 1.2, and 1.3 are based mainly on data that were available in Summer 2008. An effort has been made to use the most recent data available and that these are used consistently throughout this report. However, as the various sections have been prepared by different authors and required different degrees of analysis, some inconsistencies in the datasets used in different sections may remain.

Sources of additional data: Additional or more recent data can be found in the Eurostat website <http://europa.eu.int/comm/eurostat/>, where one also can download free pdf files of Eurostat publications. Printed versions of Eurostat publications are sold by the worldwide network of sales agents of the Publications Office (Office for Official Publications of the European Communities, which is the publishing house of the institutions and other bodies of the European Union). The priced publications are available from EU Bookshop website <http://bookshop.europa.eu>, where you can place an order with the sales agent of your choice. A paper copy of the list of these sales agents' contact details can be requested by fax on +352 2929-42758. The list is also available on the following website: http://publications.europa.eu/others/agents/index_en.htm.

Domain	Statistical Portrait	Selected key indicator(s) <i>Structural Indicators are written in italics (see the previous page)</i>
Economy	1 Economic situation	<i>Real GDP growth rate</i>
Population	2 Demography, households and families	Total population
	3 Ageing of the population	Old age dependency ratio
	4 International migration and asylum	Crude rate of net migration including adjustments and corrections
Education and training	5 Education and its outcomes	<i>Youth education attainment level</i>
	6 Lifelong learning	<i>Lifelong learning</i>
Labour market (see also portrait Nr. 15)	7 Employment	<i>Employment rate and Employment rate of older workers</i>
	8 Unemployment	<i>Unemployment rate and Long-term unemployment rate</i>
	9 Labour Market Policy expenditure	Public expenditure on LMP measures (categories 2-7) as a percentage of GDP and Public expenditure on LMP supports (categories 8-9) as a percentage of GDP
Social protection	10 Social protection expenditure and receipts	Expenditure on social protection as a percentage of GDP
	11 Social benefits	Old age and survivors benefits as a percentage of total social benefits and Sickness and health care benefits as a percentage of total social benefits
Income, social inclusion and living conditions	12 Income distribution	<i>Inequality of income distribution S80/S20 income quintile share ratio</i>
	13 Low-income households	<i>At-risk-of-poverty rate before social transfers and At-risk-of-poverty rate after social transfers</i>
	14 Jobless households and low wages	<i>People aged 18-59 living in jobless households and Children aged 0-17 living in jobless households</i>
Gender equality	15 Earnings of women and men	<i>Gender pay gap in unadjusted form</i>
Health and safety	16 Life and health expectancies	Life expectancy at birth and <i>Healthy Life Years at birth</i>
	17 Accidents and work-related health problems	<i>Serious accidents at work and Fatal accidents at work</i>

1. ECONOMIC SITUATION

Economic growth in 2007 in the EU-27 reached 2.9 % after the robust growth of 3.1 % in 2006. In general, the new Member States, EFTA countries and Candidate Countries outgrow the EU-15 Member States. Between 2006 and 2007 government debt fell as a percentage of GDP in both the euro area and the EU-27, to 66.3 % and 58.7 % respectively at end-2007.

Economic growth moderated in 2007, cooled rapidly in 2008

In 2007, the European Union's (EU-27) gross domestic product rose by 2.9 % in volume, slightly slowing down the robust growth rate observed in 2006 (+3.1 %). Different growth patterns can be identified when looking at the performance of individual Member States in 2007. A first group is composed of economies that registered GDP growth lower or close to the EU-27 average: Hungary (1.1 %), Italy (1.5 %), Denmark (1.6 %), Portugal (1.9 %), France (2.2 %), Germany (2.5 %), Sweden (2.5 %) and Belgium (2.8 %). A second group comprises Member States that attained robust growth rates: the United Kingdom (3.0 %), Austria (3.1 %), the Netherlands (3.5 %), Spain (3.7 %), Malta (3.9 %), Greece (4.0 %), Cyprus (4.4 %), Finland (4.5 %) and Luxembourg (5.2 %). A third group is formed by Member States that experienced high growth rates: Ireland (6.0 %), the Czech Republic (6.0 %), Bulgaria (6.2 %), Romania (6.2 %), Estonia (6.3 %), Poland (6.6 %), Slovenia (6.8 %), Lithuania (8.9 %), Latvia (10.2 %) and Slovakia (10.4 %).

Preliminary results for 2008 indicate that EU-27 GDP still grew by 2.1 % in the second quarter of 2008 (growth rates compared to the same quarter of the previous year) for the euro area (EA15) the corresponding result was 1.9 %. However, in the third quarter of 2008, the EU-27 GDP growth decreased sharply to 1.0 % (growth rates compared to the same quarter of the previous year) for the euro area (EA15) the corresponding result was 0.8 %. For the whole of the year 2008, GDP is projected to expand at rates of 1.0 % for EU-27 and 0.9 % for the euro area.

GDP per head varies widely between Member States, but the gap tends to decrease

In 2007, GDP per capita in the EU-27 amounted to 24 900 Euro, some 11 % below the 27 900 Euro per capita for the euro area. The highest figures occurred in Luxembourg (75 600 Euro), Ireland (43 700) and Denmark (41 500 Euro), the lowest in Bulgaria (3 800 Euro), Romania (5 800 Euro) and Poland (8 100 Euro).

To make comparisons among Member States more meaningful, GDP per capita can be expressed in Purchasing Power Standards (PPS), thus eliminating the effect of different price levels. PPS are constructed in a way that renders one PPS equal to one Euro for the EU-27. GDP per head in the EU-27 thus is 24 900 PPS, while for the euro area (EA15), the figure of 27 300 PPS, although still ahead of the EU-27 figure, is somewhat lower than the respective value expressed in Euro, indicating that the purchasing power of one Euro is slightly lower in the euro area than in the European Union as a whole. For easier comparison, GDP per head in PPS is given relative to the EU-27 average. This figure for Luxembourg is a remarkable 166 % above the EU-27 average. The second highest figure is that of Ireland, still 50 % above the average. The Netherlands are around 30 % above the average. The biggest differences for figures below the EU-27 average are in Bulgaria, Romania, Poland, Latvia and Lithuania which have values between 37 % and 60 % of the average. However, their values in Euro are only about 15 % to 35 % of the average. Obviously, lower price levels tend to partly compensate for the lower GDP per head. Compared to the situation in 1995, it can be seen that the positions at the extremes remain more or less unchanged, but almost all countries with relative values below 100 have moved somewhat closer to the EU-27 average. The most obvious changes were for Estonia, which passed from roughly one third of the average in 1995 to two thirds in 2006, and for Ireland, which recorded a figure for per capita GDP that was only slightly higher than the EU-27 average in 1995, while in 2007 it was at 50 % above, placing Ireland second among all Member States.

Turning to Candidate Countries, GDP per head in PPS forecasted for Macedonia is about one fifth lower than the lowest value observed among Member States, at 30 % of the EU-27 value. Turkey's value of 44 % of the EU-27 average is comparable with the lowest values recorded among current EU Member States. Croatia with 59 % of the average has a significantly higher GDP per head.

The GDP per head in PPS of the EFTA countries ranked from 119 % (Iceland) to 179 % (Norway) of the EU-27 average in 2007.

Increasing inflation

In December 2008, the annual inflation rate was 2.2 % in the EU, down from 2.8 % in November 2008. For the euro area a lower annual inflation rate of 1.6 % has been observed in December 2008, down from 2.1 % in November 2008. A year earlier, higher rates had been observed for the EU (3.2 %) and the euro area (3.1 %). Among the Member States, the highest annual rates in December 2008 were observed in Latvia (10.4 %), Lithuania (8.5 %) and Estonia (7.5 %); while the lowest rates were observed in Luxembourg (0.7 %), Portugal (0.8 %) and Germany (1.1 %). Compared with November 2008, annual inflation fell in twenty-six Member States and rose in one. The highest decreases were registered in Bulgaria (from 8.8 % to 7.2 %), Cyprus (from 3.1 % to 1.8 %) and Luxembourg (from 2.0 % to 1.7 %).

In the year 2008, the annual inflation rate in the euro area reached its peak of 4 % in June and July and was above the 2.0 % medium-term stability threshold defined by the ECB until November, and then it fell to 1.6 % in December. The 12-month average rate of change in consumer prices, which is less sensitive to transient effects, stood at 3.7 % for the EU and 3.3 % for the euro area in December 2008.

Continuing low interest rates

Long-term interest rates in the euro area increased since March 2008 (4.07 %) up to 4.76 % in July 2008, now no longer close to their historical lows of 3.14 % in September 2005. However, until May December 2008 the average aggregate interest rate for the euro area, as measured by 10-year government bond yields, decreased to 3.71 % (monthly average), compared with an annual average of 4.3 % in 2008, 3.84 % in 2006 and 3.42 % in 2005. For the other EU Member States not participating in the single currency interest rates have been somewhat higher in 2008, except for Denmark, and Sweden and the United Kingdom.

Public deficit and debt decrease as percentage of GDP

Public deficit is defined in the Maastricht Treaty as general government net borrowing according to the European system of accounts. In 2007, the government deficit of the euro area and the EU-27 improved compared to 2006. In the euro area, the government deficit decreased from 1.3 % of GDP in 2006 to 0.6 % in 2007, and in the EU-27 it fell from 1.4 % in 2006 to 0.9 % in 2007. In 2007 the largest government deficits in percentage of GDP were recorded by Hungary (5.0 %), Greece (3.5 %), the United Kingdom (2.8 %), France (2.7 %), Portugal (2.6 %) and Romania (2.6 %). Twelve Member States registered a government surplus in 2007, with the largest surpluses in Finland (5.3 %), Denmark (4.9 %) and Sweden (3.6 %). In all, sixteen Member States recorded an improved public balance relative to GDP, while eleven Member States registered a worsening.

Regarding Candidate Countries, Croatia registered a deficit of 1.6 % of GDP in 2007 (an improvement on the 2.4 % deficit in 2006). Turkey recorded a deficit of 1.2 % in 2007, compared with a deficit of 0.1 % in 2006.

Public debt is defined in the Maastricht Treaty as consolidated general government gross debt at nominal value, outstanding at the end of the year. Between 2006 and 2007 government debt fell as a percentage of GDP in both the euro area and the EU-27, to 66.3 % and 58.7 % respectively at the end of 2007. The lowest ratios of government debt to GDP at the end of 2007 were recorded in Estonia (3.5 %), Luxembourg (7.0 %), Latvia (9.5 %) and Romania (12.9 %). Eight Member States had a government debt ratio higher than 60 % of GDP in 2007 - Italy (104.1 %), Greece (94.8 %), Belgium (83.9 %), Hungary (65.8 %), Germany (65.1 %), France (63.9 %), Portugal (63.6 %) and Malta (62.2 %). Croatia and Turkey have reduced their relative government debt levels during recent years, at 37.7 % and 38.8 % respectively at the end of 2007.

Policy Context

In March 2005, the European Council re-launched the **Lisbon Strategy** for Growth and Jobs by focusing on jobs and growth in Europe and invited the Commission to present a programme setting out the necessary actions at Community level to help delivering the Lisbon Agenda. The European Council reaffirmed that the renewed Lisbon strategy should be seen in the wider context of sustainable development. In July 2005, the Commission presented the Community Lisbon Programme (CLP) which aims at contributing to the overall economic and employment policy agenda by implementing Community policies that support and complement national policies.

The re-launch entailed a new governance architecture for the European economic reform process clarifying the responsibility for implementing individual actions of the revised Strategy between the national (Member States) or the Community level. While Member States have outlined their economic reform efforts at the national level

in National Reform programmes (NRPs), the Community Lisbon Programme covers policy actions at Community-level.

In its Strategic Annual Progress Reports, the Commission assesses the content and implementation of NRPs, allowing stakeholders and citizens to see how far each Member State has got. In "Keeping up the pace of change", the Commission's December 2007 Strategic Report on the renewed Lisbon strategy for growth and jobs launching the new cycle (2008-2010), the Commission has looked at the structural reforms implemented during the First Lisbon cycle (2005-2008) and made proposals for Country Specific Recommendations.

In March 2008, the European Council approved the integrated guidelines for growth and jobs and, at the same time, issued some important guidelines on the next cycle of the Lisbon Strategy. It formulated the "fifth freedom" – the free movement of knowledge, and stressed the importance of creativity and small and medium-sized enterprises in the further development of the European economy.

In response to the consequences of the financial turmoil and to the global economic slowdown during the second half of 2008, the European Commission launched in November 2008 a major **Recovery Plan for growth and jobs** in order to boost and restore confidence in the European economy. The European Council on 11 and 12 December 2008 approved the Recovery Plan, equivalent to about 1.5 % of the GDP of the European Union.

In order to participate in the **euro area** (at present 16 Member States), Member States must fulfil legal convergence and the **convergence criteria** on price stability, government budgetary position, exchange rate and interest rate. At least once every two years, or at the request of a Member State with a derogation, the Commission and the European Central Bank (ECB) shall report to the Council on the progress made in the fulfilment by the Member States of their obligations regarding the achievement of economic and monetary union. Among those Member States not participating in the euro area, Denmark and the United Kingdom, negotiated opt-out clauses before the adoption of the Maastricht Treaty, and are not subject to regular convergence reports.

The latest regular Convergence Report on euro readiness (covers the following ten Member States with a derogation: Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia and Sweden) was adopted by the Commission in May 2008.

The European Commission concluded on 7 May 2008 that **Slovakia meets the criteria for adopting the euro** and made a proposal to the Council to this effect. Euro was adopted in Slovakia on 1 January 2009.

The other nine countries covered by the latest regular Convergence report have made progress on the road to the single currency, but do not yet meet all the conditions for euro adoption.

Each candidate country prepares and submits to the Commission a Pre-Accession Economic Programme (PEP) outlining the medium-term policy framework, including public finance objectives and structural reform priorities, needed for EU accession. A similar but slightly lighter procedure has been established since 2006 with potential candidate countries from the Western Balkans.

A pre-accession fiscal surveillance procedure has been established with the Candidate Countries aiming to prepare them for participation in the multilateral surveillance and economic policy coordination procedures currently in place in the EU as part of Economic and Monetary Union. For that purpose, candidate countries annually submit a set of fiscal data, including general government debt and the general government balance.

Methodological Notes

National Accounts figures are compiled according to the European System of National and Regional Accounts in the Community (ESA95). ESA95 is the subject of Council regulation No 2223/96 of June 25, 1996.

Recent important methodological improvements to national accounts include the allocation of FISIM (Financial Intermediation Services Indirectly Measured) to user sectors/industries, and the introduction of chained volume measures to replace fixed-base volume measures

Gross domestic product indicates the size of a country's economy in absolute terms, while GDP in relation to the population (GDP per capita) provides an indication comparable between economies of different size. To make international comparisons easier, some data are expressed in purchasing power standards (PPS). The advantage of using PPS is that they eliminate distortions arising from the different price levels in the EU countries: they don't use exchange rates as conversion factors, but rather purchasing power parities calculated as a weighted average of the price ratios of a basket of goods and services that are homogeneous, comparable and representative in each Member State.

Consumer price inflation is best compared at international level by the 'harmonised indices of consumer prices' (HICPs). They are calculated in each Member State of the European Union, Iceland and Norway. The EICP (European Index of Consumer Prices) as defined in Council Regulation (EC) No 2494/95 of 23 October 1995 is the official EU aggregate. It covers 15 Member States until April 2004, 25 Member States starting from May 2004 until December 2006 and 27 Member States starting from January 2007. The 10 new Member States are integrated into the EICP starting from May 2004 using a chain index formula. This means, for example, that the annual rate of change in October 2004 is the change from October 2003 to April 2004 of the 15 old Member States combined with the change from April 2004 to October 2004 of the 25 Member States. The 2 new Member States – Bulgaria and Romania - are integrated into the EICP from January 2007 using a chain index formula. HICPs are used by the European Central Bank (ECB) for monitoring inflation in the economic and monetary union and the assessment of inflation convergence. As required by the Treaty, the maintenance of price stability is the primary objective of the ECB which defined price stability 'as a year-on-year increase in the harmonised index of consumer prices for the euro area of below 2 %, to be maintained over the medium term'. A more stable measure of inflation is given by the 12-month average change that is the average index for the latest 12 months compared with the average index for the previous 12 months. It is less sensitive to transient changes in prices but it requires a longer time series of indices.

Government bond yields are a good indicator of long-term interest rates, since the government securities market normally attracts a large part of available capital. They also provide a fairly good reflection of a country's financial situation and of expectations in terms of economic policy. The significance of government bond yields as a measure of Economic and monetary union is recognised in the Treaty on European Union, where it appears as one of the criteria for moving to stage three of monetary union.

Depending on whether or not a country's revenue covers its expenditure, there will be a surplus or a deficit in its budget. If there is a shortfall in revenue, the government is obliged to borrow. Expressed as a percentage of GDP, a country's annual (deficit) and cumulative (debt) financing requirements are significant indicators of the burden that government borrowing places on the national economy. These are in fact two of the criteria used to assess the government finances of the Member States that are referred to in the Maastricht Treaty in connection with qualifying for the single currency. The government deficit and debt statistics are due to be notified to the European Commission by EU Member States under the 'excessive deficit procedure'. The legal basis is the Treaty on European Union, Protocol on the Excessive Deficit Procedure (EDP), and Council Regulation 3605/93 (as amended).

Links to other parts of the report

Employment (2.7), Unemployment (2.8) and Economy (Annex 1.3.1).

Further reading

- European Economic Recovery Plan (November 2008) http://ec.europa.eu/growthandjobs/pdf/european-dimension-200812-annual-progress-report/200812-annual-report_en.pdf
- European Commission; Directorate-General for Economic and Financial Affairs: Economic forecast (Autumn 2008) http://ec.europa.eu/economy_finance/publications/publication13290_en.pdf
- European Commission; Directorate-General for Economic and Financial Affairs: Economic forecast (Spring 2008) http://ec.europa.eu/economy_finance/publications/publication12530_en.pdf
- European Economy No. 8/2007, "The EU Economy, 2007 Review", DG Economic and Financial Affairs.
- European Economy Occasional Papers, 31 June 2007, "2006 Pre-accession Economic Programmes of candidate countries", DG Economic and Financial Affairs
- European Economy, No. 4/2005, "Integrated Guidelines 2005-2008 including a Commission Recommendation on the Broad Economic Policy Guidelines", DG Economic and Financial Affairs.
- "Keeping up the pace of change - Strategic report on the renewed Lisbon strategy for growth and jobs: launching the new cycle (2008-2010)", Communication from the Commission to the Spring 2008 European Council

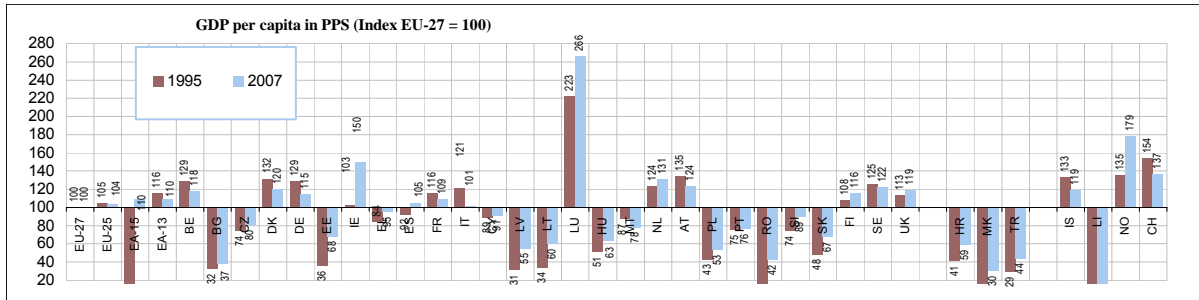
Publications and additional or updated data on national accounts, public debt and deficit, consumer prices and interest rates are available from Eurostat's web-site (europa.eu.int/comm/eurostat).

EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO
2.9	2.9	2.6	2.6	2.8	6.2	6.0	1.6	2.5	6.3	6.0	4.0	3.7	2.2	1.5	4.4	10.2	8.9	5.2	1.1	3.9	3.5	3.1	6.6	1.9	6.2	6.8	10.4	4.5	2.5	3.0	5.6f	5.1f	4.5	3.8	3.1	

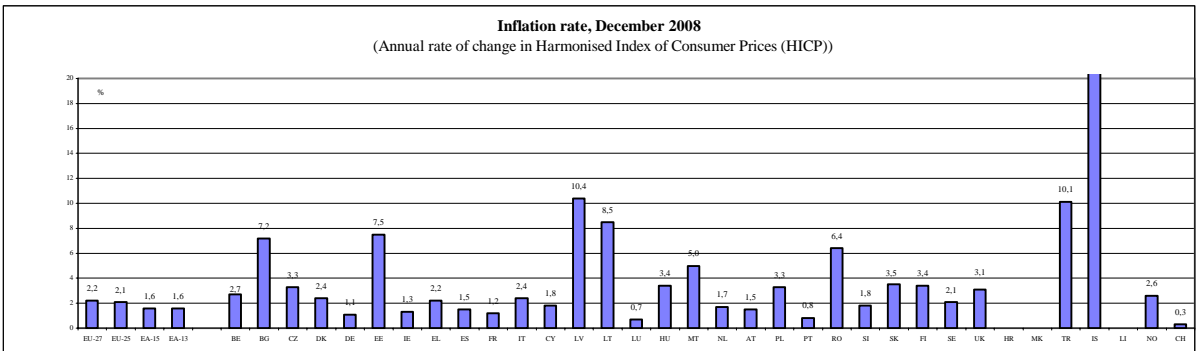
Key indicator 1

Real GDP growth rate, 2007 (Growth rate of GDP volume)

Source: Eurostat - National Accounts. *f denotes a forecast by the Commission services.



Note: 1995 figures for BG, CZ, EE, CY, LV, LT, HU, MT, PL, SI, SK, HR and TR are estimates, the 2007 figure for MK is a forecast.
 Figures for Croatia, FYROM and Turkey do not include the allocation of "financial intermediation services indirectly measured" (FISIM) to user sectors.
 Therefore comparability between these countries and the other countries (that already allocate FISIM) is reduced.
 Source: Eurostat - National Accounts



Source: Eurostat - Price statistics

2. DEMOGRAPHY, HOUSEHOLDS AND FAMILIES

On 1st January 2007 the population of the EU-27 stood at about 495 million. Key trends are towards having fewer children and having them later in life, later and fewer marriages, a higher proportion of births outside marriage and smaller households. The population will also age significantly: median age goes from 40.4 in 2008 to 47.9 in 2060.

Eurostat's 2008-based population projections (convergence scenario) shows the population of the EU-27 rising gradually from 495.4 million in 2008, reaching 520.7 million in 2035 and thereafter gradually declining to reach 505.7 million in 2060. The working age population is expected to decrease substantially by 2060 starting already in 2012 as baby boomers begin to reach the age of retirement.

495 million inhabitants in the EU-27

On 1st January 2007 the population of the EU-27 stood at about 495 million. For comparison: The United Nations estimate that, at the beginning of 2005, the world's population stood at over 6 514 million person, of which over 1 312 million (20 %) lived in China, 1 134 million in India (17 %) and 300 million (5 %) in the United States of America. The share of the EU's population in the world population was below 8 %. Within the EU-27, Germany has the largest population. Its around 82.3 million inhabitants make up 17 % of the Union's population while the United Kingdom, France and Italy each account for around 12-13 % of the total.

Rising number of older people

Around 16 % of the EU-27 population are less than 15 years of age. Persons of working age (between 15 and 64 years old) account for 67 % of the EU-27 total. The remaining 17 % are aged 65 and over. The number of elderly people has increased rapidly in recent decades. This trend is expected to continue in the coming decades, with important implications for the age structure of both the overall population and the working age population (See the portrait "Ageing of the population" (2.3)).

Slowdown in population growth preceding decline in projected population post-2035

There has been a gradual slowing down of population growth in the European Union over the last three decades. Over the period 1995-2007, the population increased on average by about 3 per 1000 population per year compared with an annual average of around 8 per 1000 population per year in the 1960s. Since the mid-1980s, international migration has rapidly gained importance as a major determinant of population growth (see the portrait 2.4 "International migration and asylum").

According to Eurostat's 2008-based population projections (convergence scenario), the total population of the EU-27 is expected to increase by more than 25 million inhabitants over the next two and a half decades. This population growth will mainly be a result of migration flows. Afterwards, the population will start to decline gradually because net migration will no longer outweigh the "natural decline" (i.e. more deaths than live births). The population will fall to around 505.7 million by 2060.

A rise in births outside marriage

The fertility of post-war generations has been steadily declining since the mid-1960s, but in recent years the total fertility rate has remained relatively stable at around 1.5 children per woman. The proportion of live births outside marriage continues to increase, reflecting the growing popularity of cohabitation. In the EU-27, this phenomenon has been on the rise in recent years in almost every country and in some, mostly in northern Europe, it already accounts for the majority of live births. Mediterranean countries like EL, CY, IT, MT and ES, along with PL, SK and RO, are less affected by this trend, all reporting percentages below 30 %. In the rest of Europe, the percentages of live births outside marriage in 2007, with few exceptions, was still lower than the EU-27 figure.

Trend towards smaller households

The result of these and other trends (such as the increasing number of people living alone) is that households are becoming smaller and alternative family forms and non-family households are becoming more widespread.

Although this pattern can be observed throughout the Union, there are significant variations between Member States. On average there were 2.4 people per private household in EU-25 in 2003.

Methodological notes

Sources: Eurostat - Demographic Statistics and Eurostat - 2008-based population projections, convergence scenario and European Union Labour Force Survey (LFS).

Links to other parts of the report

Ageing of the population (2.3), Migration and asylum (2.4) and Population (Annex 1.3.2)

Further reading

- Population statistics, 2006 edition, Eurostat.

Demographic outlook - National reports on the demographic developments in 2006, Eurostat 2007:
http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&_product_code=KS-RA-07-026

- Statistics in Focus (Theme 3 - Population and social conditions), Eurostat:

- First demographic estimates for 2007.

- Ageing characterises the demographic perspectives of the European societies, No 72/2008:
http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-08-072/EN/KS-SF-08-072-EN.PDF

- The demographic future of Europe – from challenge to opportunity – Commission Communication (COM (2006) 571). http://ec.europa.eu/employment_social/news/2006/oct/demography_en.pdf

- Promoting solidarity between the generations (COM (2007) 244), European Commission. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0244:FIN:EN:PDF>

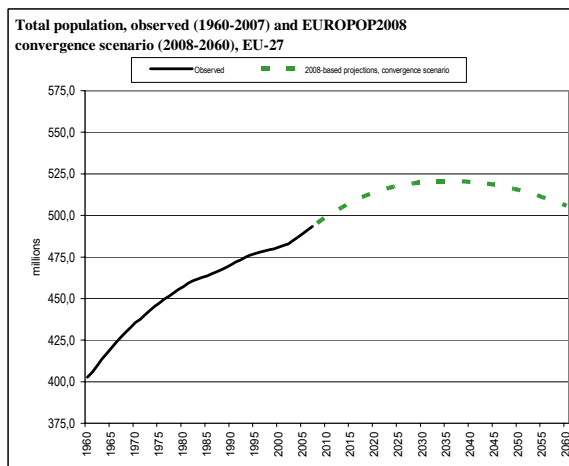
- Demography report 2007: Europe's demographic future: facts and figures. SEC(2007) 638, European Commission, http://ec.europa.eu/employment_social/spsi/docs/social_situation/sec_2007_638_en.pdf

- Demography report 2008: Meeting Social Needs in an Ageing Society SEC(2008) 2911, European Commission, <http://ec.europa.eu/social/main.jsp?langId=de&catId=89&newsId=419>

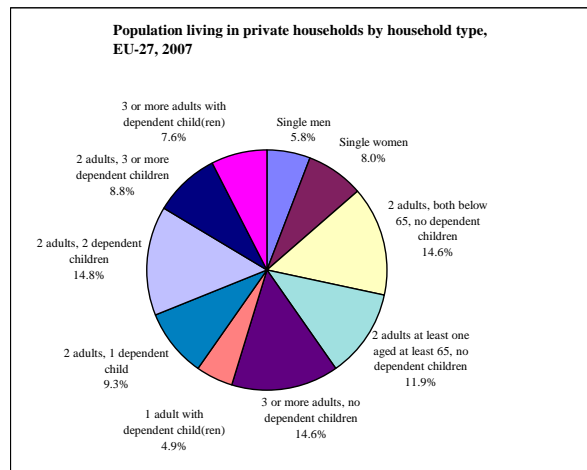
EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH																								
465	459	319	589	118	40	10	585	7	679	10	287	5	447	82	315	1	342	431	3	11	17	2	281	3	385	476	10	066	408	16	358	8	299	38	125	10	599	21	565	2	010	5	394	5	277	9	113	60	817	4	441	2	042	69	698	308	35	4	881	7	509

Key indicator 2 Total population, 1.1.2007 (The number of inhabitants of the area on 1st January (or on 31st December of the previous year) in 1000 inhabitants)

Note: (a) provisional data, (b) break in series
 Source: Eurostat - Demographic Statistics



Source: Eurostat - Demographic statistics (1960-2007) and Eurostat - 2008-based population projections, convergence scenario
 Note: Data for France refer to metropolitan France



Notes: 1) EU-25 without DK, IE and SE. 2) Dependent children are all children aged 14 or less and people aged 15-24 who are a) children of the reference person of the household and b) inactive, i.e. neither employed nor unemployed (e.g. full-time students). Other people are classified here as adults.
 Source: Eurostat - European Union Labour Force Survey, annual result.

3. AGEING OF THE POPULATION

In 2006, there were around 83 million elderly people aged 65 and over in the EU-27, compared with 38 million in 1960. Today there is one elderly person for every four people of working age (15-64). By 2060, the ratio is expected to be one elderly for every two people of working age. The proportion of very old people (aged 80 and more) is expected to triple in the EU-27, from 4 % in 2007 to over 12 % in 2060.

Low fertility levels, extended longevity and baby-boomers' ageing mean that the EU-27 population is ageing

Three driving forces are behind the ageing of the population: fertility below replacement levels, a fall in mortality and the baby-boom cohorts approaching the retirement age. The total fertility rate in the EU seems to have reached its lowest point at the end of the 1990s (1.4) and now stands close to an average level of 1.5 children per woman. This is far below the estimated value of 2.6 in 1960. Countries with the highest fertility at the beginning of the 1980s (Greece, Spain, Ireland, Poland, Portugal and Slovakia) are those where it has subsequently fallen the most. In 2006, total fertility was below the level of 1.3 children per woman in Poland and Slovakia. It was above 1.8 children per woman in Denmark, Ireland, France, Finland, Sweden, and United Kingdom.

Life expectancy has increased over the last 50 years by about 10 years in total, due to improved socio-economic and environmental conditions and better medical treatment and care (see portrait 2.16 "Life and health expectancies").

Between 1960 and 2006, the proportion of older people (65 years and over) in the population has risen from an estimated 10 % to almost 17 % in the EU-27. All the signs are that this trend will continue. The proportion of people aged 65 and more in the total population is expected to rise in the period to 2060. In the EU-27 it is expected to increase from 17 % in 2007 to 30 % in 2060, reflecting an increase in the number of older persons from 83.6 million in 2007 to 151.5 million in 2060. The largest shares of elderly people in 2060 are expected in Poland (36.2 %), Slovakia (36.1 %), Romania (35.0 %), Lithuania (34.7 %), Latvia (34.4 %), Bulgaria (34.2 %), and the lowest in Luxembourg (23.6 %), United Kingdom (24.7 %) and Denmark (25.0 %).

Population growth fastest among the 'very old'

The growth of the population aged 80 or more will be even more pronounced in the future as more people are expected to survive to higher ages. The proportion of very old people (aged 80 and more) is expected to almost triple in the EU-27, from 4 % in 2005 to 12 % in 2060, with the highest proportions expected in Italy, Spain and Slovenia. It is worth noting that the population aged 55 to 64 will also grow considerably over the next fifteen years.

Dwindling 'demographic' basis of support for older people

In 1990, the EU-27 population aged 65 and over corresponded to 20.6 % of what is considered to be the working age population (15-64 years). In 2006, this old age dependency ratio has risen to almost 24.9 %. All Member States are expected to see an increase in this ratio between now and 2020 (to 31.1 % for EU-27) although the extent of the rise will vary considerably between Member States. In the long run, the old age dependency ratio in the EU-27 is expected to rise to 53.5 % in 2060, while the young dependency ratio would remain more or less constant throughout the projection period 2008 to 2060. The total dependency ratio in the EU-27 is projected to increase from 48.6 % in 2006 to 78.5 % in 2060. This means that, in 2006, for every four persons of working age, there were *two* persons of non-working age (i.e. young or elderly persons). The ratio will increase to over *three* young or elderly persons for every 4 people of working age by 2060.

Policy context

In its communication "The demographic future of Europe – from challenge to opportunity" Commission Communication (COM (2006) 571), the Commission underlines both the positive dimension of ageing and the need to seize the opportunities the European Union and Member States have to respond to demographic change in five key areas :

- Creating the right conditions for Europe's demographic renewal by giving more support to families and potential parents and by promoting greater gender equality.

- Making full use of Europe's human resources potential, notably through active ageing.
- Boosting productivity and facilitating the adaptation of the economy to the changing needs of an ageing society.
- Receiving and integrating migrants into the labour market and society.
- And, finally, safeguarding sound public finances and hence the long-term sustainability of social protection systems.

Methodological notes

Sources: Eurostat - Demographic Statistics and Eurostat - 2008-based population projections, convergence scenario

Population projections are what-if scenarios that aim to provide information about the likely future size and structure of the population. Eurostat's population projections convergence scenario is one of several possible population change scenarios based on assumptions for fertility, mortality and migration. In particular, the assumptions have been developed in a conceptual framework of convergence of demographic values as a result of decreasing socio-economic and cultural differences between the Member States of the European Union, Norway and Switzerland. The current scenario is primarily used in the context of the European Commission's analysis of the impact of ageing populations on public spending.

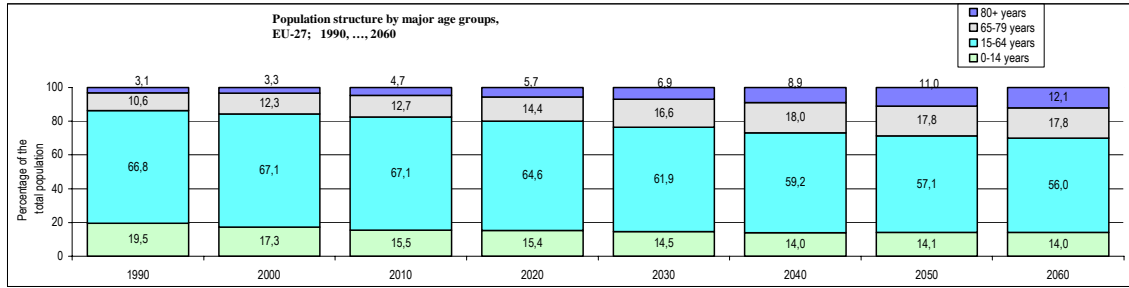
Links to other parts of the report

Demography, households and families (2.2), Social benefits (2.11), Life and health expectancies (2.17) and Population (Annex 1.3.2).

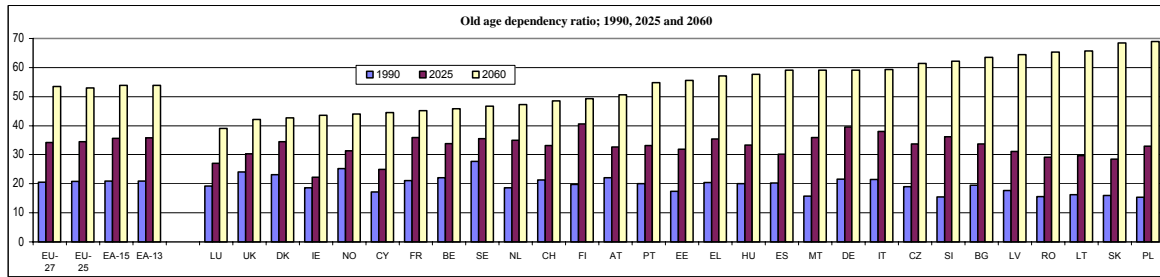
Further reading

- "Population statistics", 2006 edition, Eurostat.
- "Ageing characterises the demographic perspectives of the European societies", No 72/2008: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-08-072/EN/KS-SF-08-072-EN.PDF
- The demographic future of Europe – from challenge to opportunity – Commission Communication (COM (2006) 571). http://ec.europa.eu/employment_social/news/2006/oct/demography_en.pdf
- Promoting solidarity between the generations (COM (2007) 244), European Commission. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0244:FIN:EN:PDF>
- Demography report 2007: Europe's demographic future: facts and figures. SEC(2007) 638, European Commission, http://ec.europa.eu/employment_social/spsi/docs/social_situation/sec_2007_638_en.pdf
- Demography report 2008: Meeting Social Needs in an Ageing Society SEC(2008) 2911, European Commission, <http://ec.europa.eu/social/main.jsp?langId=de&catId=89&newsId=419>

Source: Eurostat - Demographic Statistics



Sources: Eurostat - Demographic statistics (1990-2000) and 2008-based Eurostat population projections, convergence scenario.



Notes: The bars within the three groups are in the ascending order of the year 2060. Data for France refer to metropolitan France.
 Sources: Eurostat - Demographic statistics (1990) and 2008-based Eurostat population projections, convergence scenario.

4. INTERNATIONAL MIGRATION AND ASYLUM

Net migration is the main component of annual population change in the EU. In 2007, the annual net migration rate was 3.8 per 1 000 population in the 27 Member States of the EU, representing around 80 % of total population growth.

Important role of international migration in population growth

In most of the EU Member States international migration plays an important role in population growth. Between 2003 and 2007 net migration ranged between 1.64 and 2.04 million. It constituted on average 84 % of the total population growth in EU during this period.

In absolute numbers annual net migration including corrections in Spain, Italy and United Kingdom reached several hundred thousands in 2007. The highest net migration figure is for Spain in 2007 (700 000 immigrants more than emigrants), constituting one third of the total net growth of the population in EU-27.

In relative terms, in 2007 positive net migration was highest in Cyprus (16.3 per 1000 inhabitants), Ireland (14.7), Spain (15.6) and in Luxembourg (12.5) while Lithuania and Poland had the highest rates of negative net migration (-1.55 and -0.54 respectively).

In five EU-27 Member States the migration alone or in addition to natural population change resulted in a decrease of the population. In 2007 negative crude net migration rate was reported by Bulgaria, Latvia, Lithuania, the Netherlands and Poland. In three EU Member States – Germany, Italy and Hungary – positive net migration was equivalent to or even outweighed the effect of the negative natural change. In Hungary it compensated nearly half of the natural decrease of the population. By contrast, in the Netherlands, negative net migration (including corrections) reduced the effect of natural population increase.

The estimated total annual number of immigrants, including returning nationals, to EU-27 Member States is nearly 3.5 millions while the number of emigrants is around half this. In 2006 the highest numbers of immigrants including short-term migrants were reported by Germany (more than 660 000) and Spain (more than 840 000). In the United Kingdom, the number of immigrants who entered for a stay of at least one year was nearly 530 thousand according to national statistics. More than 100 thousand immigrants were also registered by Italy (290 000), Ireland, the Netherlands and Austria.

As a result of long-standing positive net migration, in several Member States there are considerable non-national populations; that is, persons who are not citizens of their country of residence. According to official national statistics and Eurostat estimates, the total number of non-nationals living in the European Union Member States at the end of 2006 was 29 million, representing 5.8 percent of the total population. In absolute terms, the largest numbers of foreign citizens reside in Germany (7.3 millions), France (3.6 millions), Spain (4.6 millions), the United Kingdom (3.7 millions) and Italy (2.9 millions).

In relative terms, the non-national population varied from less than 1 percent of the total population in Romania, Bulgaria, Poland and Slovakia to 42 percent in Luxembourg at the end of 2006. In addition to Luxembourg, according to Eurostat estimates, the proportion of non-nationals is 10 percent or higher in Latvia (19 %), Estonia (18 %), Cyprus (15 %), Ireland, Spain and Austria (10 % in each). Figures for Latvia and Estonia include persons who have been resident in the country since before break-up of the Soviet Union but have not acquired citizenship of Latvia or Estonia. In most Member States non-EU citizens form the majority of the population with non-national citizenship. Only in seven countries - Belgium, Ireland, Cyprus, Luxembourg, Hungary, Malta and Slovakia – do the numbers of citizens of other EU Member States exceed the numbers of non-EU citizens.

The citizenship structures of foreign populations in the EU Member States vary greatly. As well as geographical proximity, the composition of the non-national population in each country strongly reflects labour migration flows, recent political developments and historical links. Citizens of Turkey and Morocco are the most numerous groups of non-EU citizens in the EU as whole. Turks, together with Ukrainians and Russians represent the most numerous groups of non-EU citizens in several Member States. For example, the largest non-national groups include Turkish citizens in Germany and Denmark, while Ukrainians are the biggest group in the Czech Republic, Hungary, Poland and Slovakia, and Russians in Estonia, Latvia, Lithuania and Finland.

Asylum

The number of asylum applicants in the EU has been falling for the past five years, and in 2007 some 223 000 asylum applications were lodged in all 27 EU Member States. This compares to over 670 000 applications in 1992 (data for EU-15), and marks a significant decrease during this period.

There were about 0.4 applications per 1000 citizens in EU-27 in 2007. With 8.7 applications per thousand, Cyprus received the highest number of applications relative to its total population, followed by Sweden (4) and Malta (3.4).

Taking a closer look at the most recent trends, since 2003, the number of asylum-seekers in the EU has decreased sharply: from a total of 344 800 asylum applications lodged in EU 27 in 2003 to 222 635 in 2007 (-35 %)²⁸. The drop in the number of applications lodged has been recorded in most EU Member States, with particularly significant falls in some of them (e.g. Slovenia (-65 %), Austria (-63 %), Germany (-62 %), France (-51 %), while a limited number of Member States witnessed a significant increase in asylum applications: Greece (207 %), Malta (203 %), Sweden (15 %), Hungary (42 %), Cyprus (54 %). It must also be noted that the general decreasing trend of the period 2002-2006 has stopped in 2007, as the number of applications in EU-27 have risen from 197 410 to 222 635 (+13 %), mainly due to the inflow of Iraqi asylum-seekers. When looking at asylum flows from a historical perspective, it is clear that there are ups and downs and that any new conflict in the European neighborhood could lead to large flows of refugees fleeing towards the EU, as it happened in the past (namely with the Balkan and Chechen wars).

Policy context

The Treaty of Amsterdam introduced a new Title IV (Visas, asylum, immigration and other policies related to free movement of persons) into the EC Treaty. It covers the following fields: free movement of persons; controls on external borders; asylum, immigration and safeguarding of the rights of third-country nationals; judicial cooperation in civil matters and administrative cooperation.

The Treaty of Amsterdam thus established Community competence in the fields of immigration and asylum and transferred these areas from the intergovernmental third pillar to the community first pillar, with decisions in these fields being shaped in Community instruments such as directives. The European Council at its meeting in Tampere in October 1999 called for the development in the following 5 years of a common EU policy in these areas including the following elements: partnership with countries of origin, a common European asylum system, fair treatment of third country nationals and management of migration flows. The Hague Programme of 4-5 November 2004 set the priorities for the current period (2005-2010) and stressed the importance of having an open debate on economic migration at EU level, which – together with the best practices in Member States and their relevance for the implementation of the Lisbon strategy – should be the basis for “*a policy plan on legal migration including admission procedures capable of responding promptly to fluctuating demands for migrant labour in the labour market*”. This Policy Plan was adopted by the Commission in December 2005 and is currently being implemented: the Commission presented in November 2007 proposals for two directives on a single permit and on the socio-economic rights of third-country nationals and on the admission of highly-skilled migrants. Three further proposals on legal migration (admission of seasonal workers, intra-corporate transferees and remunerated trainees) will be adopted by the Commission in Spring 2009. Among the non-legislative measures, the Commission is setting up an EU Immigration Portal, whose aim will be to provide immigrants and potential immigrants with information on a broad spectrum of migration related issues (conditions of entry and stay, on the risks of illegal migration, on remittances, etc). In parallel, measures aiming at reducing illegal immigration are also being presented, like the proposals to establish sanctions for the employers of illegally staying immigrants, presented in May 2007, and the recent adopted directive on common standards on returning of illegally staying immigrants.

Asylum policy is also an important priority. After the adoption between 1999 and 2005 (first phase of the Common European Asylum System – CEAS) of a number of legislative instruments in this area, the Commission launched a debate about the future direction of the European asylum policy with the presentation of a Green Paper in June 2007. The results of the Green Paper consultation have informed a Policy Plan on Asylum presented on 17 June 2008²⁹, which contains the Commission's intentions for the second phase of the CEAS and lists all the policy initiatives to be taken between 2008 and 2010.

²⁸ See Table 3 in the Statistical Appendix in Annex 2.
²⁹ COM (2008) 360

Methodological notes

Source: Eurostat - Migration Statistics.

Population growth rates represent the relative increase of the total population per 1 000 inhabitants during the year(s) in question. The increase in total population is made up of the natural increase (live births less deaths) and net migration. Net migration is estimated on the basis of the difference between population change and natural increase (corrected net migration rate per 1 000 inhabitants).

Total immigration flows include return migration of nationals and immigration of non-nationals and the latter category encompasses both nationals from other EU countries and third-country nationals. Member States apply definitions of migration that consider different duration of stay as the criterion for identification migration. Some countries record only permanent residents when counting the number of non-nationals, resulting in an underestimation of foreign residents.

Some countries include some dependents in their figures for asylum applications, other countries do not. The same applies to repeat applications. The details are given in the table "Asylum applications" in the part "2 Population" in Annex 1.3.

The implementation of Regulation (EC) No 862/2007 of 11 July 2007 on Community statistics on migration and international protection (repealing Council Regulation (EEC) No 311/76 on the compilation of statistics on foreign workers) will improve the collection and analysis of data on immigration and asylum in the EU, by harmonising statistical definitions and providing a binding framework for the compilation of data on a wide range of categories: residence permits, asylum data, statistics on returns, on resident foreign population, etc. Its first reference year is 2008; data compiled in accordance with the Regulation will therefore be made available to the Commission (Eurostat) in the course of 2009.

A further valuable source on international migration and the foreign population in the EU is the EU Labour Force Survey (LFS). The LFS provides breakdowns by nationality according to various social-demographic variables such as, e.g. gender, age, employment status, educational attainment.

Links to other parts of the report

Demography, households and families (2.2) and Population (Annex 1.3.2)

Further reading

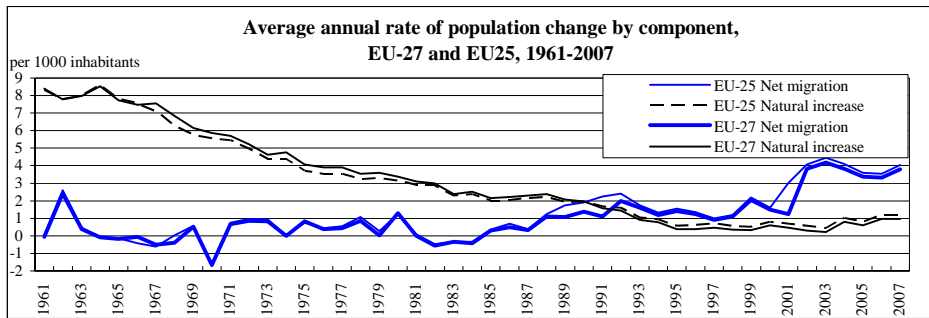
- "Population statistics", 2006 edition. Eurostat.
- Data in Focus (Population and social conditions): "First demographic estimates for 2007" No. 3/2008, Eurostat.
- Statistics in Focus (Population and social conditions): "First demographic estimates for 2006" No. 41/2007, Eurostat.
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- Statistics in Focus (Population and social conditions): "Non-national populations in the EU Member States", No. 8/2006, Eurostat.
- "The social situation in the European Union 2005-2006", pages 61-63, 2006. European Commission, DG for Employment and Social Affairs and Eurostat.
- Statistical annex to the Policy Plan on Asylum – COM (2008) 360, adopted on 17 June 2008
- Statistics in Focus (Population and social conditions): "Asylum applications in the European Union", No.110/2007, Eurostat.

- Statistics in Focus (Population and social conditions): "Recent migration trends: citizens of EU-27 Member States become ever more mobile while EU remains attractive to non-EU citizens" No. 98/2008, Eurostat.
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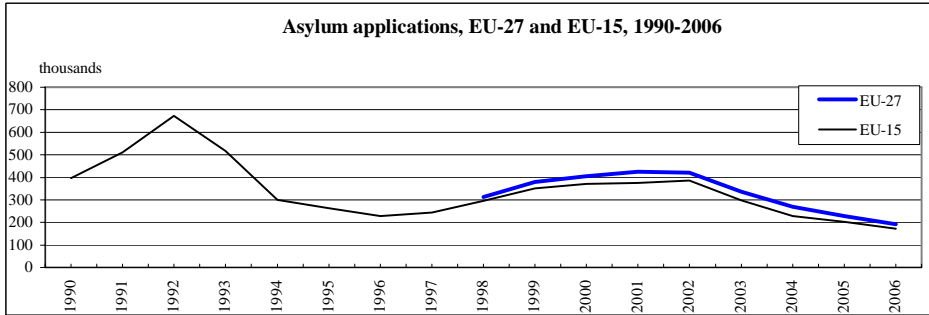
	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
2006	3,3	3,5	4,1	4,1	5,1	0,0	3,4	1,9	0,3	0,1	15,7	3,6	13,7	1,4	6,4	11,2	-1,1	-1,4	11,3	2,1	5,3	-1,6	3,5	-0,9	2,5	-0,3	3,1	0,7	2,0	5,6	4,1	1,6	-0,3	17,3	3,5	5,1	4,9	
2007	3,8	4,0	4,9	4,8	5,9	-0,2	8,1	3,7	0,6	0,1	10,6	3,6	15,6	1,1	8,4	9,4	-0,3	-1,6	12,5	1,4	4,2	-0,1	3,8	-0,5	1,8	0,0	7,1	1,3	2,6	5,9	2,8	1,3	0,1	0,0	9,9	1,8	8,4	9,4

Key indicator 4
Crude rate of net migration including adjustments and corrections, 2006-2007 (The difference between population change and natural increase (the latter is the surplus or deficit of live births over deaths) during the year per 1000 population. It has a positive value if there are more immigrants than emigrants and a negative one in the opposite case.)

Notes: 1) Conceptually net migration is the surplus or deficit of immigration into over emigration from a given area during the year and the crude rate of net migration is net migration per 1000 population. Since many countries either do not have accurate figures on immigration and emigration or have no figures at all, net migration is calculated indirectly as the difference between total population change and natural increase (the surplus or deficit of live births over deaths) between two dates. It then includes adjustments and corrections, i.e. all changes in the population size that cannot be classified as births, deaths, immigration or emigration. It is then used for the calculation of the crude rate of net net migration, which also consequently includes adjustments and corrections.
 2) CY: Government-controlled area only.
 Source: Eurostat - Demographic Statistics



Source: Eurostat - Demographic Statistics



Source: Eurostat - Migration Statistics

5. LIFELONG LEARNING: EDUCATIONAL ATTAINMENT LEVELS

Educational attainment levels of the population have improved significantly over the last thirty years, particularly among women. In 2007, 78 % of young people aged 20-24 in the EU-27 had at least an upper secondary qualification. At the same time, however, 15 % of people aged 18-24 left the education system with only lower secondary education at best.

The younger generation is better educated

By comparing those currently leaving the education system with older generations, it is possible to monitor the trends in educational attainment over a long time-period of around forty years. In 2007, 80 % of the younger generation aged 25-29 had completed at least upper secondary education compared with only 62 % of people aged 55-59. This increase of the educational attainment level is particularly observable for women: 82 % of young women aged 25-29 years had completed at least upper secondary education, comparing with 57 % characterising the generation of their mothers (here: women aged 55-59 years). For men, these proportions are respectively 78 % and 66 %. Today, the educational attainment level is higher among the young women than among young men in all EU-Member States.

Almost one in six Europeans leaves school with a low educational attainment level

Although educational attainment levels continue to improve, 15 % of 18-24 year-olds in the Union are not in education or training even though they have not completed a qualification beyond lower secondary schooling. Malta, Portugal and Spain have the highest proportions (30 % or more) of low-qualified young people who are not any more in the education or training system. In nearly all Member States, women are less likely than men to be in this situation (13 % against 17 % at EU-level).

Higher education tends to reduce the risk of unemployment...

In general, higher education seems clearly to reduce, albeit to differing degrees, the risks of unemployment in all Member States. In EU-27, the unemployment rate of 25-64 years old with tertiary education stood at 3.6 % in 2007 compared with 6.0 % for people who had completed at best upper secondary education and 9.2 % among those who had not gone beyond lower secondary schooling.

...and increase income...

The 2006³⁰ data for EU-25 show also that a person's income is likely to be considerably higher if he/she is better qualified. On average for the EU-25, the median equivalised net income of highly educated persons (i.e. completed tertiary education) for 25-64 years old was 137 % of the national median whereas it was 81 % for those with a low-level education (i.e. completed at most lower-secondary schooling) and 97 % for those with medium level of education (i.e. completed upper secondary or postsecondary, not tertiary education). The ratio of the incomes between the well and low educated workers was largest in Portugal (2.56) and smallest in Sweden (1.18). The 2006 data also show that the at-risk-of-poverty rate among the highly educated was only 5 % compared with 20 % among those with a low-level education. For individuals with a medium level of education the at-risk-of-poverty rate was 11 %.

...and lead to more training opportunities

Throughout the Union, the higher the educational level of adults, the more they follow continuing training possibilities. See also Lifelong learning: adult participation (2.6).

Policy context

EC Treaty (Title XI, Chapter 3, Art. 149(1): "The Community shall contribute to the development of quality education by encouraging co-operation between Member States and, if necessary, by supporting and

³⁰ EU-SILC survey year 2006, income reference year mainly 2005. Bulgaria and Romania not included.

supplementing their action ..." and Art. 150(1): "The Community shall implement a vocational training policy which shall support and supplement the action of the Member States ...".

At the Lisbon European Council held in March 2000, the Heads of State and Government set the Union a major strategic goal for 2010 "*to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*". In March 2001, the European Council adopted three strategic goals (and 13 associated concrete objectives) to be attained by 2010: e.g. education and training systems should be organised around quality, access, and openness to the world. A year later, it approved a detailed work programme ("Education & Training 2010") for the attainment of these goals and supported the ambition of the Ministers for Education to make education and training systems in Europe "*a worldwide quality reference by 2010*".

In its Communication on an updated strategic framework for European cooperation in education and training (COM(2008)865), the Commission notes that progress has been done, with national reforms of lifelong learning and qualification systems, the modernisation of higher education and the development of European instruments promoting quality, transparency of qualifications and mobility in learning. However, progress varies considerably between Member States and is insufficient in key areas, and most of the benchmarks that the Council set for 2010 will not be reached. While the maths, science and technology benchmark was reached in 2003, progress on early-school leaving, upper-secondary attainment and adult participation in lifelong learning is insufficient to reach the targets and performance on low achievers in reading literacy has even deteriorated.

While the EU's education and training performance is broadly comparable with the best in the world, comparisons with other OECD countries reveal significant backlogs for the EU, both at the level of basic schooling and in higher education.

Methodological notes

Sources: Eurostat — European Union Labour Force Survey (LFS) and Community Statistics on Income and Living Conditions (EU-SILC).

The levels of education are defined according to ISCED (International Standard Classification of Education — UNESCO 1997 version). Less than upper secondary corresponds to ISCED 0-2, upper secondary level to ISCED 3-4 (including thus post-secondary non-tertiary education) and tertiary education to ISCED 5-6.

The structural indicator on early school leavers shows the percentage of the population aged 18-24 with at most lower secondary education and not in further education or training.

Links to other parts of the report

Lifelong learning (2.6), Employment (2.7), Unemployment (2.8) and Education and training (Annex 1.3.3).

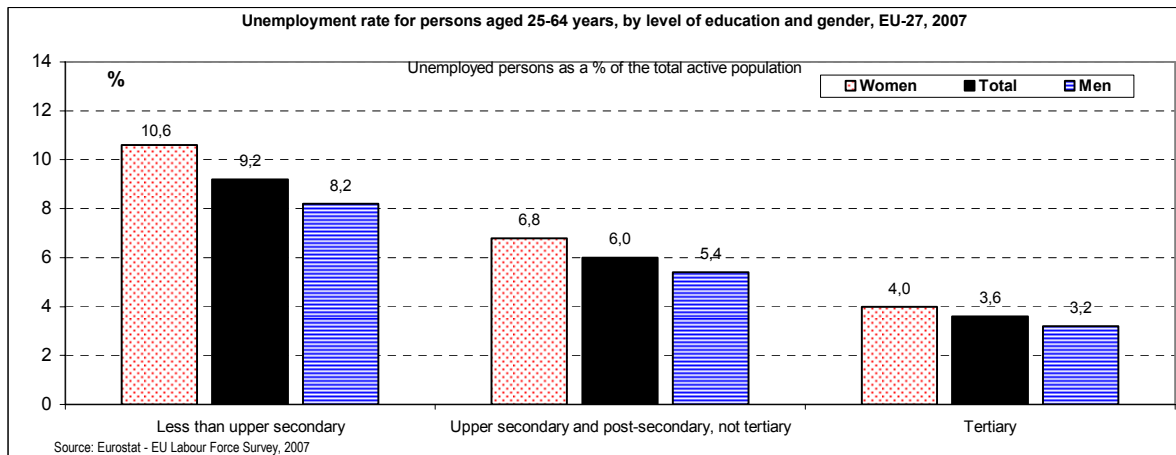
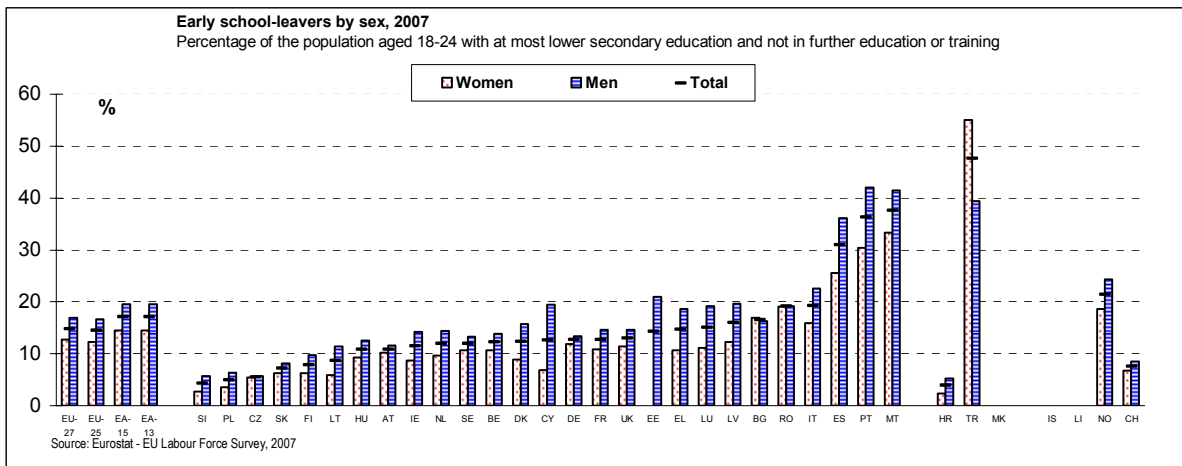
Further reading

- "Key data on education in Europe 2005", European Commission, Eurydice, Eurostat <http://www.eurydice.org/portal/page/portal/Eurydice/showPresentation?pubid=052EN>
- 2006 Ministerial Riga Declaration on e-Inclusion. http://ec.europa.eu/information_society/events/ict_riga_2006/doc/declaration_riga.pdf
- "Key data on higher education in Europe — 2007 edition", 2007, DG Education and Culture, Eurostat and Eurydice (Information network on education in Europe). http://www.eurydice.org/ressources/eurydice/pdf/0_integral/088EN.pdf
- Education, Policy Review Series n° 4, Brussels, 2007.
- "Delivering lifelong learning for knowledge, creativity and innovation. 2008 joint progress report of the Council and the Commission on the implementation of the Education & Training 2010 Work Programme", 2008
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- "Education at a glance 2008", 2008, OECD.
- Statistics/Data in Focus on education (Theme 3 — Population and social conditions), Eurostat:

- Education in Europe, Key statistics No. 10/2005
- 17 million tertiary students in the EU, No.19/2005
- The narrowing education gap between women and men, No. 130/2007
- Education in Europe, Key statistics, No.42/2008
- Report on Digital Literacy published on 1st December 2008, http://ec.europa.eu/information_society/eeurope/i2010/docs/digital_literacy/digital_literacy_review.pdf

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH	
Key indicator 5	Youth education attainment level, 2007 (Percentage of the population aged 20 to 24 having completed at least upper secondary education)																																						
Total	78,1	78,0	74,5	74,5	82,6	83,3	91,8	70,8b	72,5	80,9	86,7	82,1	61,1	82,4	76,3	85,8	80,2	89,0	70,9	84,0	54,7	76,2	84,1	91,6	53,4	77,4	91,5	91,3	86,5	87,2	78,1	94,6	46,4	46,4	46,4	96,2	78,1		
Women	80,8	80,9	78,0	78,0	84,9	83,6	92,4	77,7b	74,4	89,6	89,7	87,0	67,3	85,0	80,0	91,0	84,1	91,5	76,4	85,6	58,6	80,5	85,4	93,4	60,8	77,7	94,3	92,1	88,0	89,0	79,0	95,0	40,0	40,0	40,0	97,5	80,0		
Men	75,4	75,2	71,0	71,1	80,4	83,0	91,3	64,2b	70,6	72,2	83,7	77,5	55,1	79,8	72,7	79,8	76,4	86,5	65,6	82,5	51,1	71,9	82,7	89,7	46,3	77,1	89,0	90,5	84,8	85,4	77,2	94,3	54,2	54,2	54,2	94,9	76,3		

Notes: HR, CH: 2006; NO: 2005.
Source: Eurostat - European Union Labour Force Survey



6. LIFELONG LEARNING: ADULT PARTICIPATION

According to the Labour Force Survey in 2007, 10 % of the EU-27 population aged 25-64 participated in education/training (over the four weeks prior to the interview) in 2007. Such learning activities are more prevalent (between 20 and 33 %) in Denmark, Finland, Sweden and the United Kingdom. On the other hand, in many countries the proportion of people participating in lifelong learning is very small, lower than 10 % of the 25-64 age-group.

Participation in adult education and training is highest among the young and highly educated people.

The annual figures on participation in lifelong learning correspond to the number of people interviewed in the Labour Force Survey who answered positively to the question whether they have participated in formal or non-formal education or training *during the 4 weeks preceding the survey*. According to these figures for the Union as a whole, the level of participation in such activities decreases with age: from 16 % among those aged 25-34 to 5 % for the 55-64 age group.

The level of education attained also influences the participation in "lifelong learning" for people aged 25-64: in 2007, 19 % of those with a tertiary qualification participated in education or training, compared to just 4 % of those with low educational level.

There were slightly more women (10.6 %) than men (8.8 %) participating in adult education and training. The difference in favour of women is the largest in the Baltic and Nordic countries and in the United Kingdom.

Continuing vocational training in enterprises

Continuing vocational training (CVT) provided by enterprises is a crucial part of lifelong learning: it benefits not only the enterprises in improving competitiveness but also benefits employees by keeping up their employability and enhancing their quality of working life.

The third European survey of continuing vocational training in enterprises (CVTS3) was implemented in 2005 in the EU-27 Member States and Norway. The survey covered enterprises with 10 and more persons in the sections C to K and O according to the classification of economic activities NACE Rev1.

The preliminary results of the survey reflect, as the EU average, a slight decrease in the number of enterprises offering training in comparison with the results of CVTS2 (conducted in 1999) this despite the accession of the new Member States where the training needs might be considered to be bigger. The overall proportion of enterprises that provided continuing vocational training in 2005 ranged from 21 % in Greece to 90 % in the United Kingdom.

In the majority of countries, male employees participate more in training in enterprises than female. But in some countries women participate more than men (Slovenia, Denmark and Malta).

Intensity concerning hours spent in CVT courses per participant is decreasing (in comparison with the 1999 survey) in most of the countries. Exceptions are Sweden, Poland and Germany. In most of the new Member States as well as in some Southern countries there are now more training enterprises but with less hours of training provided per participant. CVTS3 includes new information about initial vocational training in enterprises. Austria, Germany, Denmark, France, the Netherlands and the United Kingdom give significant importance to such initial training (mainly as apprenticeship programmes). In these countries, the percentage of enterprises providing initial vocational training is close to 50 %, while in the majority of the other Member States, this proportion does not exceed 10 %.

The share of adults in formal education varies considerably

An alternative way of measuring adult participation in lifelong learning is to look at the proportion of students in formal education aged 30 or over. In tertiary education around 3.1 million students in the EU-27 were aged 30 or over in 2005/06. About 1.5 millions were studying full-time and 1.6 millions part-time. This age group accounted for 16 % of all students on average (10 % of full-time students). In some countries, the proportion of students 30 years old or older was considerably above average. That was the case in Sweden (35 %), the United Kingdom (33 %), Denmark (30 %), Latvia (29 %) and Finland (28 %). In other countries, for example Greece (2 %), Cyprus (6 %), France and Poland (9 %), the percentage was below the average.

Many adults are also enrolled in formal education at upper secondary and post-secondary–non-tertiary levels of education. In 2005/06, 1 million students on these levels were aged 30 or above. Half of these students (0.5 millions) were studying full-time. The age group 30 years and above accounted for 4 % of all upper secondary and post-secondary–non-tertiary students in 2005/06. Also this percentage varies between countries. In Finland (25 %), Belgium (22 %), Sweden (17 %) and Denmark (13 %) the percentage was above the EU average. In Greece, Germany, Cyprus, Latvia and Romania, the percentage was below 1 %.

Total public expenditure on education: 5.03 % of EU-27 GDP in 2005

Although investment in education is influenced by various factors (e.g. demographic aspects or levels of participation and length of study), the percentage of the national wealth that governments devote to education tends to reflect the importance which they attach to it.

In 2005, total public resources allocated to the funding of all levels of education — including direct public expenditure for educational institutions and public transfers for education to private entities — represented on average 5.03 % of EU-27 GDP.

In EU-27, primary education accounted on average for 1.15 % of GDP in 2005, secondary education accounted for 2.25 %, while tertiary education accounted for 1.15 %. The remaining 0.48 % includes the allocation for pre-primary education and allocation for education, which could not be allocated by level.

In EU-27, a government's contribution to education varied greatly in 2005 from 3.48 % of GDP in Romania, 3.81 % in Luxembourg and 3.85 % in Slovakia to 6.92 % in Cyprus, 6.97 % in Sweden and 8.28 % in Denmark.

Policy context

EC Treaty (Title XI, Chapter 3, Art. 150(2): "Community action shall aim to ... facilitate access to vocational training ...; stimulate co-operation on training between educational or training establishments and firms;

In the Communication on the Future of the European Employment Strategy, the Commission outlines the key link played by lifelong learning in improving quality at work and productivity, and as a factor promoting labour force participation and social inclusion. In particular the growing inequality in access to training, to the disadvantage of less skilled and older workers, is a priority. The current trend whereby firms' investment in training declines with the age of workers should be reversed. The 2001 Employment Guidelines included for the first time a horizontal guideline asking for "comprehensive and coherent national strategies for lifelong learning" in order to promote employability, adaptability and participation in the knowledge-based society. Member States were also invited to set, and monitor progress towards, targets for increasing investment in human resources and participation in further education and training.

A Communication on "Making a European Area of Lifelong Learning a Reality" (COM(2001) 678 final) adopted by the Commission sets out proposals for improving the participation of Europeans in lifelong learning activities. In this communication lifelong learning is defined as "all learning activity undertaken throughout life, with the aim of improving knowledge, skills and competences within a personal, civic, social and/or employment-related perspective". A Report from the Education Council to the European Council on "The concrete future objectives of education and training systems" was presented in Stockholm in 2001.

The Education/Youth Council of 30 May 2002 adopted a resolution on education and lifelong learning (Official Journal C 163 of 9 July 2002), reaffirming the need for a convergence of the Commission's Communication entitled Making a European area of lifelong learning a reality with the work programme on the follow-up of the objectives of the education and training systems, in order to achieve a comprehensive and coherent strategy for education and training. On 30 November 2002 the education Ministers of 31 European countries and the European Commission adopted the Copenhagen Declaration on enhanced cooperation in European vocational education and training. (http://europa.eu.int/comm/education/copenhagen/index_en.html).

In its Communication on the success of the Lisbon strategy (COM(2003) 685) the Commission reconfirmed that education and training policies are central to the creation and transmission of knowledge and are a determining factor in each society's potential for innovation. Nevertheless the Union as a whole is currently underperforming in the knowledge-driven economy in relation to some of its main competitors. In particular, the level of take-up by Europeans of lifelong learning is low and the levels of failure at school and of social exclusion, which have a high individual, social and economic cost, remain too high. In addition to this there are no signs of any substantial increase in overall investment (be it public or private) in human resources. A more rapid pace is therefore needed to make Europe "a worldwide quality reference by 2010".

In the Communication 'Mobilising the brainpower of Europe: enabling universities to make their full contribution to the Lisbon Strategy (COM (2005) 152) the Commission identifies a funding gap in higher education between the EU and the US and calls for more resources for higher education. It estimates that a total annual investment of some 2 % of GDP in higher education (compared to 1.3 % currently) as the minimum.

Methodological notes

Sources: Eurostat - European Union Labour Force Survey (EU-LFS) , Continuing Vocational and Training Survey (CVTS3 2005) and UOE (UNESCO, OECD and Eurostat) questionnaires on education and training systems).

For the annual monitoring of progress towards lifelong learning; the standard LFS is used which refer to persons who have received education or training during the four weeks preceding the interview. Due to the implementation of harmonised concepts and definitions in the survey, information on lifelong learning has some breaks of series for several countries.

The EU Adult Education Survey (EU AES) has been developed between 2003 and 2005 and was implemented as a pilot in EU countries in 2006 or 2007. The EU AES is expected to be repeated every 5 years, its target population are 25 to 64 year olds and the reference year is the 12 months. The first results of the first wave of the AES will be published during the last half of 2008.

The third survey of continuing vocational training in enterprises (CVTS3) was carried out in 2005 in all 27 Member States and Norway.

Links to other parts of the report

Education and its outcomes (2.5), Employment (2.7), Unemployment (2.8), Education and training (Annex 1.3)

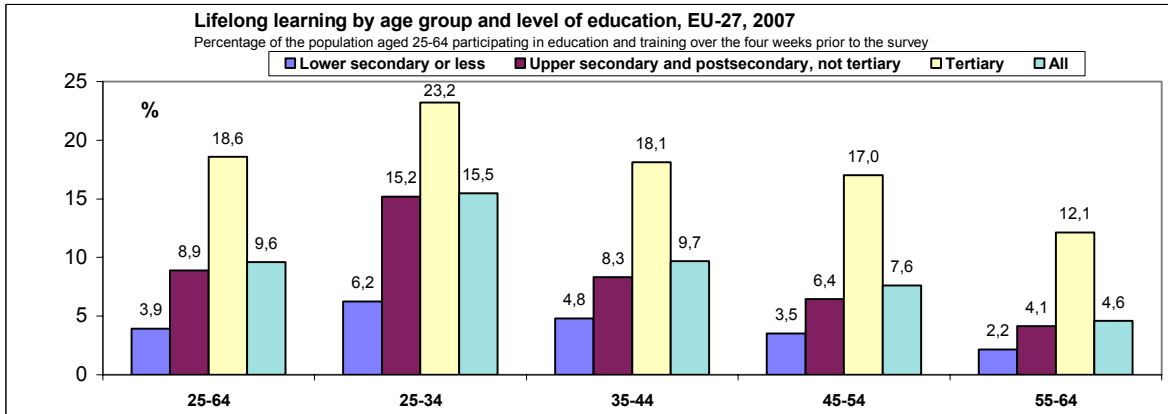
Further reading

- "Key data on education in Europe 2005", European Commission, Eurydice, Eurostat <http://www.eurydice.org/portal/page/portal/Eurydice/showPresentation?pubid=052EN>
- "Key data on higher education in Europe — 2007 edition", 2007, DG Education and Culture, Eurostat and Eurydice (Information network on education in Europe). http://www.eurydice.org/ressources/eurydice/pdf/0_integral/088EN.pdf
- "European Social Statistics — Continuing Vocational Training Survey (CVTS2) – Data 1999", Eurostat, 2002.
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 - Education in Europe, Key statistics, No. 42/2008
- Statistics in Focus on finance of education (Theme 3 - Population and social conditions), Eurostat:
 - Public expenditure on education in the EU-15 in 1999, No. 22/2003- Public expenditure on education in the ACC countries in 1999, No. 23/2003
 - Spending on tertiary education in 2002, No.18/2005
- "Making a European Area of Lifelong Learning a Reality", (COM(2001) 678 final).
- "Education and training 2010. The success of the Lisbon strategy hinges on urgent reforms" European Commission.
- 2006 Ministerial Riga Declaration on e-Inclusion. http://ec.europa.eu/information_society/events/ict_riga_2006/doc/declaration_riga.pdf
- Report on Digital Literacy published on 1st December 2008, http://ec.europa.eu/information_society/eeurope/i2010/docs/digital_literacy/digital_literacy_review.pdf

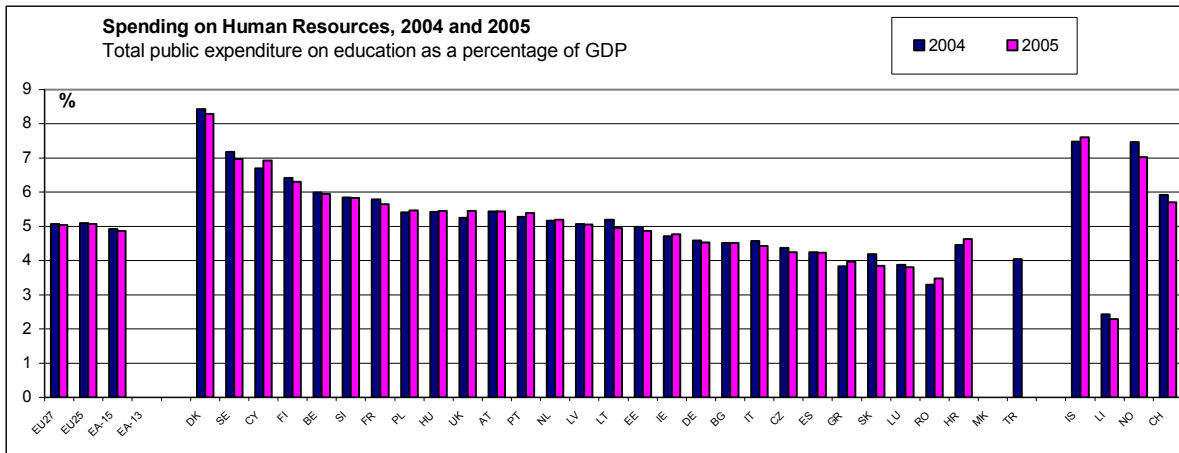
- **CVTS3:** Continuing Vocational Training - Reference year 2005 (provisional data). See: http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,45323734&_dad=portal&_schema=PORTAL&screen=welcomeref&open=/edtr/trng/trng_cvts3&language=en&product=EU_MASTER_education_training&root=EU_MASTER_education_training&scrollto=0
- **CVTS2:** *Statistics in focus:* Continuing vocational training in enterprises in the European Union and Norway, (Theme 3 - 3/2002) - Costs and funding of continuing vocational training in enterprises in Europe, (Theme 3 - 8/2002) - Providers and fields of training in enterprises in Europe, (Theme 3 - 10/2002) - Disparities in access to continuing vocational training in enterprises in Europe - (Theme 3 - 22/2002), - Working time spent on continuing vocational training in enterprises in Europe, (Theme 3 - 1/2003). *European social statistics* - Continuing vocational training survey (CVTS2) - Detailed Tables, 2002 edition.

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH	
Key indicator 6	Lifelong learning (adult participation in education and training), 2007																																						
	(Percentage of the population aged 25-64 participating in education and training over the four weeks prior to the survey)																																						
Total	9,7p	10,3p	8,4	8,4	7,2	1,3	5,7	29,2	7,8	7,0	7,6	2,1	10,4	7,4	6,2	8,4	7,1	5,3	7,0	3,6	6,0	16,6	12,8	5,1	4,4p	1,3	14,8	3,9	23,4	32,0e	26,6p	2,9	:	1,5	27,9	:	18,0	22,5	
Women	10,6p	11,2p	8,8	8,8	7,4	1,3	5,9	34,2	7,6	9,3	9,0	2,1	11,5	7,9	6,6	8,6	9,3	6,8	7,4	4,1	5,7	17,0	14,0	5,5	4,5p	1,4	16,1	4,3	27,5	38,3e	31,2p	2,8	:	1,2	33,7	:	18,9	23,4	
Men	8,8p	9,3p	8,0	8,0	7,0	1,4	5,5	24,2	8,0	4,6u	6,2	2,2	9,3	7,0	5,9	8,1	4,6	3,6	6,5	3,0	6,4	16,1	11,6	4,7	4,4p	1,2	13,5	3,4	19,4	26,0e	22,0p	3,1	:	1,8	22,4	:	17,1	21,7	

Notes: SE, UK, HR, IS, CH: 2006.
Source: Eurostat - EU-Labour Force Survey.



Source: Eurostat - EU-Labour Force Survey.



Source: Eurostat - Education Statistics

7. EMPLOYMENT

In 2007, employment growth of the EU-27 picked up to 1.6 %, the same increase as in 2006. After a rise of 1 point in 2006, the average employment rate increased in 2007 by 0.9 percentage point, to reach 65.4 %. The share of part-time employment and temporary contracts remained almost stable in 2007.

Employment remained dynamic in 2007

In 2007, about 223 million people were in employment in the Union of 27 Member States, a rise of 3.5 million in one year. Between 2006 and 2007, the largest increase in the number of persons in employment in absolute terms was in Germany (670 000), in Spain (600 000) and Poland (330 000).

Employment growth remained stable in 2007, after acceleration between 2002 and 2006 in the EU-27. In 2006, employment growth was positive in all 27 Member States, except in Hungary (-0.1 %). In Spain, Cyprus, Latvia, Ireland, Luxembourg and Poland, employment growth was 3 % or more. In contrast, employment growth was less than 1 % in Portugal, Estonia, and United Kingdom.

EU total employment rate rose by 0.9 percentage point in 2007

In 2007, the employment rate for the population aged 15-64 ranged from 55.7 % in Malta to 77.1 % in Denmark. Denmark, the Netherlands, Austria, Sweden, United Kingdom, Cyprus and Finland have already reached the EU collective overall employment rate Lisbon target of 70 % for 2010. In contrast Italy, Hungary, Malta, Poland, and Romania showed employment rates below 60 %.

Compared to the previous years, EU-27 average employment rate rose in 2007 by 1.0 percentage point to reach 65.4 %, after a rise of 1 point in 2006 and 0.6 point in 2005.

Positive trends in employment rate for women

In 2007, the employment rate of women in the Union stood at 58.3 %, up by 1.0 percentage point in one year. It ranged from 36.9 % in Malta to 73.2 % in Denmark. Fifteen Member States have already reached the EU collective female employment rate Lisbon target of more than 60 % for 2010, but some of them are far from it: Greece, Italy and Malta had less than half of their women aged 15-64 in employment.

Relative stability in the gender gap in employment

In 2007, the gender gap in employment rates in the Union remained almost stable, standing at 14.2 percentage points, compared to 14.3 in 2006 and 15.9 in 2002. In Bulgaria, Denmark, Finland, the three Baltic countries, France and Sweden, the gender gap was less than 10 percentage points. In Malta, where the employment gender gap was the highest, the female employment rate was less than half of the male employment rate in 2007. In addition to the female employment rate being systematically lower than the male rate, more women work part-time.

Part-time work and temporary employment continued to rise

The share of part-time employment in total employment remained almost stable in 2007 at 18.2 %. In Belgium, Denmark, Germany, Austria, Sweden and the United Kingdom, more than 20 % of employment, and in the Netherlands 46.8 %, is part-time. At the other end of the scale, in Bulgaria, Hungary and Slovakia, part-time employment was less than 5 %.

In the EU-27, 31.2 % of women in employment were working part-time in 2007 against only 7.7 % of men. Compared to one year before, these results are unchanged. Female part-time work is particularly prevalent in the Netherlands, where it accounts for three quarters of female employment, and in Germany (45.8 %).

EU-wide, the share of temporary employment remained stable in 2007: 14.5 % of the employees. Unlike part-time work, the share of temporary employment shows no huge difference for men and women (15.2 % for women, 13.9 % for men).

37.2 % of young people (15-24 years old) and 43.5 % of people aged 55-64 are employed in the EU

EU-wide 37.2 % of the young people (aged 15-24) were employed in 2007, up by 0.8 percentage point from a year earlier, varying from 21.7 % in Hungary to 68.4 % in the Netherlands. By gender, 40.2 % of young men and 34.2 % of young women were in employment in 2007.

EU-wide, 44.7 % of the people around the retirement age (55-64 years) were in employment in 2007, an increase by 1.2 percentage points between 2006 and 2007, after an increase by 1.1 percentage points between 2005 and 2006. Denmark, Germany, Estonia, Ireland, Cyprus, Latvia, Lithuania, the Netherlands, Portugal, Finland, Sweden and the United Kingdom have already reached the EU collective older people's employment rate Stockholm target of 50 % by 2010. At the other end of the scale, less than 30 % of older people are working in Malta and Poland.

In the EU-27, the employment rate of older people increased by 6.2 percentage points since 2002, considerably more than in the case of prime age adults. The employment rate of women aged 55-64 increased more than the male employment rate for this age group. Despite this trend, the rate for males (53.9 %) remained higher than that of females (36.0 %).

Looking at more detailed age groups: the employment rate of people aged 55-59 stood at 57.5 % while it was 29.3 % among those aged 60-64. Beyond the age of 65, the employment rate decreases sharply. In the EU-27, less than 5 % of those aged 65 and over were in employment.

Exit from the labour force at the age of 61.2

In the EU-27, the average exit age from the labour force in 2007 was at the age 61.2. This exit age mirrors the trend of labour participation of older workers. In Cyprus, Latvia, the Netherlands and Sweden the average exit age reached 63 years or more. Men leave the labour force on average at the age of 61.9 while women do so at the age of 60.5.

Policy context

The Treaty of Amsterdam took an important step in committing the Union to a high level of employment as an explicit objective: "The objective of a high level of employment shall be taken into consideration in the formulation and implementation of Community policies and activities" (Art. 127(2)).

The Treaty states furthermore that "the Community shall support and complement the activities of the Member States in ... equality between men and women with regard to labour market opportunities and treatment at work." (Art. 137).

Following the 1997 Luxembourg "Jobs Summit", and the entry into force of the Amsterdam Treaty, the European Employment Strategy (EES) was launched. Since then, the EES has played a central role in coordinating the EU policies in order to create more and better jobs.

Together with Luxembourg Council, Cardiff in 1998 and Cologne in 1999 summits paved the way to a comprehensive strategy tackling employment, growth and competitiveness issues in an IT-driven world, i.e. the Lisbon Strategy.

The Lisbon European Council in March 2000 concluded that "the employment rate is too low and is characterised by insufficient participation in the labour market by women and older workers." The Lisbon European Council defined a strategic goal for the next decade "to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. (...) the overall aim should be to raise the employment rate to as close as possible to 70 % by 2010 and to increase the number of women in employment to more than 60 % by 2010. The Stockholm European Council in March 2001 agreed intermediate targets for employment rates (67 % overall and 57 % for women by 2005) and a target for employment participation of older workers by 2010 (50 %).

In the face of economic slowdown, the Spring Council invited the Commission to establish a European Employment Taskforce. Under the chairmanship of Wim Kok, the Taskforce reported to the Commission on practical reforms that can have the most direct and immediate impact on the Employment Strategy. The Report identified four key conditions for success: increasing adaptability of workers and enterprises; attracting more people to the labour market; investing more and more effectively in human capital; and ensuring effective implementation of reforms through better governance. The Brussels European Council of December 2003 invited the Commission and Council to consider the Taskforce's Report in the preparation of the 2004 Joint Employment Report.

Following the Mid-term review, the Commission presented a Communication on growth and jobs of February 2005 which proposed a new start for the Lisbon strategy refocusing efforts on two goals: delivering a stronger, lasting growth and more and better jobs. This included a complete revision of the EES governance so as to maximise the synergies and efficiency between national measures and Community action.

Consequently, approved by the Lisbon Council, recent 2005-2008 Employment Guidelines (which present common priorities to the Member States national employment priorities and from 2005 have been a part of Integrated Guidelines) focus on growth and jobs. The overarching guideline specifies that Member States should implement policies aiming at achieving full employment, quality and productivity at work and social cohesion and inclusion (Guideline No 17).

Besides these overarching objectives, specific guidelines are agreed to attract and retain more people in employment, increase labour supply and modernize social protection systems.

In particular, Member States should promote a lifecycle approach (Guideline No 18) through a renewed endeavour to build employment pathways for young people and to reduce youth unemployment; resolute action to increase female participation and reduce gender gaps in employment, unemployment and pay; better reconciliation of work and private life and provision of accessible and affordable childcare facilities and care for other dependants; and support for active aging, including appropriate working conditions, improved (occupational) health status and adequate incentives to work and discouragement of early retirement; modern social protection systems.

Furthermore, Member States should improve matching of labour market needs (Guideline No 20) and improve adaptability of workers and enterprises, through promoting flexibility combined with employment security and reducing labour market segmentation (Guideline No 21) and ensuring employment-friendly labour cost developments and wage-setting mechanisms (Guideline No 22).

The Spring European Council on 22 and 23 March 2005 adopted the European Youth Pact (7619/1/05, conclusion 37 and Annex I). A part of this Pact is the sustained integration of young people into the labour market. The European Youth pact is discussed in the Commission communication of 30 May 2005 "Addressing the concerns of young people in Europe – implementing the European Youth pact and promoting active citizenship" (COM (2005) 206 final).

At the start of the 21st century the European labour market and social model need reform to adapt to globalisation, changing demography and fast technological progress. Flexicurity became a means to reinforce the implementation of the Lisbon Strategy, create more and better jobs, modernize labour markets, and promote good work through new forms of flexibility and security to increase adaptability, employment and social cohesion.

As a response to the economic downturn during the second half of 2008 the Commission presented in November 2008 a plan to drive Europe's recovery out of this crisis. The plan includes both short-term measures to boost demand, save jobs and help restore confidence as well as "smart investment" to yield higher growth and sustainable prosperity in the longer-term.

In December 2008 the commission adopted a package to help implement the European economic recovery plan and to reinforce the Lisbon Strategy. The package includes several communications, such as 'New Skills for New Jobs' (COM (2008) 868/3), which is a first assessment of skill and job requirements in the EU up to 2020.

Methodological notes

Sources: Eurostat, EU LFS (annual average data) and National Accounts. EU LFS provides estimates of employment and unemployment, broken down by age, sex and many job characteristics. National Accounts provides estimates of employment, employment growth and breakdowns by activity and employee/self-employed status.

Quarterly LFS data are available since the first quarter of 2005 in all EU countries, except Luxembourg from first quarter 2007. Data for France refer to metropolitan France (excluding overseas departments).

Employment rates represent persons in employment aged 15-64 as a percentage of the population of the same age. Persons in employment are those who during the reference week (of the Labour Force Survey) did any work for pay or profit, including unpaid family workers, for at least one hour or were not working but had a job or a business from which they were temporarily absent. The distinction between full-time and part-time work is based on a spontaneous response by the LFS respondents except in the Netherlands, Ireland and Germany, where it is determined by a threshold in the usual hours worked.

Links to other parts of the report

Education and its outcomes (2.5), Lifelong learning (2.6), Unemployment (2.8), Labour Market Policy expenditure (2.9) and Labour market (Annex 1.3.4).

Further reading

- "Employment in Europe 2008", European Commission, Employment and Social Affairs DG.
- Data in focus (Population and social conditions), n° 40/2008 "Labour market latest trends – 2nd quarter 2008 data", Eurostat.
- Data in Focus (Population and social conditions) Theme 3, n° 27/2008 "European Union Labour Force Survey – Annual Results 2007", Eurostat.
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- Economic Policy Committee "Key structural challenges in the acceding countries: the integration of the acceding countries into the Community's economic policy co-ordination processes", European Commission, Economic and Financial Affairs DG, July 2003.
- "Employment precarity, unemployment and social exclusion" and "Inclusion through participation", European Commission DG Research reports 2000.
- "Increasing labour force participation and promoting active ageing" Joint report from the Commission and the Council to the Barcelona Council, 2002
- "Improving quality in work: a review of recent progress", (COM (2003) 728).
- Statistics in Focus (Population and social conditions), n° 99/2008 "Employment gendergap in the EU is narrowing", Eurostat.
- {COM(2008) 868} Commission staff working document "New Skills for New Jobs - Anticipating and matching labour market and skills needs", December 2008.

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
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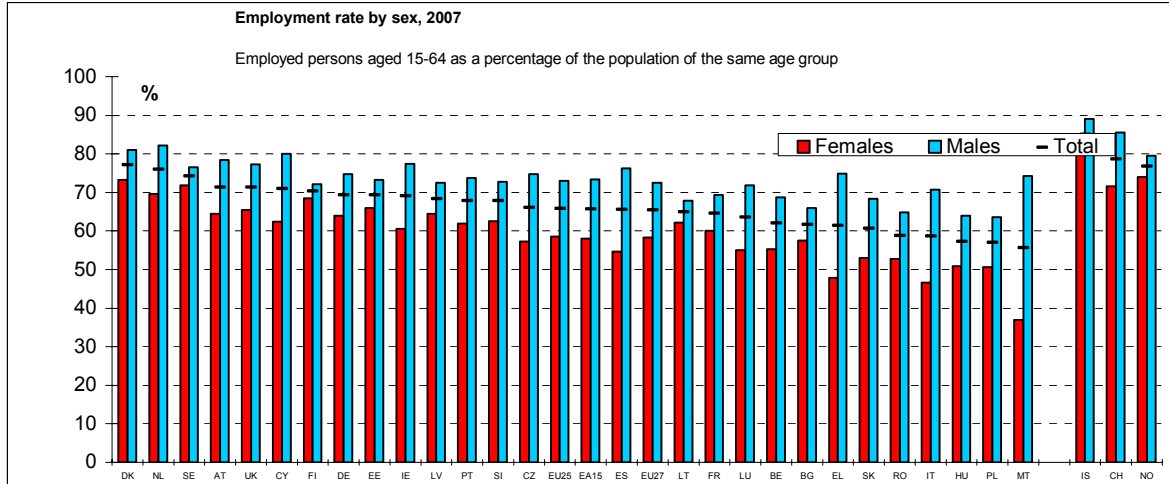
Key indicator 7a Employment rate, 2007 (Employed persons aged 15-64 as a percentage of the population of the same age group)

Total	65.4	65.8	65.7	65.7	62.0	61.7	66.1	77.1	69.4	69.4	69.1	61.4	65.6	64.6	58.7	71.0	68.3	64.9	63.6	57.3	55.7	76.0	71.4	57.0	67.8	58.8	67.8	60.7	70.3	74.2	71.3	:	:	:	85.1	:	76.8	78.6
Females	58.3	58.6	58.0	58.0	55.3	57.6	57.3	73.2	64.0	65.9	60.6	47.9	54.7	60.0	46.6	62.4	64.4	62.2	55.0	50.9	36.9	69.6	64.4	50.6	61.9	52.8	62.6	53.0	68.5	71.8	65.5	:	:	:	80.8	:	74.0	71.6
Males	72.5	73.0	73.4	73.4	68.7	66.0	74.8	81.0	74.7	73.2	77.4	74.9	76.2	69.3	70.7	80.0	72.5	67.9	71.9	64.0	74.2	82.2	78.4	63.6	73.8	64.8	72.7	68.4	72.1	76.5	77.3	:	:	:	89.1	:	79.5	85.6

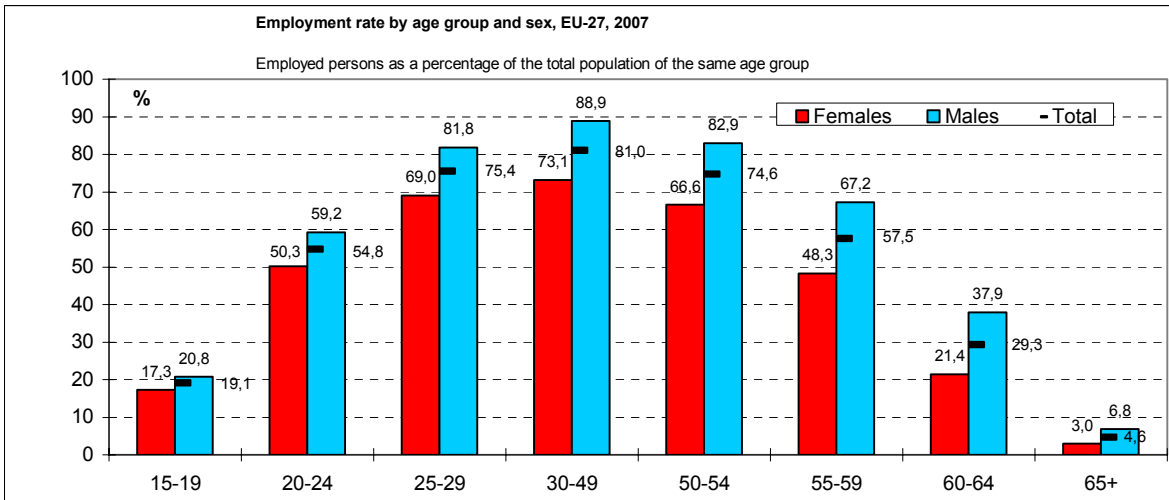
Key indicator 7b Employment rate of older workers, 2007 (Employed persons aged 55-64 as a percentage of the population of the same age group)

Total	44.7	44.9	43.3	43.3	34.4	42.6	46.0	58.6	51.5	60.0	53.8	42.4	44.6	38.3	33.8	55.9	57.7	53.4	32.9	33.1	28.3	50.9	38.6	29.7	50.9	41.4	33.5	35.6	55.0	70.0	57.4	:	:	:	84.7	:	69.0	67.2
Females	36.0	36.1	34.7	34.7	26.0	34.5	33.5	52.4	43.6	60.5	39.6	26.9	30.0	36.2	23.0	40.3	52.4	47.9	28.0	26.2	11.8	40.1	28.0	19.4	44.0	33.6	22.2	21.2	55.0	67.0	49.0	:	:	:	79.8	:	64.0	58.1
Males	53.9	54.1	52.4	52.3	42.9	51.8	59.6	64.9	59.7	59.4	67.9	59.1	60.0	40.5	45.1	72.5	64.6	60.8	37.6	41.7	46.2	61.5	49.8	41.4	58.6	50.3	45.3	52.5	55.1	72.9	66.3	:	:	:	89.3	:	73.8	76.4

Source: Eurostat - Quarterly Labour Force Data (QLFD)



Source: Eurostat - Labour Force Survey (EU-LFS)



Source: Eurostat - Labour Force Survey (EU-LFS)

8. UNEMPLOYMENT

In 2007, the unemployment rate went down to 7.1 % in the EU-27. Women remained more concerned than males by unemployment Long-term unemployment showed its highest decrease since 2000.

EU-27 unemployment rate down in 2007

In 2006, the total number of unemployed people in the EU-27 stood at 16.9 million, leaving the unemployment rate (as a percentage of labour force) at 7.1 %. Compared to 2006, the unemployment rate decreased by 1.0 point, after a decrease by 0.8 point between 2005 and 2006. In 2007 the unemployment rate went down in all countries but Ireland, Luxembourg, and Portugal. In Denmark, Cyprus and the Netherlands, the unemployment rate was below 4 %. The unemployment rate was highest in Slovakia (11.1 %) and in Poland (9.6 %), despite remarkable decreases in a year by 2.2 and 4.2 percentage points, respectively.

Women more likely than men to be unemployed in most Member States

The female unemployment rate (7.8 %) in the EU-27 remained higher than the male unemployment rate (6.6 %). The unemployment gender gap remained high above 3 percentage points in Greece, Italy, Spain and Portugal.

A high decrease in long-term unemployment between 2006 and 2007

In 2007, 3.0 % of the labour force in the EU-27 had been unemployed for at least one year. This long-term unemployment rate in the EU-27 decreased in 2007 by 0.7 point compared to 2006, the highest decrease since 2000. In Denmark, Cyprus and Sweden, less than 1 % of the labour force was affected. In contrast, 8.3 % of the active population in Slovakia had been unemployed for at least one year. At close to 5 % it also remains high in Germany and Poland.

Women more affected than men by long-term unemployment

Long-term unemployment among women remained much higher than for men. In the EU-27, similar to overall unemployment rates, long-term unemployment was more prevalent among women than men (respectively 3.3 % and 2.8 %), with the largest gender difference being found in Greece where 7 % of the active women against 2.2 % of active men were unemployed for at least one year in 2007.

High variations by country for the youth unemployment ratio

The youth unemployment ratio (number of unemployed aged 15-24 divided by total population aged 15-24) in the EU-27 was 6.8 % varying from 2.2 % in the Netherlands to 10.1 % in Sweden. Compared to 2006, it decreased by 0.8 percentage point. It went down from 7.2 % in 2005 to 6.4 % in 2006 for young women and from 8.0 % to 7.2 % for young men.

Policy context

The Luxembourg Jobs Summit in November 1997 observed that “the encouraging growth results will not enable to make up for the job losses in the early '90s or to achieve the rate of employment growth needed to get most of the unemployed into work”. It concluded that a European Employment Strategy was needed in order to turn back the tide of unemployment.

The Lisbon European Council in March 2000 concluded that “long-term structural unemployment and marked regional unemployment imbalances remain endemic in parts of the Union.” (Presidency conclusion No. 4). Four key areas were identified as part of an active employment policy. One of these was “improving employability and reducing skills gaps, in particular by ... promoting special programmes to enable unemployed people to fill skill gaps.”

The recent 2005-2008 Employment Guidelines (as a part of Integrated Guidelines) continue stressing that Member States should implement policies aiming at achieving full employment, quality and productivity at work and social cohesion and inclusion (Guideline No 17).

Besides these overarching objectives, specific guidelines are agreed to attract and retain more people in employment, increase labour supply and modernize social protection systems.

In particular, Member States will promote a lifecycle approach (Guideline No 18) through a renewed endeavour to reduce youth unemployment; resolute action to reduce gender gaps in unemployment; and better reconciliation of work and private life.

Additionally, Member States should ensure inclusive labour markets, enhance work attractiveness, and make work pay for job seekers, including disadvantaged people and the inactive (Guideline No 19) through active and preventive labour market measures including early identification of needs, job search assistance, guidance and training, provision of necessary social services; continual review of incentives and disincentives from the tax and benefit systems; and development of new sources of jobs in services for individuals and businesses.

Furthermore, Member States should increase investment in human capital through better education and skills. In particular, Member States should expand and improve investment in human capital (Guideline No 23) and adapt education and training systems in response to new competence requirements (Guideline No 24).

The Spring European Council on 22 and 23 March 2005 adopted the European Youth Pact (7619/1/05, conclusion 37 and Annex I). A part of this Pact is the sustained integration of young people into the labour market. The European Youth pact is discussed in the Commission communication of 30 May 2005 “Addressing the concerns of young people in Europe – implementing the European Youth pact and promoting active citizenship” (COM (2005) 206 final).

As a response to the economic downturn during the second half of 2008 the Commission presented in November 2008 a plan to drive Europe's recovery out of this crisis. The plan includes both short-term measures to boost demand, save jobs and help restore confidence as well as “smart investment” to yield higher growth and sustainable prosperity in the longer-term.

In December 2008 the commission adopted a package to help implement the European economic recovery plan and to reinforce the Lisbon Strategy. The package includes several communications, such as 'New Skills for New Jobs' (COM (2008) 868/3), which is a first assessment of skill and job requirements in the EU up to 2020.

Methodological notes

Source: Eurostat – Harmonised unemployment rates and the European Union Labour Force Survey (LFS).

Unemployed people — according to the Commission Regulation n° 1897/2000 based on International Labour Organisation (ILO) standards — are those persons aged 15-74 who i) are without work, ii) are available to start work within the next two weeks and iii) have actively sought employment at some time during the previous four weeks or have found a job to start later, i.e. within a period of at most 3 months. Unemployment rates represent unemployed persons as a percentage of the active population of the same age. The active population (or labour force) comprises employed and unemployed persons.

Links to other parts of the report

Education and its outcomes (2.5), Employment (2.7), Labour Market Policy expenditure (2.9) and Labour market (Annex 1.3.4).

Further reading

- "Employment in Europe 2008", European Commission, Employment and Social Affairs DG.
- Data in Focus (Population and social conditions) n° 27/2008 "European Union Labour Force Survey – Annual Results 2007", Eurostat.
- {COM(2008) 868} Commission staff working document "New Skills for New Jobs - Anticipating and matching labour market and skills needs", December 2008.

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
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Key indicator 8a Unemployment rate, 2007 (Unemployed persons as a percentage of the active population)

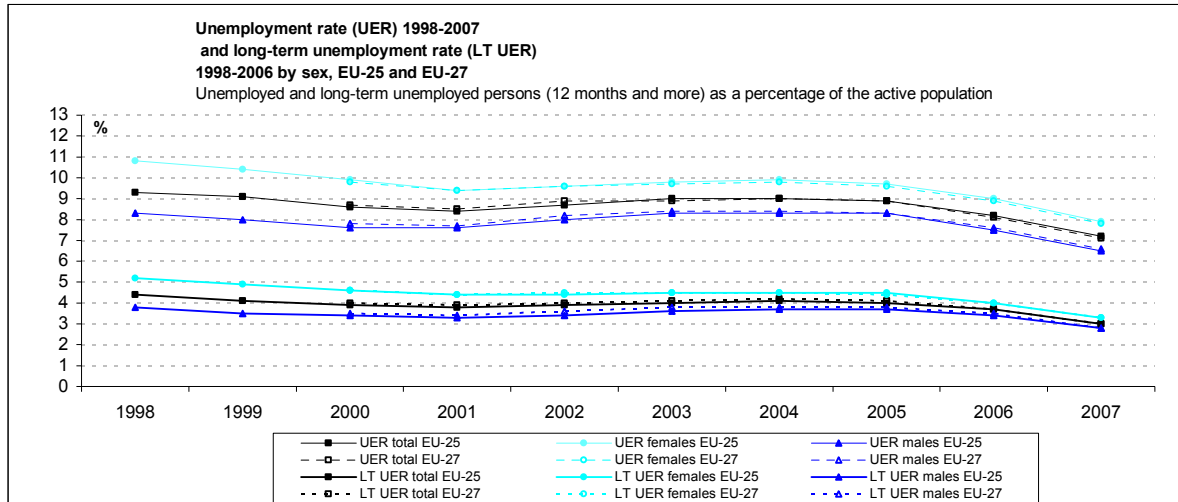
Total	7.1	7.2	7.4	7.4	7.5	6.9	5.3	3.7	8.4	4.7	4.5	8.3	8.3	8.3	6.1	3.9	6.0	4.3	4.7	7.4	6.4	3.2	4.4	9.6	8.0	6.4	4.8	11.1	6.9	6.1	5.3	:	:	:	:	:	2.6	:
Females	7.8	7.9	8.4	8.4	8.4	7.3	6.7	4.1	8.3	3.9	4.1	12.8	10.9	8.9	7.9	4.6	5.6	4.3	5.7	7.7	7.6	3.6	5.0	10.3	9.6	5.4	5.8	12.7	7.2	6.4	4.9	:	:	:	:	:	2.5	:
Males	6.6	6.5	6.6	6.6	6.7	6.5	4.2	3.4	8.5	5.4	4.7	5.2	6.4	7.8	4.9	3.4	6.4	4.3	4.0	7.1	5.8	2.8	3.9	9.0	6.6	7.2	4.0	9.9	6.5	5.8	5.6	:	:	:	:	:	2.6	:

Source: Eurostat - Unemployment rates (ILO de

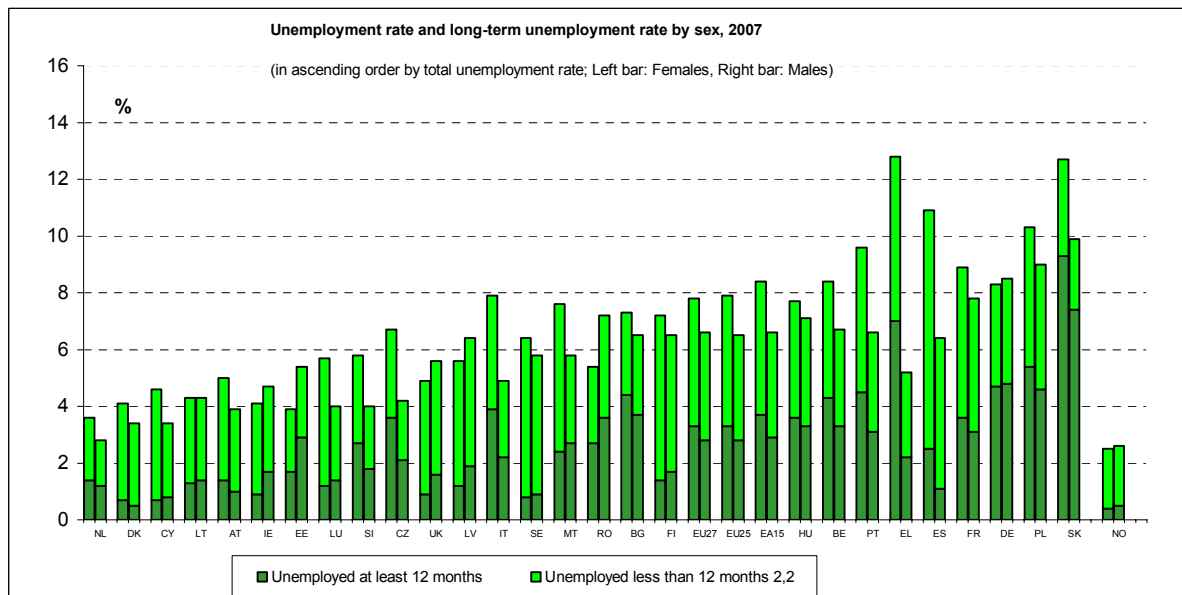
Key indicator 8b Long-term unemployment rate, 2007 (Long-term unemployed persons (12 months and more) as a percentage of the active population)

Total	3.0	3.0	3.2	3.2	3.8	4.0	2.8	0.6	4.7	2.3	1.4	4.1	1.7	3.3	2.9	0.7	1.6	1.4	1.3	3.4	2.6	1.3	1.2	4.9	3.8	3.2	2.2	8.3	1.6	0.8	1.3	:	:	:	:	:	0.2	:	0.5	:
Females	3.3	3.3	3.7	3.7	4.3	4.4	3.6	0.7	4.7	1.7	0.9	7.0	2.5	3.6	3.9	0.7	1.2	1.3	1.2	3.6	2.4	1.4	1.4	5.4	4.5	2.7	2.7	9.3	1.4	0.8	0.9	:	:	:	:	:	0.3	:	0.4	:
Males	2.8	2.8	2.9	2.9	3.3	3.7	2.1	0.5	4.8	2.9	1.7	2.2	1.1	3.1	2.2	0.8	1.9	1.4	1.4	3.3	2.7	1.2	1.0	4.6	3.1	3.6	1.8	7.4	1.7	0.9	1.6	:	:	:	:	:	0.2	:	0.5	:

Source: Eurostat - Quarterly Labour Force Data (QLFD)



Source: Eurostat - Unemployment rates (ILO definition) and Quarterly Labour Force Data (QLFD)



Source: Eurostat - Labour Force Survey (EU-LFS)

9. LABOUR MARKET POLICY EXPENDITURE

In 2006, Labour Market Policy (LMP) expenditure accounted for 1.9 % of GDP on average within EU-27. Expenditure on LMP measures amounted to 0.5 %, expenditure on LMP supports (essentially unemployment benefits) to 1.2 % of GDP, and expenditure on LMP services (Public Employment Services, PES) to 0.2 % of GDP. However, there is a considerable heterogeneity across Member States: total LMP expenditure ranged from over 2.5 % of GDP in Belgium, Denmark, Germany, the Netherlands and Finland to less than 0.4 % of GDP in Estonia and Lithuania. This variation is linked to the extent of non-targeted support in some countries (i.e. policies which do not target exclusively unemployed and other groups with difficulties in the labour market and, for this reason, are not included in the coverage of the LMP data collection).

Targeted policies

Labour market policies are by definition restricted in scope and only cover those interventions which are targeted to the unemployed and other groups with particular difficulties in entering or remaining in the labour market. Primary target group are the unemployed who are registered with the public employment services (PES). However, the size and structure of expenditure on LMP are not exclusively driven by the political commitment to combat unemployment. Other factors, such as the demographic situation and the income level, may affect cross-country variation.

Expenditure on LMP services, LMP measures and LMP supports

The LMP database distinguishes three main types of intervention which are broken down into nine different categories by type of action.

LMP services (category 1) covers ad hoc information services and more formalised programmes of individual assistance to jobseekers, together with all other activities of the PES not specifically covered in other categories. Note that the functions undertaken by the PES vary between countries and this is reflected in expenditure differentials. In 2006, expenditure on LMP services accounted for just over 25 billion euro amongst the EU-27 countries – 11 % of total LMP expenditure.

LMP measures (categories 2-7) cover targeted programmes such as training, job rotation/job-sharing, employment incentives, supported employment and rehabilitation, direct job creation and start-up incentives. These are commonly referred to as 'active' expenditures. However, it should be taken into account that the distinction between active and passive (i.e. unemployment benefits) measures is increasingly blurred by the tendency to establish closer links between eligibility to the latter and participation to the former, in the form of individualised job-search assistance and early intervention by the public employment service. This move reflects the increasing attention to the notion of flexicurity (see below) in the setting of labour market policies. In the EU-27 countries, expenditure on LMP measures totals to almost 60 billion euro in 2006, or 27 % of total LMP expenditure.

LMP supports (categories 8-9) cover expenditure on out-of-work income maintenance and support (mostly unemployment benefits) and on early retirement and account for the largest share of LMP expenditure – on average 62 % of the total in the EU-27, in 2006.

Distribution of expenditure on LMP measures by type of action

Looking at LMP measures only, expenditure in 2006 is highest on *training* programmes, as in previous years, accounting for 41.1 % of expenditure on LMP measures in EU-27. The share of *direct job creation* accounts for 14.1 % of total expenditure on LMP measures, much less than expenditure on *employment incentives* (24.2 %), which includes not only subsidies but also reduction in taxes and social contributions to employers. Expenditure for *supported employment and rehabilitation* covers 12.2 % of the total expenditure on measures. It is worthwhile noting that most countries also undertake general employment measures (and thus not covered by the LMP database), which partly go to the benefit of disabled people. *Start-up incentives* represent nearly 7.7 % of total expenditure on LMP measures. *Job rotation/job sharing* remains the smallest category in terms of expenditure, accounting for only 0.7 % of the overall expenditure on measures.

Policy context

The LMP data collection was developed as an instrument to monitor the evolution of targeted employment policies across the EU, following on the 'Jobs Summit' held in Luxembourg in November 1997, which had launched the European Employment Strategy. More recently, the notion of flexicurity has come to the forefront of the EU employment agenda (see (COM (2007)359)): Towards Common Principles of Flexicurity – More and better jobs through flexibility and security), specifically including the provision of *effective active labour market policies* and *modern social security systems* among the key instruments aimed at reconciling flexibility and security in the EU labour markets. The LMP database has been developed over the past years by Eurostat in close co-operation with DG Employment and Social Affairs, the EU-15 Member States and Norway, as well as the OECD. In 2005 the project has been extended to all New Member States as well as to Candidate Countries. In 2004, OECD adopted Eurostat's methodology, and since then, data on LMP expenditure and participants published by OECD are based on data collected and validated by Eurostat (with a divergence for the coverage of category 1).

Methodological notes

The scope of the LMP database covers all labour market interventions which can be described as public interventions in the labour market aimed at reaching its efficient functioning and correcting disequilibria and which can be distinguished from other general employment policy interventions in that they act selectively to favour particular groups in the labour market.

The scope of the LMP database is limited primarily to interventions which are explicitly targeted in some way at groups of persons with difficulties in the labour market: the unemployed, the employed at risk of involuntary job loss and inactive persons who would like to enter the labour market.

The categories of the LMP classification of interventions by type of action referred to in the graphs presented in this article include:

LMP services — category 1:

1 – Labour Market Services: all services and activities undertaken by the PES (Public Employment Services) together with services provided by other public agencies or any other bodies contracted under public finance, which facilitate the integration of the unemployed and other jobseekers in the labour market or which assist employers in recruiting and selecting staff.

LMP measures — categories 2-7:

2 – Training: measures that aim to improve the employability of LMP target groups through training, and which are financed by public bodies. All training measures should include some evidence of classroom teaching, or if in the workplace, supervision specifically for the purpose of instruction.

3 – Job rotation and job sharing: measures that facilitate the insertion of an unemployed person or a person from another target group into a work placement by substituting hours worked by an existing employee.

4 – Employment incentives: measures that facilitate the recruitment of unemployed persons and other target groups, or help to ensure the continued employment of persons at risk of involuntary job loss. Employment incentives refer to subsidies for open market jobs where the public money represents a contribution to the labour costs of the person employed and, typically, the majority of the labour costs are still covered by the employer.

5 – Supported employment and rehabilitation: measures that aim to promote the labour market integration of persons with reduced working capacity through supported employment and rehabilitation.

6 – Direct job creation: measures that create additional jobs, usually of community benefit or socially useful, in order to find employment for the long-term unemployed or persons otherwise difficult to place. Direct job creation refers to subsidies for temporary, non-market jobs which would not exist or be created without public intervention and where the majority of the labour cost is normally covered by the public finance.

7 – Start-up incentives: programmes that promote entrepreneurship by encouraging the unemployed and target groups to start their own business or to become self-employed.

LMP supports — categories 8-9:

8 – Out-of-work income maintenance: programmes which aim to compensate individuals for loss of wage or salary through the provision of cash benefits when:

- A person is capable of working and available for work but is unable to find suitable employment.
- A person is on lay-off or enforced short-time work or is otherwise temporarily idle for economic or other reasons (including seasonal effects).
- A person has lost his/her job due to restructuring or similar (redundancy compensation).

9 – Early retirement: programmes which facilitate the full or partial early retirement of older workers who are assumed to have little chance of finding a job or whose retirement facilitates the placement of an unemployed person or a person from another target group.

Links to other parts of the report

Unemployment (2.8), Social benefits (2.11) and Social protection (Annex 1.3.5)

Further reading

- [Labour Market Policy Database — Methodology, Revision of June 2006](#), Eurostat methodologies and working papers
- [Labour Market Policy Seminar of October 2006](#), Eurostat methodologies and working papers
- Labour Market Policy — Expenditure and Participants — Statistical book (published annually), available in [CIRCA — LMP — Labour Market Policy](#)
- Labour Market Policy — Qualitative Reports, available in [CIRCA — LMP — Labour Market Policy](#)
- [Expenditure on Labour Market Policies in 2005](#), Statistics in focus 45/2008
- [Men and women participating in Labour Market Policies, 2004](#), Statistics in focus 66/2007
- Employment in Europe 2006 report – chapter 2 (flexicurity) and chapter 3 (active labour market policies).

Key indicator 9a

Public expenditure on LMP measures (categories 2-7) as a percentage of GDP, 2006

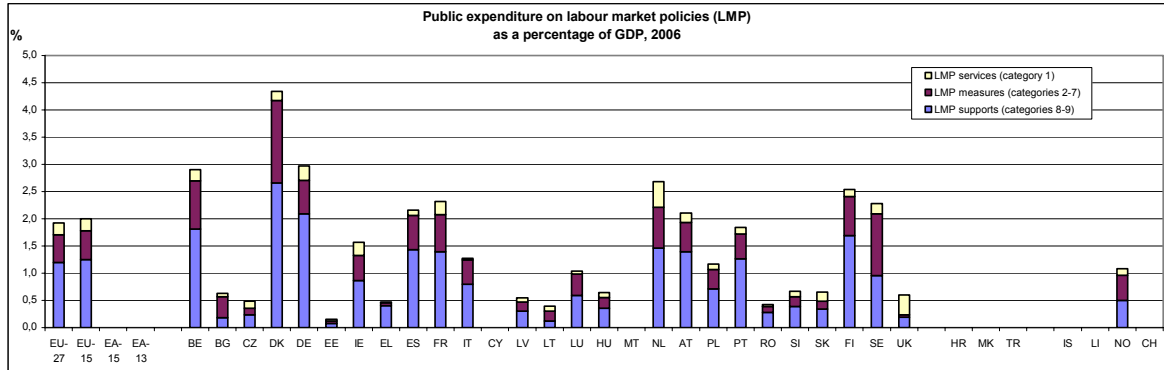
0,511	:	:	:	0,886	0,388	0,126	1,517	0,611	0,050	0,460	0,056	0,629	0,681	0,446	:	0,171	0,179	0,392	0,193	:	0,746	0,540	0,359	0,451	0,106	0,179	0,143	0,720	1,132	0,046	:	:	:	:	0,466
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Key indicator 9b

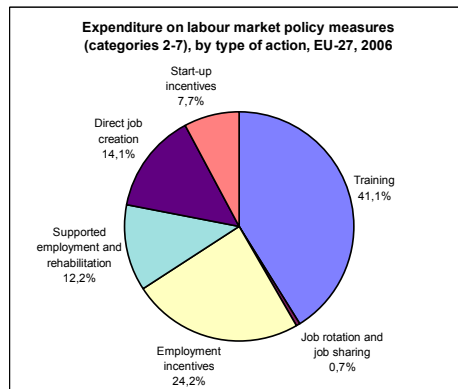
Public expenditure on LMP supports (categories 8-9) as a percentage of GDP, 2006

1,196	:	:	:	1,813	0,182	0,232	2,661	2,094	0,075	0,863	0,400	1,433	1,394	0,793	:	0,301	0,125	0,593	0,357	:	1,465	1,393	0,711	1,265	0,277	0,390	0,339	1,689	0,958	0,187	:	:	:	:	0,498
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Notes: Category 1: Labour Market Services.
 Categories 2-7: Training - Job rotation and job sharing - Employment incentives - Supported employment and rehabilitation - Direct job creation - Start-up incentives.
 Categories 8-9: Out of work income maintenance and support - Early retirement.
 DK: 2004; EL: 2005. Data for many countries contain estimates.
 Source: Eurostat - Labour Market Policy Database (LMP)



Notes: 1) DK: 2004; EL: 2005; no data for CY, MT, HR, MK, TR, IS, LI, CH
 2) Data for most countries contain estimates.
 Source: Eurostat - Labour Market Policy Database (LMP)



Source: Eurostat - Labour Market Policy Database (LMP)

10. SOCIAL PROTECTION EXPENDITURE AND RECEIPTS

There are considerable differences between Member States in terms of expenditure as a percentage of GDP and even more in terms of per-capita spending. Different countries have markedly different systems for financing social protection, depending on whether they favour social security contributions or general government contributions.

Social protection expenditure

In 2006 the EU-27 countries devoted on average 26.9 % of their GDP to social protection gross expenditure (see methodological notes in portrait 11 "Social benefits"). Countries having ratios above the average were Austria, Germany, Denmark, the Netherlands, Belgium, Sweden and France which all had levels between 28.5 % and 31.1 %. The countries with the lowest levels were the Baltic countries (Latvia with 12.2 %, Estonia with 12.4 and Lithuania with 13.2 %).

Social protection expenditure as a percentage of GDP in EU-25 has remained fairly stable between 2003 and 2006 (see annex 1.2). The trend is the result of slow down of GDP growth between 2000 and 2003 and its subsequent acceleration. However, the trends differ between Member States. The largest increase during 2000-2005 was observed in Belgium (3.6 percentage points) and Hungary (3.0 percentage points) while a pronounced reduction of the ratio was observed in countries where the GDP growth was relatively stronger: Latvia, Lithuania and Slovakia lost between 16-20 % of their ratio value, i.e. a reduction between 2.6 and 3.5 percentage points.

When expressing the expenditure on social protection in terms of per capita PPSs (purchasing power standards in annex 1.3), the difference between countries becomes more pronounced. In 2006 the expenditure in EU-27 was 6 349.0. Luxembourg³¹ has the highest PPS per capita (13 458.3) which is more than twice the average of the EU-27, followed by the Netherlands, Sweden, Denmark, Austria and Belgium, having figures between 9 099 and 8 520 PPS per capita. At the other extreme are Romania, Bulgaria and Latvia having values of less than one fourth of the EU-27 average. The disparities between countries depend, of course, on differences in economic performance and how social protection systems are constructed, but also on differences in the demographic and socio-economic situation.

Funding of social protection

In 2006, the main sources of financing for social protection (see annex 1.3) at EU-27 level were social contributions, representing 58.9 % of all receipts. They consist of employer's social contributions (38.2 %) and social contributions originating from protected persons³² (20.6 %). A third financing source is general government contributions which represented 37.6 % of total receipts in 2006.

The structure of funding varies between countries, depending strongly on country-specific rules and on the institutional reasoning behind social protection systems ("Beveridgian" or "Bismarckian" tradition). Countries like Czech Republic, Estonia and Belgium were characterised by a share of social contributions above 70 %. Conversely, in the Danish system roughly 60 % of total receipts come from government funding. Tax-related financing is also high in Ireland, the United Kingdom Cyprus and Sweden..

For EU-25 the structure of funding has been fairly stable between 2000 and 2006 (see annex 1.3) although the proportion of general government contributions in total funding showed a small increase (2.3 percentage points for EU-25). Some differences can be observed between Member States; while general government contributions increased by more than 4 percentage points in Hungary, the Netherlands, Malta and Spain they decreased by more than 5 percentage points in the Czech Republic, Slovakia and Ireland . During the same years, social contributions increased in the Czech Republic (6.5 percentage points), while, on the contrary, in Poland, Hungary, Malta, the United Kingdom, Spain and Portugal there was a contraction of between 4.1 and 7.7 percentage points.

For information on the structure of expenditure on social benefits, see the next portrait.

³¹ Luxembourg is a special case insofar as a significant proportion of benefits (primarily expenditure on health care, pensions and family benefits) is paid to persons living outside the country; if this particular feature is left out of the calculation, expenditure falls to approximately 10902 PPS per capita.

³² Employees, self-employed, pensioners and other persons.

Policy context

The EC Treaty (Article 2) states that "the Community shall have as its task ... to promote throughout the Community ... a high level of ... social protection."

The Lisbon European Council of March 2000 attached great importance to the role of social protection systems in the achievement of the overall strategic objective it established. The systems need to be adapted as part of an active welfare state to ensure that work pays, to secure their long-term sustainability in the face of an ageing population, to promote social inclusion and gender equality, and to provide quality health services.

Subsequent European Councils, in particular Stockholm, Gothenburg and Laeken, decided to extend the Open Method of Coordination (OMC) to the fields of pensions and healthcare and long-term care. Through the OMC the EU supports Member States in their efforts to modernise social protection through the development of common objectives and common indicators. A key feature of the OMC is the joint assessment by the European Commission and the Council of the National Strategy Reports on Social Protection and Social Inclusion submitted by the Member States. The results of the joint analysis are presented in the Joint Report on Social Inclusion and Social Protection, which assesses progress made in the implementation of the OMC, sets key priorities and identifies good practice and innovative approaches of common interest to the Member States. In 2006 the existing OMCs in the fields of social inclusion and pensions and the new process of co-operation in the field of health and long-term care were brought together under common objectives (COM (2005) 706). Still in 2006 Member States submitted the first National Strategy Reports on both social inclusion and social protection (pensions and healthcare and long-term care) whose analysis was presented in the 2007 Joint Report. The 2008 Joint Report examines more in depth a set of themes identified in earlier year's editions: child poverty; health inequalities, access to health care and evolving long-term care needs and longer working lives and privately managed pensions. The report also outlines envisaged improvements of the working methods of the Open Method of Coordination on social protection and social inclusion. In 2008 Member States have submitted for the second time National Strategy Reports whose analysis is presented in the 2009 Joint Report.

In July 2008 the Commission proposed in its communication on a "Renewed Social Agenda: Opportunities, access and solidarity in 21st century Europe" (COM (2008) 412) and in a related communication (COM (2008) 418 final) to reinforce the Open Method of Coordination by improving its visibility and working methods, strengthening its interaction with other policies, reinforcing its analytical tools and evidence base, and enhancing ownership in Member States through peer review, mutual learning and involvement of all relevant actors.

Methodological notes

Source: Eurostat — European System of integrated Social Protection Statistics (ESSPROS).

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. The risks or needs that may give rise to social protection are classified by convention under eight "social protection functions". See Social benefits (2.11). Excluded are all insurance policies taken out on the private initiative of individuals or households solely in their own interest.

The 2006 data are provisional for DE, ES, FR, IT, CY, LV, LT, NL, SI, SK, SE and UK. Purchasing Power Parities (PPPs) convert every national monetary unit into a common reference unit, the purchasing power standard (PPS), of which every unit can buy the same amount of consumer goods and services across the Member States in a given year.

Links to other parts of the report

Labour Market Policy expenditure (2.9), Social benefits (2.11), Income distribution (2.12) and Social protection (Annex 1.3.5).

Further reading

- Methodology: "ESSPROS Manual 2008", Eurostat.
http://circa.europa.eu/Public/irc/dsis/esspros/library?l=/4_publications/esspros_manual_1996/ks-ra-07-027-en/EN_1.0_&a=d
- "European Social Statistics — Social protection — Expenditure and receipts 1997-2005", 2007, Eurostat.

- Statistics in Focus (Population and social conditions): "Social Protection in European Union", No. 46/2008, Eurostat.
- "Working together, working better - A new framework for the open coordination of social protection and inclusion policies in the European Union" - COM/2005/0706 final
- "Joint Report on Social Protection and Social Inclusion 2007", 2007, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities.
- "Joint Report on Social Protection and Social Inclusion 2008", 2008, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities.
- "Renewed social agenda: Opportunities, access and solidarity in 21st century Europe" - COM(2008) 412
- A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion - COM/2008/0418
- "Monitoring progress towards the objectives of the European Strategy for Social Protection and Social Inclusion", Commission Staff Working Document, Brussels, 6.10.2008, SEC(2008)
- "Joint Report on Social Protection and Social Inclusion 2009", 2009, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities.

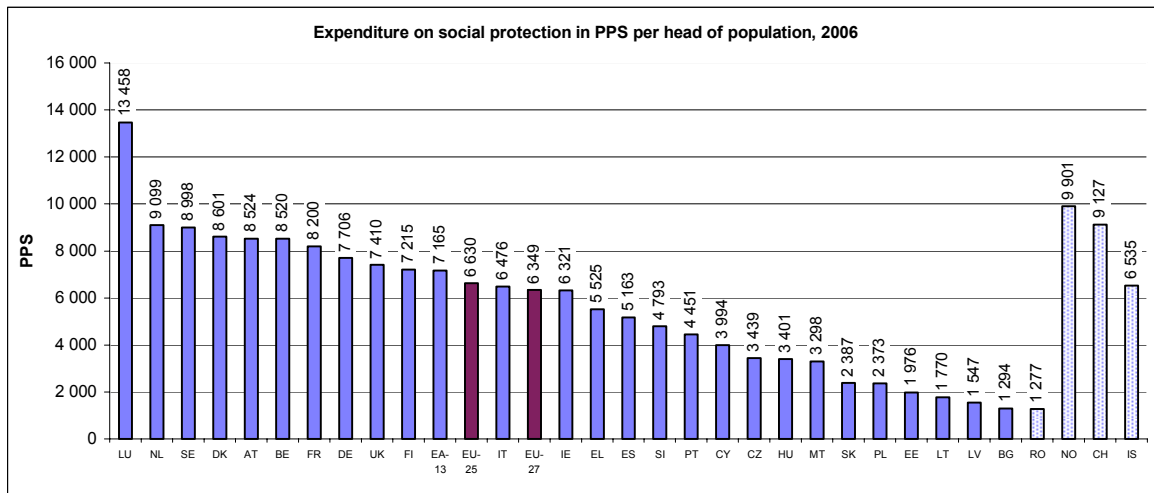
EU-27 EU-25 EA-15 EA-13 BE BG CZ DK DE EE IE EL ES FR IT CY LV LT LU HU MT NL AT PL PT RO SI SK FI SE UK HR MK TR IS LI NO CH

Key indicator 10

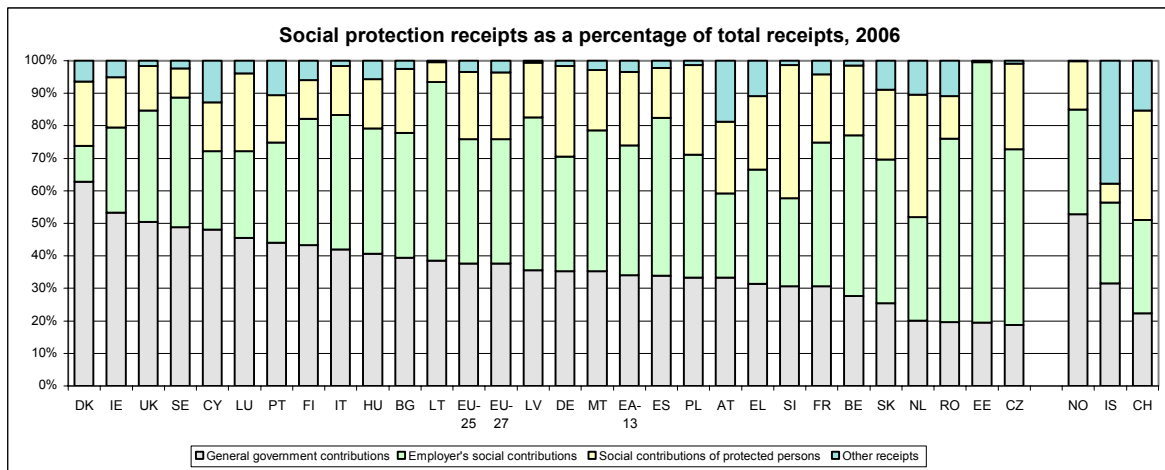
Expenditure on social protection as a percentage of GDP, 2006

2006 | 26,9 27,0 : 27,5 30,1 15,0 18,7 29,1 28,7 12,4 18,2 24,2 20,9 31,1 26,6 18,4 12,2 13,2 20,4 22,3 18,1 29,3 28,5 19,2 25,4 14,0 22,8 15,9 26,2 30,7 26,4 | : : : | 21,2 : 22,6 28,4

Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS)



Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS)



Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS)

11. SOCIAL BENEFITS

In most Member States the largest share of social protection expenditure was assigned to the old age and survivors benefits, followed by 'sickness and health care'. The other components on average accounted for less than 30 % of the total, except in the Nordic countries and Luxembourg.

Social benefits by function

In EU-27 the largest share of social benefits are *old age and survivors benefits*, on average 46.2 % of total benefits (or 11.9 % of GDP). The countries with the highest shares for these functions are Poland and Italy. Ireland³³, on the other hand, has the smallest share of old age and survivors benefits in total social benefits (27.4 % in 2006). Member States with the strongest increase during the observed period are Portugal, Slovakia, Finland, Belgium and the Netherlands, and the most pronounced decline was observed in Luxembourg and Latvia (since 1997), see annex 1.2.

In 2006, *expenditure on sickness and health care* made up 29.2 % of all benefits (7.5 % of GDP) in the EU-27. The share has increased in most countries between 1995 and 2006, the exceptions being Portugal, the Czech Republic, Germany and Slovakia. Sickness and health care benefits constituted the highest proportion of total benefits in Ireland (41.1 % and 7.0 % of GDP). The Czech Republic and Romania spent more than one third of their total benefits on sickness/health care in 2006. The lowest shares in total benefits were observed for Poland (20.4 %) and Denmark (21.6 %). In relation to GDP the lowest proportions was observed in Latvia, Bulgaria, Poland and Estonia (below 4 %), the highest in France (8.7 %), the Netherlands (8.7 %) and United Kingdom (8.2 %).

The third most important type of benefit is benefits targeted towards *family and children*. In 2006 these constituted 8 % of total benefits (2.1 % of GDP) for EU-27. There is a large variation between Member States, ranging from 16.9 % of total benefits in Luxembourg to below 5 % in Poland, Italy, the Netherlands and Spain.

Disability benefits constituted an almost as large proportion of total benefits as those targeted towards families and children (7.5 % in 2006 for EU-27). While the share of disability expenditure in terms of total benefits was higher than the average in the Nordic countries and Luxembourg (between 12.7 and 14.9 %) it was below the European average (less than 6 %) in Cyprus, Greece, Ireland and Italy.

Unemployment benefits accounted for 5.6 % of all benefits in EU-27 in 2006. The proportion paid on unemployment benefits was less than or equal to 2 % in Estonia, Lithuania and Italy (with percentages of GDP between 0.1 and 0.5 %). It was above 10 % in Spain (12.5 %) and Belgium (11.9 %). It is worth noting that spending on unemployment benefits does not reflect closely the level of unemployment since it also depends on coverage, duration of benefits and the level of unemployment benefit, factors that can vary substantially between countries.

See also the previous portrait "Social protection expenditure and receipts".

Policy context

The EC Treaty (Article 2) states that "the Community shall have as its task ... to promote throughout the Community ... a high level of ... social protection."

The Lisbon European Council of March 2000 emphasised the importance to the role of social protection systems in the achievement of the overall strategic objective it established. The systems need to be adapted as part of an active welfare state to ensure that work pays, to secure their long-term sustainability in the face of an ageing population, to promote social inclusion and gender equality, and to provide quality health services.

Subsequent European Councils, in particular Stockholm, Gothenburg and Laeken, decided to apply the Open Method of Coordination in specific sectors of social protection, in the field of pensions and health and long-term care. Through the [Open Method of Coordination](#) the EU supports Member States in their efforts through developing common objectives and common indicators. A key feature of the Open Method of Coordination is the joint analysis and assessment by the European Commission and the Council of the National Reports on Strategies on Social Protection and Social Inclusion submitted by the Member States. The results of the joint

³³ For Ireland data concerning funded occupational schemes for employees in the private sector are available from the year 2002).

analysis are presented in the Joint Reports, which assess progress made in the implementation of the OMC, set key priorities and identify good practice and innovative approaches of common interest to the Member States.

The 2008 Joint Report on Social Protection and Social Inclusion (COM (2008) 0042 final) examines more in depth a set of themes identified in earlier year's editions: child poverty; health inequalities, access to health care and evolving long-term care needs and longer working lives and privately managed pensions. The report also outlines envisaged improvements of the working methods of the Open Method of Coordination on social protection and social inclusion

In July 2008 the Commission proposed in its communication on a "Renewed Social Agenda: Opportunities, access and solidarity in 21st century Europe" to reinforce the Open Method of Coordination by improving its visibility and working methods, strengthening its interaction with other policies, reinforcing its analytical tools and evidence base, and enhancing ownership in Member States through peer review, mutual learning and involvement of all relevant actors.

Methodological notes

Source: Eurostat — European system of integrated social protection statistics (ESSPROS).

See also the previous portrait Social Protection expenditure and receipts. Social benefits are recorded without any deduction of taxes (gross) or other compulsory levies payable on them by beneficiaries. "Tax benefits" (tax reductions granted to households for social protection purposes) are generally excluded. Social benefits are divided up into the following eight functions: Sickness/healthcare, Disability, Old age, Survivors, Family/children, Unemployment, Housing, Social exclusion not elsewhere classified (n.e.c.). The Old age function covers the provision of social protection against the risks linked to old age: loss of income, inadequate income, lack of independence in carrying out daily tasks, reduced participation in social life, and so on. Medical care of the elderly is not taken into account (reported under Sickness/health care function). Placing a given social benefit under its correct function is not always easy. In most Member States, a strong interdependence exists between the three functions Old age, Survivors and Disability. For the purposes of better EU-wide comparability, the Old age and Survivors functions have been grouped together. FR, IRL and PT record disability pensions paid to persons of retirement age as benefits under the disability function as opposed to the old age function.

The 2006 data are provisional for DE, ES, FR, IT, CY, LV, LT, NL, SI, SK, SE and UK.

Links to other parts of the report

Ageing of the population (2.3), Social protection expenditure and receipts (2.10) and Social protection (Annex 1.3.5).

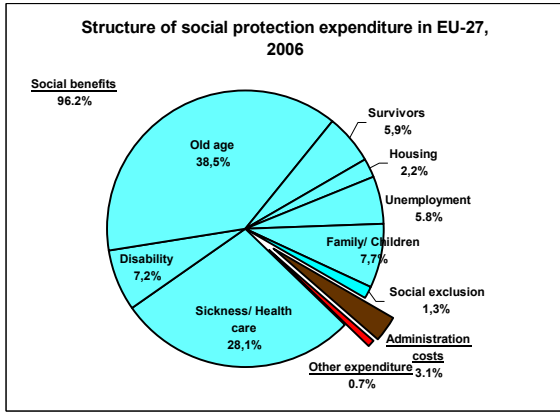
Further reading

- Methodology: "ESSPROS Manual 2008", Eurostat.
http://circa.europa.eu/Public/irc/dsis/esspros/library?!=4_publications/esspros_manual_1996/ks-ra-07-027-en/_EN_1.0_&a=d
- "European Social Statistics — Social protection — Expenditure and receipts 1997-2005", 2007, Eurostat.
- Statistics in Focus (Population and social conditions): "Social Protection in European Union", No. 46/2008, Eurostat.
- "Monitoring progress towards the objectives of the European Strategy for Social Protection and Social Inclusion", Commission Staff Working Document, Brussels, 6.10.2008, SEC(2008)

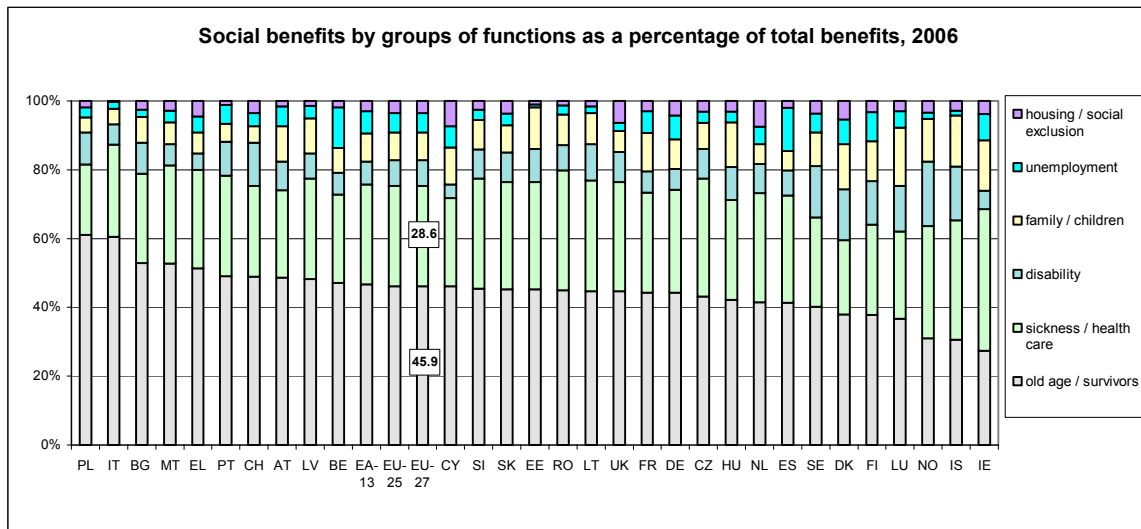
	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH	
Key indicator 11a	Old age and survivors benefits as a percentage of total social benefits, 2006																																						
2006	46,2	46,2	46,7	47,0	52,9	43,1	37,9	44,3	45,2	27,4	51,3	41,3	44,3	60,5	46,1	48,3	44,8	36,7	42,2	52,8	41,4	48,6	61,2	49,1	45,0	45,4	45,3	37,8	40,2	44,7				30,6		31,0	48,9		
	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH	

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH	
Key indicator 11b	Sickness and health care benefits as a percentage of total social benefits, 2006																																						
2006	29,2	29,2	29,1	25,7	26,0	34,4	21,6	29,1	31,2	41,1	28,7	31,2	29,9	26,8	25,7	29,1	32,1	25,4	29,0	28,4	31,8	25,5	20,4	29,2	34,8	32,1	31,0	26,2	26,0	31,8				34,8		32,6	26,4		

Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS)



Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS)



Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS)

12. INCOME DISTRIBUTION

In the EU-25³⁴ in 2006 the top (highest income) 20 % of a Member State's population received 4.8 times as much of the Member State's total income as the bottom (poorest) 20 % of the Member State's population. This gap between the most and least well-off people is smallest in Denmark, Slovenia (both 3.4) and Bulgaria, the Czech Republic and Sweden (all 3.5, BG national source). It is widest in Latvia (7.9), Portugal (6.8), Lithuania (6.3) and Greece (6.1).

Significant differences in income distribution across Member States

In 2006³⁵, the median³⁶ equivalised disposable annual income for thirteen out of the EU-25 countries, including Germany, France and the UK, was over 14 000 PPS (Purchasing Power Standards). Luxembourg is an outlier with 28 697 PPS, followed by the United Kingdom with 17 873 PPS and Austria with 17 696 PPS. Iceland and Norway also record high median equivalised disposable incomes - 18 441 PPS and 19 950 PPS respectively. While most of the 'old' EU-15 Mediterranean countries record relatively low incomes, Italy differentiates itself from its Mediterranean neighbours with an average annual disposable income of 14 059 PPS. Among the 'new' Member States, Cyprus (16 111 PPS), Malta (12 118 PPS) and Slovenia (12 502 PPS) have median incomes similar to those of 'old' Member States. Median incomes are lowest in the Baltic States and Poland (below 6000 PPS).

Income distribution can be measured by looking at how total equivalised disposable income is shared among different strata of the population according to the level of income. As a population-weighted average amongst the EU-27 Member States in survey year 2006 (income reference year 2005 for most countries) the top (highest equivalised disposable income) 20% of the population received 4.8 times as much of the total income as the bottom (lowest equivalised disposable income) 20% of the population. This indicator, the inequality of income distribution (S80/S20 income quintile share ratio), is generally higher in the southern and non-continental Member States. The gap is widest in Latvia (7.9), Portugal (6.8), Lithuania (6.3) and Greece (6.1). At the other extreme are Denmark, Slovenia (both 3.4) and Bulgaria, the Czech Republic and Sweden (all 3.5).

Another commonly used indicator of income distribution is the Gini-coefficient.³⁷ Amongst the EU-27 Member States, the countries closest to equality were Bulgaria, Denmark, Slovenia and Sweden (coefficient 24) and the most unequal was Latvia (39), followed by Portugal with 38. The EU-27 average coefficient equalled 30.

A complex relation between countries' levels of average income and inequality

Most often, Member States with higher levels of inequality tend to have a lower level of median equivalised disposable income. This is the case for Latvia, Lithuania, Hungary, Poland and Estonia. But there are exceptions in both directions. Some countries such as Slovakia and the Czech Republic have relatively low levels of both inequality and median equivalised disposable income. Reciprocally, the United Kingdom and to a lesser extent Italy and Spain reach quite high levels for both indicators.

Policy context

The EC Treaty (Article 2) states that "The Community shall have as its task ... the raising of the standard of living and quality of life...". Article 3 continues "the activities of the Community shall include ... the strengthening of economic and social cohesion."

³⁴ The EU aggregate for all indicators in this section are calculated as a population-weighted average of the values of each Member State.

³⁵ From 2005 onwards, data comparable across countries stemming from EU-SILC is available for all EU-25 countries plus Iceland and Norway. For EU-15 countries except Germany, the United Kingdom and the Netherlands as well as Estonia, Iceland and Norway, EU-SILC data was also available for 2004. For Belgium, Denmark, Greece, Ireland, Luxembourg, Austria and Norway, data is available from a 2003 preliminary version of EU-SILC. Bulgaria, Romania and Turkey have launched EU-SILC in 2007. In this edition the data for the two new Member States (Bulgaria and Romania) are obtained from national sources which are not fully comparable with EU-SILC. Trends in transition years cannot be interpreted reliably. Due to differences between these underlying sources, the indicators cannot be considered to be fully comparable either between them or with EU aggregates or with data reported in earlier years.

³⁶ The median value is generally preferred as the measure of central tendency of incomes since it is less affected by values at the extremes of the distribution (rich and poor).

³⁷ The Gini coefficient is expressed mathematically as the ratio of the amount between the line of perfectly-equal distribution and the curve of actual distribution to the total amount below the line of perfectly-equal distribution

The Social Policy Agenda (COM(2000)379 final) states that "social transfers covering pensions and social security do not only contribute to balance and re-distribute incomes throughout lifetimes and across social groups, but also support better quality in employment, with consequent economic benefits."

In March 2006 the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council adopted streamlined objectives under the [Open Method of Coordination](#) in social inclusion, pensions and healthcare.

A list of statistical "structural indicators" was agreed at the Nice summit in December 2000, including 7 indicators in the field of social cohesion. This list of indicators has been further developed by the Indicators Sub-Group of the Social Protection Committee, who proposed a list of "cohesion indicators" which was adopted by the Laeken summit in December 2001. The Indicators Sub Group continues to refine and extend this list. In June 2006, the Social Protection Committee adopted a set of [common indicators](#) for the social protection and social inclusion process and in May 2008, the Committee agreed on a full list of indicators to monitor the health care and long-term care objectives. The indicator portfolios were updated in April 2008.

Under the Open Method of Coordination the EU supports Member States in their efforts to develop common objectives and indicators. A key feature of the Open Method of Coordination is the joint analysis and assessment by the European Commission and the Council of the National Action Plans submitted by the Member States. The Joint Reports assess progress made in the implementation of the Open Method of Coordination, set key priorities and identify good practice and innovative approaches of common interest to the Member States.

The European Commission on October 3 2008, put forward a set of common principles to help guide EU countries in their strategies to tackle poverty (COM (2008)639 final). The Recommendation is based around three key aspects: adequate income support, inclusive labour markets and access to quality services. National governments will be encouraged to refer to these common principles and define policies for 'active inclusion' on this basis so as to step up the fight against exclusion from society and from the labour market.

Methodological notes

Sources:

- Eurostat — European Community Household Panel (ECHP), Users' Data Base version December 2003; for data until 2001
- national data in the transition period
- For EU-25 and Norway and Iceland: Eurostat – Community Statistics on Income and Living Conditions EU-SILC (2006) income reference period 2005; except for UK, income year 2006 and for IE moving income reference period (2005-2006). Data is provisional for PT and IS. MT data has been revised.
- New Member States: For Bulgaria and Romania data is derived from the national Household Budget Survey (HBS), 2006, income data 2006.

EU aggregates are Eurostat estimates are obtained as a population size weighted average of national data.

In EU-SILC the total income of each household (net or gross — from 2007 all countries using EU-SILC will supply gross data) is calculated by adding together the income received by all the members of the household from all component sources in the year preceding the survey year for most participant countries³⁸. This includes income from work, private income (e.g. from investments or property), as well as pensions and other social transfers directly received. During the transition period to full implementation, no account is taken of indirect social transfers, imputed rent for owner-occupied accommodation, mortgage interest payments, receipts in kind (for former EU-15 Member States it is taken into account for the new Member States). These income components will be mandatory only from 2007. As the weight of these income components varies between countries, there is some limitation on the full comparability of income statistics. Moreover, due to the practical differences in the underlying national data sources during the transition period, indicators derived from national sources cannot be considered fully comparable either between countries or over time.

In order to take account of differences in household size and composition in the comparison of income levels, the household's total income is equalised by dividing by its 'equivalent size', computed using the modified

³⁸ In EU-SILC 2006 the income reference period is 2005; except for the UK, income year 2006 and for IE, moving income reference period (2005-2006).

OECD equivalence scale. This scale gives a weight of 1.0 to the first person aged 14 and over, 0.5 to the second and each subsequent person aged 14 and over, and 0.3 to each child aged under 14 in the household.

To calculate the income quintile share ratio, persons are first ranked according to their equivalised income and then divided into 5 groups of equal size known as quintiles. S80/S20 income quintile share ratio represents the sum of the income received by the 20% of the population with the highest equivalised disposable income (top quintile) to that received by the 20% of the population with the lowest equivalised disposable income (lowest quintile).

Links to other parts of the report

Social protection expenditure and receipts (2.10), Low-income households (2.13), Jobless households and low wages (2.14) and Income, social inclusion and living conditions (Annex 1.3.6).

Further reading

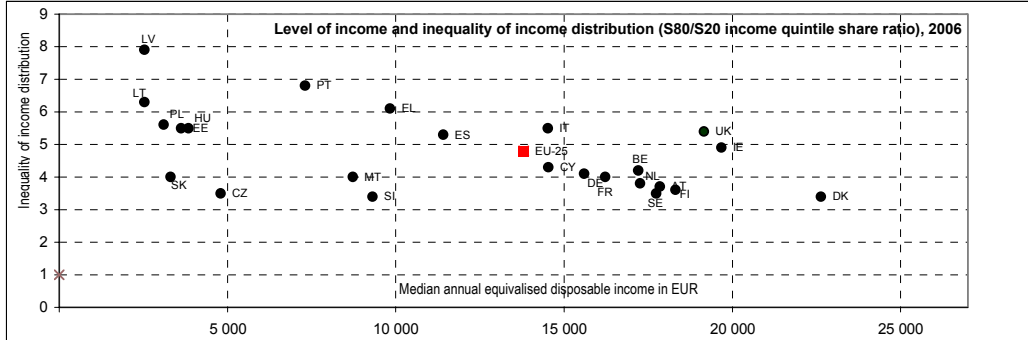
- "European social statistics: Income, Poverty and Social Exclusion 2nd report", 2003 edition.
- Statistics in Focus (Population and social conditions): "Poverty and social exclusion in the EU after Laeken-part 1", No.8/2003. Eurostat.
- Statistics in Focus (Population and social conditions): "Poverty and social exclusion in the EU after Laeken-part 2", No.9/2003. Eurostat.
- Statistics in Focus (Population and social conditions): "Monetary poverty in EU Acceding and Candidate Countries", No.21/2003. Eurostat.
- Statistics in Focus (Population and social conditions): "Social protection: cash family benefits in Europe", No.19/2003. Eurostat.
- Statistics in Focus (Population and social conditions): "The social protection in Europe", No.3/2003. Eurostat.
- Statistics in Focus (Population and social conditions): "Monetary poverty in new Member States and Candidate Countries", No.12/2004. Eurostat.
- Statistics in Focus (Population and social conditions): "Poverty and social exclusion in the EU", No.16/2004. Eurostat.
- Statistics in Focus (Population and social conditions): "In Work Poverty ", No. 5/2005. Eurostat.
- Statistics in Focus (Population and social conditions): "Income poverty and social exclusion in EU-25", No. 13/2005. Eurostat.
- Statistics in Focus (Population and social conditions): "Material Deprivation in the EU", No. 21/2005. Eurostat.
- "A new partnership for cohesion – Third report on Economic and Social Cohesion", 2004. European Commission, Regional Affairs DG.
- (COM (2008)0042 final) "Joint Report on Social Protection and Social Inclusion 2008", 2008, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities, January 2008.
- (COM(2008) 418 final) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. "A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion", July 2008.

Key indicator 12

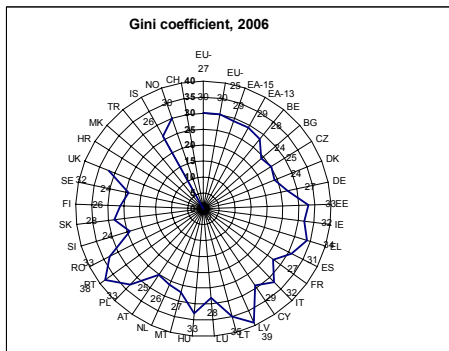
Inequality of income distribution (S80/S20 income quintile share ratio), 2006 (The ratio of total income received by the 20% of the population with the highest income (top quintile) to that received by the 20% of the population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income.)

4.8 s 4.8 4.6 4.6 4.2 3.5 i 3.5 3.4 4.1 5.5 4.9 6.1 5.3 4.0 5.5 4.3 7.9 6.3 4.2 5.5 4 r 3.8 3.7 5.6 6.8 p 5.3 i 3.4 4.0 3.6 3.5 5.4 : : : 3.7 p : 4.6 :

Source: EU-SILC (2006) income reference period 2005; except for UK, income year 2006 and for IE moving income reference period (2005-2006).
 (1) BG and RO National HBS 2006, income data 2006.
 (2) EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data.



Source: EU-SILC (2006) income reference period 2005; except for UK, income year 2006 and for IE moving income reference period (2005-2006).
 (1) BG and RO National HBS 2006, income data 2006.
 (2) EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data. (3) PT and IS provisional data. MT data has been revised.



Source: EU-SILC (2006) income reference period 2005; except for UK, income year 2006 and for IE moving income reference period (2005-2006).
 (1) BG and RO National HBS 2006, income data 2006.
 (2) EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data. (3) PT and IS provisional data. MT data has been revised.

13. LOW-INCOME HOUSEHOLDS

In 2006 around 16 % of households in the EU-27 had an equivalised disposable income that was less than 60 % of the respective national median income – these people are considered to be at risk of poverty³⁹. Using 60 % of the national median equivalised income as a cut-off threshold, the proportion of people at-risk-of-poverty after social transfers had been taken into account was highest in Latvia (23 %) and Greece (21 %), followed by Spain, Italy and Lithuania (all 20 %). It was lowest in the Czech Republic and the Netherlands (both 10 %). In this context it should be remembered that with the at-risk-of-poverty rates we are analysing relative poverty within each country and relative to national median income and not absolute poverty by reference to an independent or common cut-off threshold. When analysing the hypothetical case of the complete absence of social transfers (except pensions), in the EU-27 countries an average of 26 % of the population would be at-risk-of-poverty. In the majority of countries, social benefits reduce the proportion of people at risk of poverty between 25 and 50 %.

The household types most at-risk-of-poverty are single parents with dependent children, single elderly people and single females

While the overall at-risk-of-poverty rate for EU-27 is 16 % using survey data 2006 (income reference period is 2005 in most countries), some household types are exposed to a much greater poverty risk than others. In EU-27 countries single parents with dependent children have the highest poverty risk – 32 % have an equivalised disposable income lower than 60 % of national median equivalised income.

Households composed of a single adult older than 65 had an at-risk-of-poverty rate of 26 % (EU-27) using 2006 figures. The poverty risk of single adults aged 65 and over is very unevenly distributed across Member States, with values ranging from 4 % in the Netherlands and 8 % in Luxembourg and Poland to 69 % in Latvia and 70 % in Cyprus.

A quarter (25 %) of single females were at risk of poverty in EU-27 countries in 2006. In some countries over half of single females were at risk of poverty: in Ireland (51 %), Cyprus (52 %) and Latvia (58 %). In only six EU-27 countries (Hungary 14 %, Luxembourg 16 %, the Netherlands 12 %, Poland 11 % and Slovakia 16 %) the at-risk-of-poverty rate for single females was equal to or below the EU-27 average at-risk-of-poverty rate for all household types (16 %). Poland seems to be atypical in this respect as it is the only country where the poverty risk of single females is consistently lower than the national average for all household types – 19°% - (and also lower than that of single male households – 27°% -). However, for six other EU-27 countries single females were less at risk of poverty than single males: Denmark, Germany, Luxembourg, Hungary, the Netherlands and Slovakia.

The poverty risk of single parents and their dependent children varies much between countries

In Luxembourg with 49 % almost half of households composed of single parents and their dependent children were at-risk-of poverty in 2006. Ireland (47 %) and Lithuania (44 %) also record a comparatively high proportion of those households at-risk-of-poverty. The poverty risk of single parent households is lowest in some of the Nordic Member States. Within the EU, the lowest poverty risk for this household type is found in Denmark (19 %) and Finland (18 %). Among EFTA countries Norway also records a very low figure of 18 %.

Uneven poverty risk between generations

The distribution of poverty risk among different age groups follows a U-shaped curve in most countries. In 2006 19 % of children under 18 and 20 % of young adults aged 18 to 24 lived in low income households in EU-25 Member States. For working age adults (aged 24-64) the risk of living in a low income household was lowest (14 % for those aged 25 to 49 and 13 % for those aged 50 to 64 years old). 19 % of people aged 65 and over were at risk of poverty in EU-25 countries in 2006.

Women (compared with men) and children (compared with adults) are more likely to be poor

In the survey used for monitoring the risk of poverty, no information can be obtained about the allocation of income within a household, and in particular, between people of different gender living in one household, so

³⁹ See the first footnote in the portrait no. 12 "Income distribution".

some caution is necessary in interpreting these figures. In a household composed of more than one individual, we cannot automatically assume that all household members have equal access to money, and therefore cannot know whether they should be considered as "poor" or "not poor". What we can say, is that certain types of households are more at risk of poverty than others.

Throughout Europe in 2006, the probability of living in a household which can be considered to be at risk-of-poverty is slightly higher among women than among men (EU-25 average of 17 % versus 15 %), although in Luxembourg (14 %), Hungary (16 %), Malta (14 %), the Netherlands (10 %), Slovakia (12 %) and Sweden (12 %) there is parity, whilst in Poland, it is men who are very slightly more at risk of poverty (20 % vs. 19 %).

Among household types composed of a single individual, where questions of intra-household allocation are irrelevant (but the age structure of the households is not representative across the population and not comparable between the genders), 25 % of single women households were at risk of poverty in the EU-27 in 2006, compared to 22 % of single men households. However, there is no uniform picture of this across countries: In Ireland, Cyprus and Latvia over half of single females were at risk of poverty. While Belgium, Bulgaria, Ireland, Greece, Spain, Italy, Cyprus, Austria, Portugal and Romania had a difference in the at-risk-of-poverty rates for single men and single women greater or equal to ten percentage points the situation is markedly different in other countries. Indeed, in nine EU-27 countries, the poverty risk was higher or equal for single men than for single women, with the difference in poverty risk rates being particularly marked in Hungary (14 % for single women vs. 25 % for single men) and Poland (11 % vs. 27 %).

In 2006 (EU-25), the proportion of children (under the age of 18) living in a household with low income (19 %) is higher than for the adult population (15 %). The proportion of children living in a low income household is highest in Latvia and Poland (both 26 %), followed by Italy, Lithuania and Hungary, where a quarter of children are at risk of poverty as well as Spain and the United Kingdom (with 24 % of children in both countries at risk of poverty). By contrast, in 2006, children in Denmark, Germany, Cyprus and Finland (and Norway among EFTA countries) were less likely to live in 'poor' households than adults in those countries.

In this context, it also has to be noted, that in 2006 in EU-27 countries households composed of two adults and three or more dependent children were more than 50% more likely to be at-risk-of-poverty than other household types (25 % compared to 16 % for all household types). On the other hand households composed of two adults with one or two dependant children had a below average risk of poverty at EU-27 level in 2006.

Are general improvements in living standards successful in lifting people out of poverty?

It has to be kept in mind when interpreting the poverty risk indicator that no measures of wealth, i.e. no measures other than momentary income are taken into account when calculating poverty risk indicators. In the future, the relative concept of poverty represented by the at-risk-of-poverty rate will be complemented by measures of material deprivation and updated data on the persistence of poverty risk to better capture the relative dimension of poverty..

One so-called semi-absolute measure of poverty are various anchored poverty risk rates. In the framework of the streamlined portfolio on Social Inclusion and Overarching indicators developed under the Open Method of Coordination, the indicator at-risk-of-poverty rate anchored at a fixed moment in time (2005) is calculated. For this indicator the poverty risk threshold for the year 2005 is adjusted for inflation and then used to calculate an alternative poverty risk rate for the year 2006. This ratio takes into account that economic growth and more directly growing incomes for part of the population may raise median incomes and thus the poverty risk threshold by a higher proportion than the growth in consumer prices. Thus some part of the population may be better off without this being captured in the at-risk-of-poverty rate.

When we look (with only one year's distance to the reference year) at the data, we see that for the EU-25 the anchored at-risk-of-poverty rate does not differ from the at-risk-of-poverty rate. But for the ten new Member States⁴⁰ the at-risk-of-poverty rate is reduced by three percentage points from 17 % to 14 % when using the anchored measure. Indeed, for all new Member States save the Czech Republic and Slovenia (which has quite a low poverty risk rate), but also for Spain and Finland we find the anchored measure being at least two percentage points lower than the measure using a current threshold. Unsurprisingly, all of these countries have experienced strong economic growth and high growth in incomes. The differences in those measures suggest that at least part of the population with lower household incomes benefits from the general growth in those countries. The difference between the two indicators is highest in the Baltic States which are experiencing very high growth rates from very low base.

⁴⁰ For Bulgaria and Romania, no data for this indicator are available.

The impact of benefits on the proportion of poor people is significant

A comparison of the number of people on low incomes before social benefits other than pensions and those on low incomes after social benefits (i.e. old age pensions and survivors' benefits are included in income both 'before' and 'after'), illustrates one of the main purposes of such benefits: their redistributive effect and, in particular, their ability to alleviate the risk of poverty and reduce the percentage of population having to manage with a low income.

In 2006, the average at-risk-of-poverty rate in EU-27 countries was 26 % before social transfers other than pensions were taken into account and 16 % when calculated after social transfers were taken into account. That means that social transfers were successful in lifting approximately 38 % of persons with low income above the poverty line.

Social benefits other than pensions reduce the percentage of people at risk of poverty in all the countries, but to very disparate degrees. The reduction is smallest (less than 25 %) in Bulgaria, Greece, Spain, Italy, Latvia and Romania. Inside the EU the reduction is greatest in Sweden (approximately 59 %), with Norway having the highest reduction (around 63 %) among the EEA countries for which data is available. The Czech Republic, Denmark, Germany, the Netherlands, Slovenia and Finland also record reductions due to social transfers of 50 % or more.

In the absence of social benefits other than pensions, in 2006 in three Member States (Ireland, Hungary and the United Kingdom) and Norway 30 % or more of the population would have been at-risk-of-poverty.

EU poverty gap over one fifth of threshold value

Looking at income below the poverty line identifies those people at risk of income poverty, but does not show whether these persons can really be considered as poor⁴¹. The relative median at-risk-of-poverty gap measures the difference between the at-risk-of-poverty threshold (60 % of national median equivalised income) and the median equivalised disposable income of persons below the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold. Measuring the gap between the median level of income of the poor and the at-risk-of-poverty threshold provides an insight into the depth of income poverty — the poverty gap. In 2006, the relative median at-risk-poverty gap equalled 22 % in EU-27, EU-25 countries and EU-15 countries. The at-risk-of-poverty threshold varied between 17 808 Euros in Luxembourg and 828 Euros in Romania. This illustrates the high differences in income in Member States and that the poverty risk indicator and other derived from it are measures of relative poverty. It should be noted here that median income levels, whether compared nominally (in Euros or national currency) or with purchasing power standards (PPS) are markedly lower in most new Member States than in the EU-15 countries.

More than 35 million people in EU-15 living in persistent risk of poverty

In 2001, 9 % of the EU-15 population were living in a low-income household and had been in this situation for at least two of the three preceding years. This figure suggests that more than half of all people in low income households are living at-persistent-risk-of-poverty. In 2001, the at-persistent-risk-of-income-poverty rate ranged from around 6 % in Germany, Denmark, Netherlands and Finland up to 15 % in Portugal. No data is currently available for New Member States for this indicator⁴².

Low income does not necessarily by itself imply low living standards, and in the short term consumption expenditure can sometimes be maintained in a number of ways, including use of accumulated savings, asset sales and access to credit. Typically it is the cumulative negative impact of persistent and/or multiple disadvantages, which may lead to poverty and social exclusion. The high levels of persistent risk reported for certain countries are consequently a source of particular concern.

⁴¹ The at-risk-of-poverty rate measures low income, not wealth. Households may have low income for a certain year, but still not be "poor" because they have some wealth to draw on.

⁴² This indicator was previously calculated from the European Community Household Panel which was discontinued in 2001. As the majority of countries have launched EU-SILC, currently the main data source for income and poverty in 2005 and four years of survey data are required to produce the 'persistent risk of poverty' indicator, results covering all EU-25 member states will first be available for the survey year 2008.

Policy context

Art.136 of the EC Treaty lists "the combating of exclusion" as one of the six objectives of European social policy. Art.137.1 cites the integration of people excluded from the labour market as one of the fields in which Community action should support and complement the activities of Member States. Art.137.2 creates scope for action at Community level by encouraging "co-operation between Member States through initiatives aimed at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches and evaluating experiences" in order to combat social exclusion.

The Lisbon European Council in March 2000 concluded that "the number of people living below the poverty line and in social exclusion in the Union is unacceptable" and that "the new knowledge-based society offers tremendous potential for reducing social exclusion" (Presidency conclusion No.32).

The Social Policy Agenda (COM (2000) 379 final) also addresses the issues of poverty and social exclusion. The main objective is "to prevent and eradicate poverty and exclusion and promote the integration and participation of all into economic and social life." (Section 4.2.2.1).

The Lisbon Council agreed that Member States' policies for combating social exclusion should be based on an [Open Method of Coordination](#) combining common objectives, National Action Plans and a programme presented by the Commission to encourage cooperation in this field. The Nice European Council in December 2000 adopted the common objectives in the fight against social exclusion and poverty: "to facilitate participation in employment and access by all to the resources, rights, goods and services; to prevent the risks of exclusion; to help the most vulnerable; to mobilise all relevant bodies."

Key elements of the Open Method of Coordination are the definition of commonly agreed objectives for the EU as a whole, the development of appropriate national action plans to meet these objectives, and the periodic reporting and monitoring of progress made. The Joint Reports assess progress made in the implementation of the Open Method of Coordination, set key priorities and identify good practice and innovative approaches of common interest to the Member States. See portrait 10.

The 2008 Joint Report on Social Protection and Social Inclusion (COM (2008) 0042 final) examines more in depth a set of themes identified in earlier year's editions: child poverty; health inequalities, access to health care and evolving long-term care needs and longer working lives and privately managed pensions. The report also outlines envisaged improvements of the working methods of the Open Method of Coordination on social protection and social inclusion

The European Commission on October 3 2008, put forward a set of common principles to help guide EU countries in their strategies to tackle poverty (COM (2008) 639 final). The Recommendation is based around three key aspects: adequate income support, inclusive labour markets and access to quality services. National governments will be encouraged to refer to these common principles and define policies for 'active inclusion' on this basis so as to step up the fight against exclusion from the society and from the labour market.

Methodological notes

Sources:

For EU-25 Eurostat – Community Statistics on Income and Living Conditions EU-SILC (2006) income reference period 2005; except for UK, income year 2006 and for IE moving income reference period (2005-2006). Data is provisional for PT and IS. MT data has been revised.

New Member States: For Bulgaria and Romania data is derived from the national Household Budget Survey (HBS), 2006, income data 2006. Data is only available for core indicators and breakdowns.

EU aggregates are Eurostat estimates are obtained as a population size weighted average of national data.

The poverty risk (indicator: at-risk-of-poverty rate) is measured in terms of the proportion of the population with an equivalised income below 60 % of the median equivalised disposable income in each country. Median income is preferred over the mean income as it is less affected by extreme values of the income distribution.

The relative median at-risk-of-poverty gap is defined the difference between the at-risk-of-poverty threshold (cut-off point: 60 % of median equivalised disposable income) and the median equivalised disposable income of persons below the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold. This indicator is a measure of the intensity of poverty risk.

The indicator “at-persistent-risk-of-poverty rate” is measured in terms of the proportion of the population which is at risk of poverty in the present year and in at least two of the three preceding years. It thus provides an assessment of the transitory or non-transitory nature of poverty.

The indicator “at-risk-of-poverty rate anchored at a fixed moment in time (2005)” is defined as the as the percentage of the population whose equivalised total disposable income in a given year is below the ‘at-risk-of-poverty threshold’ calculated in the standard way for the reference year or base year, currently 2005, and then adjusted for inflation.

See the portrait "Income distribution" (2.12) for definition of income concepts and notes on data.

Links to other parts of the report

Employment (2.7), Social protection expenditure and receipts (2.10), Income distribution (2.12), Jobless households and low wages (2.14), and Income, social inclusion and living conditions (Annex 1.3.6).

Further reading

- “European social statistics: Income, Poverty and Social Exclusion 2nd Report”, 2003 edition. Eurostat.
- Statistics in Focus (Population and social conditions): “Monetary poverty in EU Acceding and Candidate Countries”, No.21/2003. “Poverty and social exclusion in the EU after Laeken-part1”, No.8/2003. “Social protection: cash family benefits in Europe”, No.19/2003. “Persistent income poverty and social exclusion in the European Union”, No.13/2000. “The social protection in Europe”, No.3/2003. “Income poverty in the European Union: Children, gender and poverty gaps”, No.12/2000. “Social benefits and their redistributive effect in the EU”, No.9/2000. “Social exclusion in the EU Member States”, No.1/2000. “Low income and low pay in a household context (EU-12)”, No.6/1998. Eurostat.
- ‘Family and Welfare Research’, Policy Review Series Nr. 1, Brussels, 2006.
- “Joint Report on Social Protection and Social Inclusion 2008”, 2008, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities.
- (COM(2008) 418 final) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. "A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion", July 2008.

Key indicator 13a

At-risk-of-poverty rate before social transfers, 2006 (The percentage of persons with an equivalised disposable income, before social transfers, below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income (after social transfers). Retirement and survivor's pensions are counted as income before transfers and not as social transfers.)

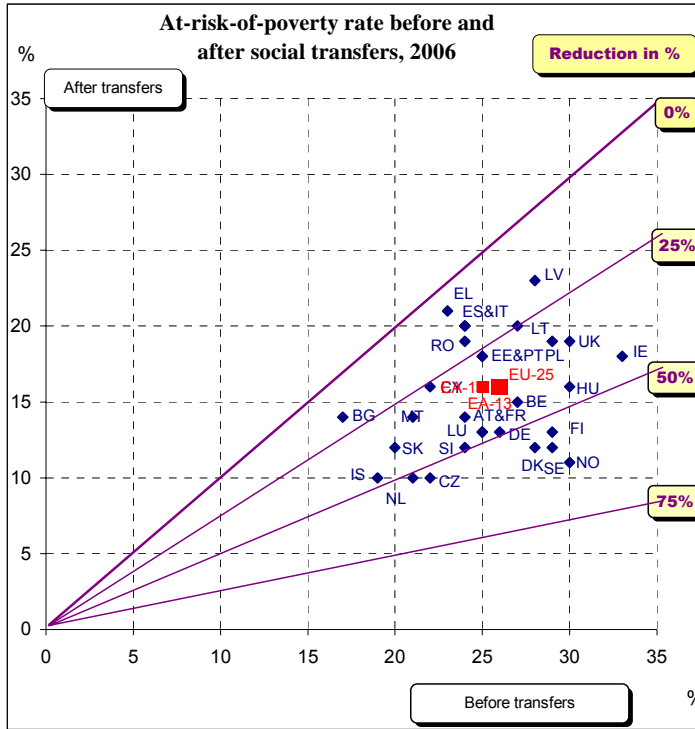
Total	26 s	26	25	25	27	17 i	22	28	26	25	33	23	24	25	24	22	28	27	24	30	21 r	21	25	29	25 p	24 i	24	20	29	29	30	:	:	:	19 p	:	30	:
Females	27 s	27	26	26	28	19 i	22	29	26	26	35	25	25	26	25	24	30	27	23	29	22 r	22	26	28	26 p	24 i	25	20	29	30	32	:	:	:	20 p	:	32	:
Males	25 s	25	24	24	26	15 i	21	27	25	23	31	22	23	24	22	20	26	26	24	30	20 r	20	24	30	24 p	24 i	23	20	28	27	28	:	:	:	18 p	:	28	:

Key indicator 13b

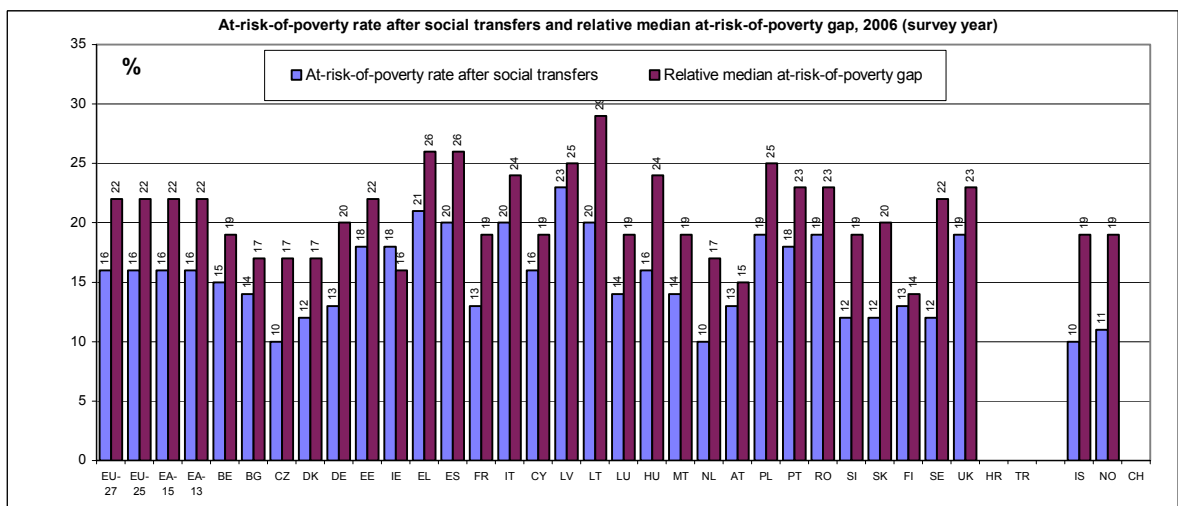
At-risk-of-poverty rate after social transfers, 2006 (The percentage of persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income.)

Total	16 s	16	16	16	15	14 i	10	12	13	18	18	21	20	13	20	16	23	20	14	16	14 r	10	13	19	18 p	19 i	12	12	13	12	19	:	:	:	10 p	:	11	:
Females	17 s	17	16	16	16	16 i	11	12	13	20	19	21	21	14	21	18	25	21	14	16	14 r	10	14	19	19 p	19 i	13	12	13	12	20	:	:	:	10 p	:	12	:
Males	15 s	15	15	15	14	12 i	9	11	12	16	17	20	18	12	18	14	21	19	14	16	13 r	10	11	20	18 p	18 i	10	12	12	12	18	:	:	:	9 p	:	10	:

Notes: 1) BG and RO National HBS 2006, income data 2006.
 2) EU aggregates: Eurostat estimates are obtained as a population size weighted average of national data.
 Source: EU-SILC 2006 (income reference year 2005; except for UK, income year 2006 and for IE moving income reference period (2005-2006)).



Notes: 1) BG and RO National HBS 2006, income data 2006.
 2) EU aggregates: Eurostat estimates are obtained as a population size weighted average of national data. 3) PT and IS: provisional data. MT data has been revised.
 Source: EU-SILC 2006 (income reference year 2005; except for UK, income year 2006 and for IE moving income reference period (2005-2006)).



Notes: 1) BG and RO National HBS 2006, income data 2006.
 2) EU aggregates: Eurostat estimates are obtained as a population size weighted average of national data. 3) PT and IS: provisional data. MT data has been revised.
 Source: EU-SILC 2006 (income reference year 2005; except for UK, income year 2006 and for IE moving income reference period (2005-2006)).

14. JOBLESS HOUSEHOLDS AND LOW WAGES

An important cause of poverty and social exclusion is the lack of a job or low wages from employment. In 2007 9.3 % of people aged 18-59 were living in jobless households in the EU-27 and 9.2 in the EU-25 countries. For children aged 0-17 these figures were 9.4 % in EU-27 and 9.3 in EU-25.

People living in households where nobody of working age is in employment are 3 times more likely to be poor than people living in households where at least one person is working

In 2007 at EU level around 9.4 % of children aged 0-17 and 9.3 % adults aged 18-59 (excluding students aged 18-24 living with other students) were living in jobless households, i.e. households where no member was in employment. Amongst adults, the proportion was lowest in Cyprus (4.7 %) and Portugal (5.7 %) followed by Estonia (6.0 %). In contrast, Belgium (12.3 %), Hungary (11.9 %) and Poland (11.6 %) record much higher rates. Rates amongst children are generally similar to those for adults, but in Greece, Italy, Luxembourg and Slovenia; children live in jobless households much less frequently than adults – whilst in Bulgaria, Ireland, Hungary and the United Kingdom the proportions of children living in jobless households are noticeably higher than for adults.

Amongst the enlarged EU-25 in 2006, persons who are unemployed (41 %) or 'other inactive' (not at work and not retired, e.g. part of the silent labour market reserve) (27 %) have significantly higher risk of living in low income households than those at work (8 %). However, having a job is not a sufficient condition to escape the risk of poverty. Having children increases poverty risk from 15 % (households without dependent children) to 17 % (households with dependent children).

Working poor: a complex picture

Although people in employment are less likely to live in a low-income household, i.e. to be "working poor", the risk of poverty is not removed. An employee's standard of living (as measured by income) is only partly determined by his/her wage. Indeed, in many cases, low wages received by one member of a household are "compensated for" by higher wages received by one or more other members of the household. Similarly, a household may receive income other than wages (income from self-employed work or other types of income such as social benefits, income from property, etc.). Lastly, the standard of living depends not only on the resources available but also on the size of the household as well as its economic (number of people in employment, etc.) and demographic (number of children and other dependants, etc.) characteristics. All low-wage employees do not, therefore, live in low-income households. Inversely, employees whose wages are above the low-wage threshold may be living in poor households — e.g. if they have a number of dependants.

EU-wide, 6 % of employees are poor

In 2001, for the EU-25, the at-risk-of-poverty rate for employees is about 8 %. It is higher in Estonia, Spain, Italy, Latvia (2002 data), Lithuania, Luxembourg, Poland, Portugal and Slovak Republic (2003 data). In all the countries analysed, the at-risk-of-poverty rate among employees is – as might be expected – lower than the at-risk-of-poverty rate among the population as a whole. At EU level and for most countries in 2001, the at-risk-of-poverty rate of employees is less than half that of the total population.

It is not necessarily the countries with the highest at-risk-of-poverty rates that have the highest proportions of employees living at-risk-of-poverty, but there does seem to be a correlation. Denmark has some of the lowest at-risk-of-poverty rates both for the population as a whole and for employees, while Portugal has some of the highest at-risk-of-poverty rates both for the population as a whole and for employees.

Policy context

The system of financial incentives is one of the main determinants of participation in the labour market and has been an important consideration both for the Employment Guidelines and the Broad Economic Policy Guidelines, and the future EES will place more emphasis on this issue. The objective of "Making work pay" should be pursued both from the point of view of the jobseeker and from that of the employer. In line with the recommendations of the Joint Report on increasing labour force participation, there is a need for a systematic review of tax/benefit systems with a particular focus on eliminating unemployment and poverty traps, encouraging women to enter, remain in or reintegrate into the labour market after an interruption, and on

retaining older workers, longer in employment. In addition taxation on labour particularly for the low-skilled workers should be such as to reduce the attractiveness of undeclared work and to encourage job creation.

The European Commission on October 3 2008, put forward a set of common principles to help guide EU countries in their strategies to tackle poverty (COM (2008) 639 final). The Recommendation is based around three key aspects: adequate income support, inclusive labour markets and access to quality services. National governments will be encouraged to refer to these common principles and define policies for 'active inclusion' on this basis so as to step up the fight against exclusion from society and from the labour market.

See also Low-income households (2.13)

Methodological notes

Sources: Eurostat – European Union Labour Force Survey (data on population living in jobless households). European Community Household Panel (ECHP) UDB, version December 2003, 2001 data, wave 8, Eurostat – Community Statistics on Income and Living Conditions, advance launch, 2003 and Eurostat – “4th round” of data collection from national sources, 2005.

See Income distribution (2.12) for income concept and definition of equivalised income. For definition of low-income (or poor) households, see Low-income households (2.13).

Links to other parts of the report

Employment (2.7), Social protection expenditure and receipts (2.10), Income distribution (2.12), Low-income households (2.13) and Income, social inclusion and living conditions (Annex 1.3.6).

Further reading

- “European social statistics: Income, Poverty and Social Exclusion 2nd Report”, 2003 edition. Eurostat.
- “Joint Report on Social Protection and Social Inclusion 2007”, 2007, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities.
- Statistics in Focus (Population and social conditions): “Monetary poverty in EU Acceding and Candidate Countries”, No.21/2003. “Poverty and social exclusion in the EU after Laeken-part1”, No.8/2003. “Social protection: cash family benefits in Europe”, No.19/2003. “Persistent income poverty and social exclusion in the European Union”, No.13/2000. “The social protection in Europe”, No.3/2003.

Key indicator 14a

People aged 18-59 living in jobless households, 2007

Share of persons/women/men aged 18-59 who are living in households where no-one works. Students aged 18-24 who live in households composed solely of students of the same age class are counted neither in the numerator nor in the denominator

Total	9.3	9.2	8.7	8.7	12.3	10.2	6.5	9.5	6.0	7.9	8.0	6.2	10.0	9.2	4.7	6.6	7.0	7.0	11.9	7.7	6.5	7.1	11.6	5.7	10.4	6.5	8.9	9.1	10.7	11.3	15.4						
Females	10.3	10.2	9.6	9.6	13.9	10.3	8.1	9.9	5.9	9.3	10.0	6.7	11.1	10.6	5.2	6.6	6.8	7.9	12.9	9.3	7.6	8.4	12.7	6.1	11.5	7.5	9.6	8.6	12.7	12.4	17.9						
Males	8.2	8.2	7.8	7.8	10.6	10.1	4.9	9.1	6.1	6.7	6.0	5.8	9.0	7.9	4.2	6.7	7.3	6.0	10.8	6.2	5.3	5.9	10.4	5.3	9.3	5.5	8.1	9.6	8.8	10.2	12.9						

Source: Eurostat - European Union Labour Force Survey.

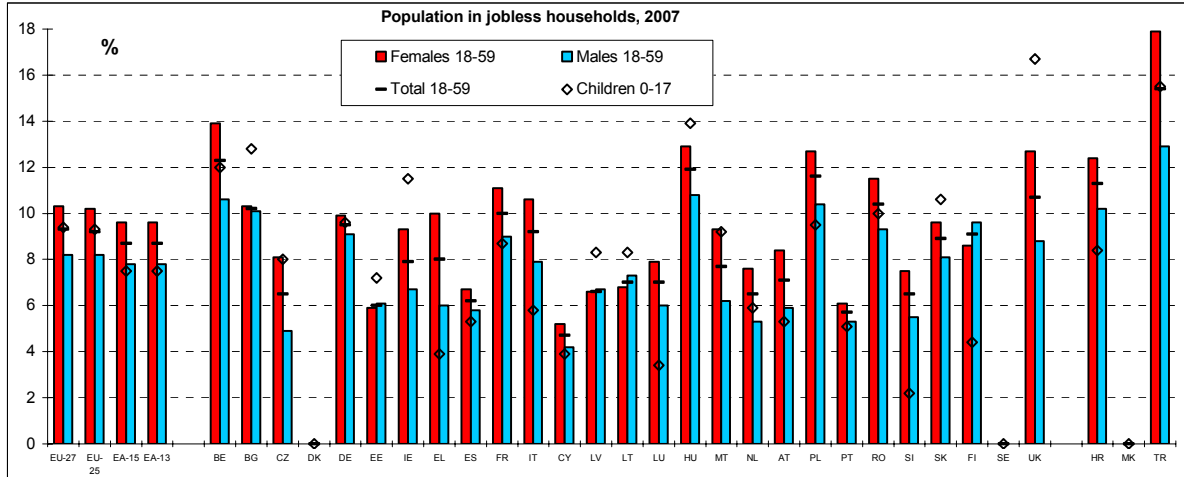
Key indicator 14b

Children aged 0-17 living in jobless households, 2007

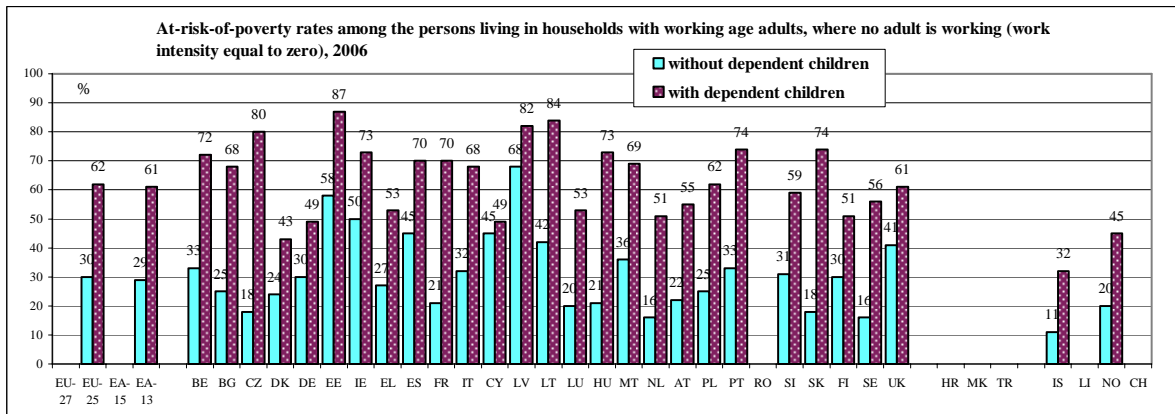
Share of persons aged 0-17 who are living in households where no-one works

	9.4	9.3	7.5	7.5	12.0	12.8	8.0	9.6	7.2	11.5	3.9	5.3	8.7	5.8	3.9	8.3	8.3	3.4	13.9	9.2	5.9	5.3	9.5	5.1	10.0	2.2	10.6	4.4	16.7	8.4	15.5						
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Source: Eurostat - European Union Labour Force Survey.



Source: Eurostat - European Union Labour Force Survey. SI: unreliable data for children.



Source: EU-SILC (2006) income reference period 2005; except for UK, income year 2006 and for IE moving income reference period (2005-2006). (1) BG National HBS 2006, income data 2006. (2) EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data. (3) MT, PT and IS provisional data.

15. EARNINGS OF WOMEN AND MEN

In all EU-27 Member States, the average gross hourly earnings of women in 2007 were estimated at 17% less than the gross hourly earnings of men⁴³. The smallest differences⁴⁴ are found in Italy, Malta, Poland, Portugal and Slovenia, the biggest in Estonia, Austria, the Czech Republic, the Netherlands, Slovakia, Cyprus, Germany and the United Kingdom. To reduce gender pay differences both direct pay-related discrimination and indirect discrimination related to labour market participation, occupational choice and career progression have to be addressed.

Important pay differences between men and women persist in Europe

According to the GPG figures calculated on the basis of the methodology of the Structure of Earnings Surveys (SES) for 2006 and on SES comparable national data for the reference year 2007 the gender pay gap – difference in average gross hourly earnings as a percentage of men's average gross hourly earnings – varied between 4 % and 30 % in 2007. Women's earnings remain on average below those of men in all EU countries. The pay differences are related both to differences in the personal and job characteristics of men and women in employment and to differences in the remuneration of these characteristics.

Women and men in employment show important differences with respect to their personal and job characteristics, including labour market participation, employment, earnings, the sector and occupational employment structures as well as job status, job type and career progression. The differences in pay are particularly high among older workers, the high-skilled and those employed with supervisory or managerial job status. They also vary between different sectors of activity and different occupations. The statistics on annual gross earnings (full-time workers) from 2006 show gender pay gaps in two sectors of activity, *Industry* and *Wholesale and retail trade; Repair of motor vehicles and personal & household goods*, for which data are available for most countries. Gender pay gaps vary between 8 % in Belgium and 39 % in Cyprus for *Industry* which is a strongly male dominated sector. They vary between 17 % in Hungary and 38 % in the Czech Republic for *Wholesale and retail trade etc.* which is a sector slightly dominated by women. In most countries the gender pay gaps are bigger in *Wholesale and retail trade etc.* than in *Industry*.

Women have managerial responsibilities much less frequently than men in the Member States for which data are available from the European Labour Force Survey. In the EU-25 Member States, 32 % of managers are women in 2005, a slight increase since 2000. The highest percentages of women among managers are found in Lithuania and Latvia, while the lowest percentages are in Malta and Cyprus.

Women are furthermore often in non-standard employment such as fixed-term and part-time work. In the EU-25, 31.4 % of women were working part-time in 2004, against 7 % of men. Compared to 2001, the share of part-time employment rose by 3.1 percentage points for women and 1.5 percentage points for men. The share of female part-timers exceeded 30 % in France, Denmark and Luxembourg, 40 % in Sweden, Austria, Belgium, United Kingdom and Germany and even reached 75 % in the Netherlands. Conversely, the share of part-timers among female workers was very low in Bulgaria, Slovakia, Hungary, the Czech Republic and Latvia.. Men are thus not only more concentrated in higher paid sectors and occupations, but within these sectors and occupations they are also more likely than women to hold managerial responsibilities and if they do so the earnings are relatively higher.

Furthermore, while both men and women have lower earnings in female-dominated sectors and occupations, this wage penalty is more pronounced for women. Finally, independently of the initial pay differential the gender pay differential widens considerably throughout working life.

⁴³ Source: From reference year 2006 onwards, the new GPG data is based on the methodology of the Structure of Earnings Survey (Reg.: 530/1999 carried out with a four-yearly periodicity. The most recent available reference years are 2002 and 2006 and Eurostat computed the GPG for these years on this basis. For the intermediate years (2007 onwards) countries provide to Eurostat estimates benchmarked on the SES results.

According to the new methodology the coverage is defined as follows:

- target population: all employees, there are no restrictions for age and hours worked.
- economic activity according to NACE Rev. 1.1. Statistical Classification of Economic Activities in the European Community: only for the aggregate sections C_O (excluding L); and if available, also for sections C to O and aggregate C to O.
- size of enterprises: 10 employees or more.

Gross hourly earnings shall include paid overtime and exclude non-regular payments. Also, part-time employees shall be included.

⁴⁴ 2006: EE, EI, FR, MT and IT.
Provisional data: BE, BG, ES, FI and UK.

Both the above differences in the composition of the male and female workforce and differences in the remuneration of the personal and job characteristics between men and women contribute to the overall gender differences in pay. As shown in *Employment in Europe 2005 and 2007*, in particular differences in the male and female workforce composition related to the sector of employment and the occupational category contribute significantly to the gender differences in pay. Since such compositional differences can be due to various forms of indirect discrimination such as traditions and social norms and constraints on choices related to education, labour market participation, occupation and career progression both types of gender differences and both forms of potential discrimination — direct pay-related one and indirect one related to the above choices — have to be addressed to reduce the differences in pay.

Policy context

The important gender differences which persist in the European labour markets need to be tackled to promote economic growth, employment and social cohesion.

The EC Treaty (Article 141) states that "Each Member State shall ensure that the principle of equal pay for male and female workers for equal work or work of equal value is applied. For the purpose of this Article, 'pay' means the ordinary basic or minimum wage or salary and any other consideration, whether in cash or in kind, which the worker receives directly or indirectly, in respect of his employment, from his employer. Equal pay without discrimination based on sex means:

(a) that pay for the same work at piece rates shall be calculated on the basis of the same unit of measurement;

(b) that pay for work at time rates shall be the same for the same job.

Council Directive 75/117/EEC of 10 February 1975 on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women.

The 2000 Employment Guidelines (No.19): "They (Member States) will initiate positive steps to promote equal pay for equal work or work of equal value and to diminish differentials in incomes between women and men." The 2001 Employment Guidelines further specified that actions are needed to address gender differences in pay in both the private and public sectors and that the impact of policies on gender differences in pay should be identified and addressed. The 2002 Employment Guidelines also asked to set targets to tackle the differences in pay and to include in the strategy, inter alia, a review of job classification and pay systems to eliminate gender bias, improving statistical and monitoring systems, and awareness-raising and transparency as regards differences in pay. The 2003 Employment Guidelines says that policies will aim to achieve by 2010 a substantial reduction in the gender pay gap in each Member State, through a multi-faceted approach addressing the underlying factors of the gender pay gap, including sectoral and occupational segregation, education and training.

Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on "Employment and social policies: a framework for investing in quality".

The Employment Committee Report on Indicators of Quality in Work contains indicators on earnings under the form of transition tables.

Methodological notes

From reference year 2006 onwards, the *new* GPG (Gender Pay Gap) in unadjusted form is based on the methodology of the SES (Structure of Earnings Survey according to Regulation (CE) 530/1999). The SES is carried out with a four-yearly periodicity. The most recent available reference years for the SES are 2002 and 2006. Eurostat computed the GPG for these years on this basis. For the intermediate years (2007 onwards) countries provide to Eurostat GPG estimates benchmarked on the SES results.

The GPG in unadjusted form represents the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.

The GPG is calculated using the arithmetic mean.

According to the new methodology the coverage is defined as follows:

- target population: all employees, there are no restrictions for age and hours worked;

- economic activity according to NACE Rev. 1.1. (Statistical Classification of Economic Activities in the European Community): aggregate value for sections C to O (excluding L); detailed sections C to O and aggregate C to O values are optional;
- size of enterprises: 10 employees or more.

Gross hourly earnings shall include paid overtime and exclude non-regular payments. Also, part-time employees shall be included. The "old" GPG:

As regards the "old" GPG figures previously published by Eurostat, countries calculated results using different data sources (administrative file, Labour Force Survey, EU-SILC – European survey about income and living conditions – or specific national surveys) involving distinct definitions, different coverage, sample size problems, etc.. All these elements hampered the GPG indicator's data quality and its comparability between Member States (this is why it was agreed on switching to and EU-level comparable common data source: the SES).

Harmonised average gross annual earnings data relate to enterprises with 10 or more employees, except for

HU – enterprises employing more than 4 employees

ES – enterprises employing more than 5 employees

BE, LU, UK, CZ, CY and SK – enterprises from all size groups

All data relate to full-time employees except for CZ, EE, LV and SI for which data relate to full-time equivalents. Average annual gross earnings data is provided once a year by Member States to Eurostat on a voluntary basis (Gentlemen's agreement).

Eurostat quarterly labour force data (QLFD) consist of employment by economic activity and status in employment, further broken down by sex and some job characteristics. They are based on the EU Labour Force Survey (LFS) and on European System of National Accounts (ESA 95).

Quarterly LFS data are available since the first quarter of 2003 in all EU countries, except Germany (provides quarterly estimates until German LFS becomes quarterly from 2005) and Luxembourg. Data for France refer to metropolitan France (excluding overseas departments).

The classification by part-time full-time job depends on a direct question in the LFS, except for the Netherlands where it depends on a threshold on the basis of the number of hours usually worked.

Links to other parts of the report

Employment (2.7), Labour market and Gender equality (Annex 1.3.7).

Further reading:

- The life of women and men in Europe. A statistical portrait, edition 2008, Eurostat; Theme: Population and social conditions; Collection: Statistical books, ISBN 978-92-79-07069-3, Cat. No. KS-80-07-135-EN-N
http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&_product_code=KS-80-07-135
- List of publications about Gender Equality at the Commission's DG Employment and Social affairs website:
http://ec.europa.eu/employment_social/emplweb/gender_equality/publications_en.cfm
- Link to the European annual Reports on Equality between Women and Men in the European Union:
http://ec.europa.eu/employment_social/gender_equality/gender_mainstreaming/activity_reports_en.html
- Changing European Gender Relations: Gender Equality Policy Concerning Employment and the Labour Market, Policy Review Series n°6, 2007.
- "Employment in Europe 2007", European Commission, Employment and Social Affairs DG, October 2007.
- (COM(2007) 424 final) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Tackling the pay gap between women and men, July 2007.

- Link to communication: http://ec.europa.eu/employment_social/news/2007/jul/genderpaygap_en.pdf
- Gender equality policy:
 - <http://ec.europa.eu/social/main.jsp?catId=418&langId=en>
 - http://ec.europa.eu/employment_social/gender_equality
- Gender pay gap: <http://ec.europa.eu/social/main.jsp?catId=681&langId=en>
- Study on 'The gender pay gap: origins and policy responses':
 - http://ec.europa.eu/employment_social/publications/2006/ke7606200_en.pdf
- European Year of Equal Opportunities for All: <http://equality2007.europa.eu>
- Fourth European Working conditions survey:
 - <http://www.eurofound.europa.eu/ewco/surveys/EWCS2005/index.htm>
- The gender pay gap — Origins and policy responses — A comparative review of 30 European countries, July 2006, European Commission Directorate-General for Employment, Social Affairs and Equal Opportunities, Unit G.1
- Gender Equality: a step ahead — A Roadmap for the future, Report from the conference organised by the European Commission on 4 and 5 May 2006, July 2006, European Commission Directorate-General for Employment, Social Affairs and Equal Opportunities Unit G.1
- A Roadmap for equality between women and men 2006-2010, April 2006, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities, Unit G.1
- 'Making work pay' debates from a gender perspective — A comparative review of some recent policy reforms in thirty European countries, September 2005, European Commission Directorate-General for Employment, Social Affairs and Equal Opportunities, Unit G.1
- "Employment in Europe 2005", European Commission, Employment and Social Affairs DG, September 2005.
- 25th CEIES seminar: Gender statistics — Occupational segregation: extent, causes and consequences, 2004 edition, Stockholm, Monday 21 and Tuesday 22 June 2004, EUROSTAT, ISSN 1725-1338,
- "Employment in Europe 2003", European Commission, Employment and Social Affairs DG, September 2003.
- Working paper of the Commission services on gender pay gaps in European labour markets (SEC(2003)937)
- "Employment in Europe 2002", section "Assessing gender pay gaps in the EU", September 2002. European Commission, Employment and Social Affairs DG.
- Panorama of the European Union (Population and social conditions): "The life of women and men in Europe. A statistical portrait". Eurostat 2002.
- OECD Employment Outlook 2002 — Chapter 2 "Women at Work: Who are They and How are They Faring?"
- Statistics in Focus (Population and social conditions): "Earnings of men and women in the EU: the gap narrowing but only slowly", No. 5/2001 and "Women's earnings in the E.U: 28 % less than men's", No. 6/1999. Eurostat.
- European Parliament: — Resolution and report on equal pay for work of equal value
- "Industrial Relations in Europe", 2000. European Commission, Employment and Social Affairs DG.
- Indicators on gender pay equality: The Belgian presidency's report, 2001.
- "The adjusted gender pay gap: a critical appraisal of the standard decomposition techniques". Network of experts on employment and equality between women and men, DG Employment and Social Affairs.
- The gender pay gap and the gender mainstreaming pay policy: synthesis report of the gender pay equality in EU Member States. Network of experts on employment and equality between women and men, DG Employment and Social Affairs.
- Report on Equality between Women and Men in the European Union, 2005, (COM(2005)44 final).

Key indicator 15 Gender pay gap in unadjusted form, 2007

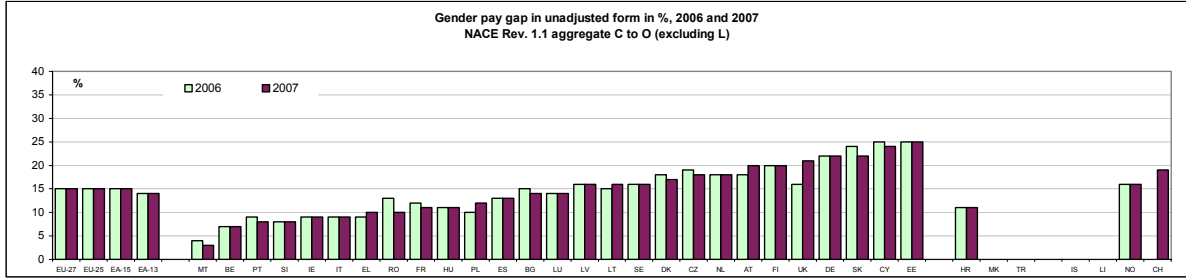
(Difference between men's and women's average gross hourly earnings as a percentage of men's average gross hourly earnings. The population consists of all paid employees in enterprises with 10 employees or more in NACE Rev. 1.1 aggregate C to O (excluding L).)

17.4 17.6 18.1 17.2 9.1 12.7 23.6 17.7 23.0 30.3 17.1 20.7 17.6 15.8 4.4 23.1 15.4 20.0 10.0 16.3 5.2 23.6 25.5 7.5 8.3 12.7 8.3 23.6 20.0 17.9 21.1 15.7 : : 16.0 19.0

Provisional: BE, BG, ES, FI and UK (2007)

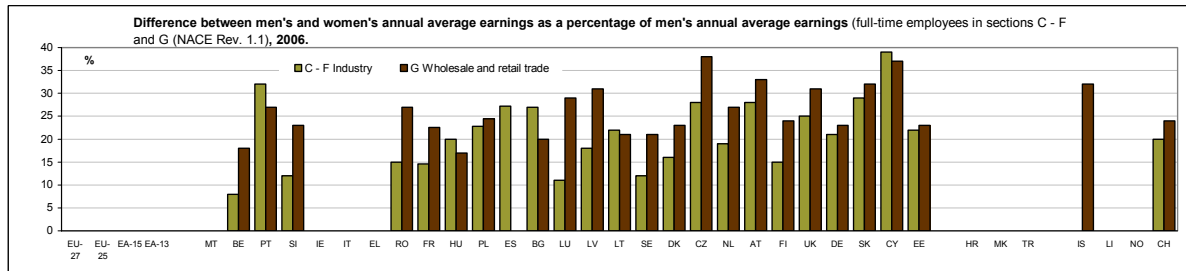
EE, EL, FR, IT and MT (2006 data)

Source: Eurostat - GPG based on the Structure of Earnings Survey (SES)



EE, EL, FR, IT and MT (2006 data)

Source: Eurostat - GPG based on the Structure of Earnings Survey (SES)



Notes: Reference year (sectors C-F): 2000 ES; 2003 FR, PL; 2005 EE, LT (full-time units) NL, SI; (sector G): 2000 NL; 2003 FR; 2005 EE, LT (full-time units), NL, SI.

The bars are in the order of the bars of previous graph in order make it easy to compare the two graphs.

Source: Eurostat, statistics on annual gross earnings (Gentlemen's agreement)

16. LIFE AND HEALTH EXPECTANCIES

Life expectancy in EU-27 was 81.5 years for women and 75.2 for men in EU-27 in 2004. In all twenty-seven Member States, Croatia and the Former Yugoslav Republic of Macedonia and the four EFTA countries women live longer than men.

Women can expect to live 6.3 years longer than men in EU-27

From 1960 to 2006, life expectancy of women and men has risen quite steadily in almost all EU countries⁴⁵. Throughout the Union, women live longer than men. In 2006, the life expectancy of women in EU-27 was 81.5 years while that for men was 75.2 years which makes a difference of 6.3 years. Across the EU-27, considerable differences can be observed: life expectancy at birth varied for men from about 66 years in Latvia and Lithuania to about 79 years in Cyprus and Sweden and for women from around 76 in Bulgaria, Latvia and Romania to about 84 years in Spain and France. The gender gap can go from about 4 years in Cyprus, United Kingdom and Sweden to about 11 or 12 years in the Baltic States

Differences in life expectancy without disability less distinct between women and men

Health expectancies are a group of health indicators combining data on mortality and disability / morbidity. The structural indicator Healthy Life Years (HLY) measures the number of years that a person of a specific age is expected to live in good health i.e. without any severe or moderate limitation in functioning because of health problems / without any disability. The general increase in life expectancy has been accompanied by a general but smaller increase in healthy life years. There is no clear cut evidence of a reduction in the gap between life expectancy and healthy life years, and in some countries the gap may even have increased. The number of healthy life years is in general also greater for women than for men although the gender gap is either non-existent or decreasing in a number of countries. In eight countries (Belgium, Germany, Spain, Italy, Slovak Republic, Finland, Sweden and United Kingdom), at birth, men could expect to live about as long as women without disability. For most countries, the differences between the HLY values for these two groups of population were below 2 years. The highest differences were noticed in Estonia and Poland (4.3 years more for women). However, these differences were smaller than for life expectancy. Indeed, while men have seen an increase in their healthy life years in all countries, on average, women show only small changes or no improvement in healthy life expectancy over the last decade. Hence, even if women live longer lives they spend a higher proportion of their lives with a disability.

Circulatory (notably cardiovascular) diseases and cancer remained the major causes of death

Mortality patterns differ significantly according to age and sex. As a general rule, mortality is higher among men than women in all age groups. For both men and women in EU-27, circulatory notably cardiovascular diseases were the major cause of death in 2006, accounting for 38 % of deaths for men and 45 % for women. The second most frequent cause of death was cancer responsible for 28 % of deaths for men and 22 % of women in 2006. Amongst the cancers, malignant neoplasm of larynx and trachea/bronchus/lung were the most common cause of death for men (29 % of all deaths due to cancer) while for women it was breast cancer (17 % of all deaths due to cancer). Considering all ages, diseases of the respiratory system were the 3rd most frequent cause of death (8 % of all deaths). However, as illustrated by the chart, diseases of the digestive system were far more frequent in the middle age groups. More than 160 000 men died through external causes of injury and poisoning in 2006; that were 7 % of all deaths. This cause of death is particularly prominent for younger men (15-39) where more than half of deaths were due to external causes. With less than 4 % of all deaths, external causes played a less prominent role for women.

Density of health care professionals is getting higher

Between 1995 and 2005, the density of physicians, dentists and nurses (expressed per 100 000 inhabitants) increased in almost all Member States but the figures and staff mix across Europe vary. For practising physicians, they ranged from around 400 per 100 000 inhabitants in Belgium and Austria to less than 240 in Poland, Romania, Slovenia and the United Kingdom. For dentists as many as 95 per 100 000 inhabitant were reported for Cyprus but only 32 per 100 000 inhabitants for Poland. Density of physicians increased strongest in

⁴⁵ Some EU Member States that experienced the economic transition from a planned to a market economy (e.g. BG, LT, RO and LV) saw a temporary drop in life expectancy from 1986 to 1996 though they have since shown an important recovery.

Ireland, Luxembourg and Spain while Italy, Poland and Lithuania reported an overall slight decrease of their density rates (and Hungary with a decrease of 8 % even a quite substantial one).

Eight Member States discharged over 20 000 in-patients per 100 000 population in 2005

The number of hospital discharges of in-patients ranged from less than 7 000 in Cyprus and Malta to over 20 000 in Bulgaria, the Czech Republic, Germany, Lithuania, Hungary, Austria, Romania and Finland. These differences may partly reflect the differences in organisation of healthcare services. Following the International Classification of Diseases (ICD), the highest share of discharges was reported for diseases of the circulatory system (around 15 % of discharges for the countries with available data by diagnosis, the number of discharges per 100 000 ranging from less than 1 000 in Cyprus and Malta and 4 475 in Lithuania), followed by discharges for diseases of the digestive system (almost 10 % of all discharges, in the Czech Republic, Germany, Austria and Romania, more than 2 000 in-patients are discharged per year due to digestive diseases). Cancers and injuries also played an important role, each accounting for around 9 % of all hospital discharges.

The number of hospital beds further decreases

For many years the total number of hospital beds has decreased continuously in the EU. For EU-27, it decreased by 17 % between 1995 and 2005. With up to 400 beds per 100 000 inhabitants, Denmark, Spain, Italy, Cyprus, Portugal and the United Kingdom reported the lowest number of beds per 100 000 in EU-27. The Czech Republic reported the highest rate with 850 hospital beds per 100 000 inhabitants, followed by Germany (846) and Lithuania (815). All these numbers refer to all available beds in both public and private hospitals. A considerable share of the observed reduction in hospital beds is likely to have been caused by the drop in the length of hospital stay and an increase and day-case surgery which can be observed all across the EU. Another reason are the financial constraints which arose during the 1990s and which have led to a rationalisation of healthcare services everywhere and the search for efficiency in the hospital sector. The increased demand for healthcare for elderly people, many of whom are suffering from chronic disability and diseases, has in most cases been met by transferring beds for acute or psychiatric care to long-term care, while total numbers are still declining.

Eight Member States discharged over 20 000 in-patients per 100 000 population in 2005

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Policy context

The EC Treaty (Title XIII Public Health, Article 152) states that "Community action, which shall complement national policies, shall be directed towards improving public health, preventing human illness and diseases, and obviating sources of danger to human health. Such action shall cover the fight against the major health scourges, by promoting research into their causes, their transmission and their prevention, as well as health information and education."

In October 2007 the Commission adopted a White Paper entitled "Together for Health: A Strategic Approach for the EU 2008-2013". This White Paper establishes a broad cross-policy framework and aims to pursue the following objectives: Fostering good health in an ageing Europe, protecting citizens from health threats and supporting dynamic health systems and new technologies. In addition, it put forward principles such as solidarity, investment in health, mainstreaming health in all policies, strengthening the EU's voice in global health.

In 2008 the Commission has put forward various policy actions to pursue these objectives: A proposal for a Directive of the European Parliament and of the Council on standards of quality and safety of human organs intended for transplantation, a green paper on the EU health workforce, a communication and a proposal for a Council Recommendation on Patient Safety, including the prevention and control of healthcare associated infections, a communication and council recommendation on rare diseases and a proposal for a Directive on

patient rights in cross-border healthcare (COM(2008) 414), and an accompanying Communication, (COM(2008) 415). The new programme of Community Action in the Field of Health (2008-2013), is the main financial instrument of the strategy. The Council, as well as the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, have adopted conclusions on the Health Strategy White Paper, welcoming its objectives and principles and emphasising e.g. health in all policies, prevention, threats, health investment and inequalities. In June 2008, the Council adopted a second round of conclusions on the Health Strategy setting up a co-operation mechanism with the Commission for the implementation of the strategy, which met for the first time in December 2008.

In October 2004 the Council endorsed the application of the Open Method of Coordination (OMC) for Social Inclusion and Social Protection also to the healthcare and long term care field. Member States agreed that the OMC can usefully be applied to this field to stimulate policy development, highlight common challenges and facilitate mutual learning (COM (2004) 304). In 2005 Member States submitted Preliminary National Policy Statements on Health Care and Long-term Care, which were analysed in a 2005 Memorandum of the Social Protection Committee and which helped defining the common objectives in the field of healthcare and long-term care. In 2006, when the existing OMCs in the fields of social inclusion and pensions and the new process of co-operation in the field of health and long-term care were brought together under common objectives, the first reports on national healthcare and long-term care strategies were submitted and analysed in the 2007 Joint Report. In 2008 an agreement on a set of common indicators on healthcare and long-term care was reached. Life expectancy and healthy life years have been agreed as common indicators, as are numbers of beds and staff per 100 000 inhabitants, inpatient discharge rates. Where relevant, indicators are to be reported by gender, age and socio-economic status. The 2008 Joint Report on Social Protection and Social Inclusion examines more in depth the issue of inequalities in health outcomes across and within countries across population groups and their relation to a set of determinants including access to health care. In April 2008, a Memorandum of the Social Protection Committee looked at evolving long-term care needs. On the work of the OMC see also policy context in portraits 10-13 above.

Methodological notes

Life expectancy at birth is the average number of years a person would live if age-specific mortality rates observed for a certain calendar year or period were to continue. Life expectancy without disability (or Healthy Life Years) is calculated by the Sullivan method and uses mortality data from demographic statistics and prevalence figures of persons not being limited in functioning/disability. For the time period 1995-2001, prevalence figures from the European Community Household Panel (ECHP) were used. For 2002 and 2003 the prevalence was estimated on the basis of the trend of the 1995-2001 ECHP data. From 2004 onwards, the Statistics on Income and Living Conditions survey (SILC) is used for calculating the prevalence. The way the question providing the disability prevalence data was implemented by the EU Member States in EU-SILC hampers cross-country comparisons for the data up to 2008. Therefore, before 2008, SILC health data should be used with caution and only the evolution in time for each country should be followed.

The change of the data source for calculating the prevalence (the SILC question used for calculating the prevalence is not similar to the ECHP one) created a break in series in 2004. To be able to present calculations at birth (ECHP and SILC data covering population 16 years and more), Eurostat has, for all countries and for both genders, considered that the disability rate between the ages 0 and 14 is the half of the prevalence in the next age group (16-19).

Data on perceived health are based on a self-evaluation question addressed to persons interviewed in the Statistics on Income and Living Conditions survey (SILC). For the total population (particularly aged 65 and over), the percentages on (very) bad health may be somewhat higher due to the fact that a significant number of people suffering important health problems live in homes or institutions for long-term nursing care which are not covered by the surveys.

Practising physicians, dentists or nurses provide services directly to patients. Data on practising health care professionals are best used to describe the availability of health care human resources, because all persons included here immediately produce for the final demand. However, not all countries can provide data for practising health care professionals. Please note that the 'professionally active' or 'licensed to practise' data shown for a number of countries are not fully comparable due to the different concepts used.

Total hospital beds are all hospital beds which are regularly maintained and staffed and immediately available for the care of admitted patients. Data on the number of beds reported to Eurostat are normally given as an annual average of beds in use during the year of reporting or according to concepts of registration or budgetary or planned approval. A hospital discharge is the formal release of a patient from a hospital after a procedure or course of treatment. Data shown refer to hospital in-patients and to the main diagnosis.

Causes of death (COD) data refer to the underlying cause which – according to the World Health Organisation (WHO) – is "the disease or injury which initiated the train of morbid events leading directly to death, or the

circumstances of the accident or violence which produced the fatal injury". COD data are derived from death certificates. The medical certification of death is an obligation in all Member States.

Links to other parts of the report

Ageing in the population (2.3) and Health and safety (Annex 1.3.7).

Further reading

- "Health statistics: Key data on Health 2002", 2002 edition. Eurostat.
- "Health in Europe", data 1998-2003, pocketbook, 2005 edition. Eurostat
- "Health statistics: Atlas of Mortality", 2002 edition. Eurostat.
- "European social statistics – Population statistics", 2006 edition. Eurostat.
- Eurostat Population and social conditions statistics
- OECD Health data 2008.
- WHO Health For All Database
- Follow-up to the high level reflection process on patient mobility and healthcare developments in the European Union – COM (2004) 301
- "Modernising social protection for the development of high-quality, accessible and sustainable health care and long-term care: support for the national strategies using the 'open method of coordination" – COM (2004) 304
- "Review of the 2005 Preliminary National Policy Statements on Health Care and Long-term Care", Memorandum of the Social Protection Committee, November 2005
- "Joint Report on Social Protection and Social Inclusion 2007", 2007, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities.
- "Joint Report on Social Protection and Social Inclusion 2008", 2008, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities.
- Review of the Long-term care part of the National Reports on Strategies for Social Protection and Social Inclusion 2006-2008 and updates 2007, Memorandum of the Social Protection Committee, April 2008
- "Monitoring progress towards the objectives of the European Strategy for Social Protection and Social Inclusion", Commission Staff Working Document, Brussels, 6.10.2008, SEC(2008)

Key indicator 16a

Life expectancy at birth, 2006 (The mean number of years that a newborn child is expected to live if subjected throughout her/his life to the mortality conditions (age specific probabilities of dying) of the year of her/his birth)

Females	81,5	81,9	82,8	82,8	82,3	76,3	79,9	80,7	82,4	78,6	82,1	81,9	84,4	84,4	83,8	82,4	76,3	77,0	81,9	77,8	81,9	82,0	82,8	79,7	82,3	76,2	82,0	78,4	83,1	83,1	81,1	79,3	76,2	82,9	83,1	82,9	84,2
Males	75,2	75,7	76,8	76,8	76,6	69,2	73,5	76,1	77,2	67,4	77,3	77,2	77,7	77,3	77,9	82,8	65,4	65,3	76,8	69,2	77,0	77,7	77,2	70,9	75,5	69,2	74,5	70,4	75,9	78,8	77,1	72,5	71,7	79,5	78,9	78,2	79,2

Notes: UK: 2005; EU-27, EU-25, EA-15, EA-13, IT: 2004 data.

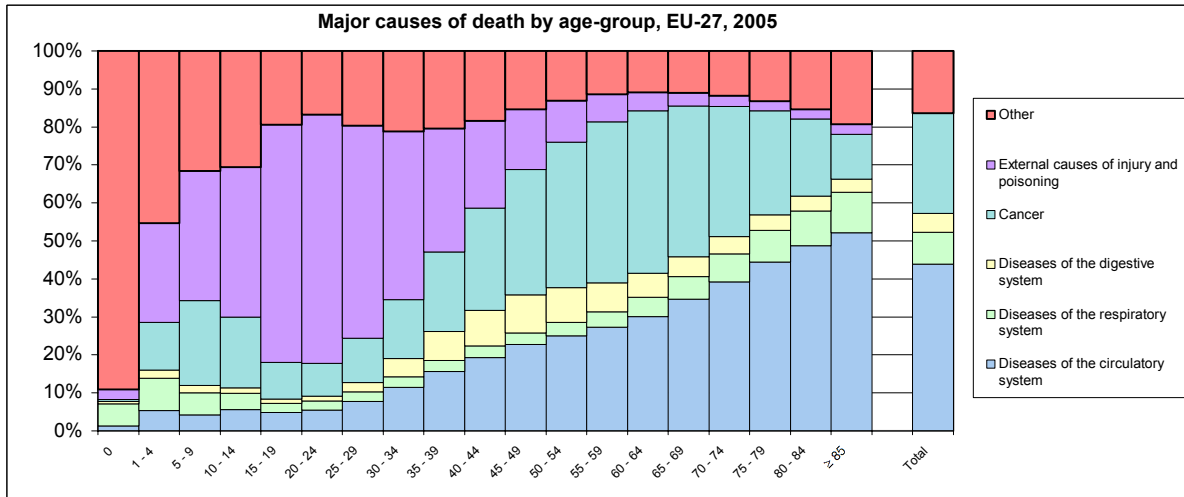
Sources: Eurostat - Demographic statistics

Key indicator 16b

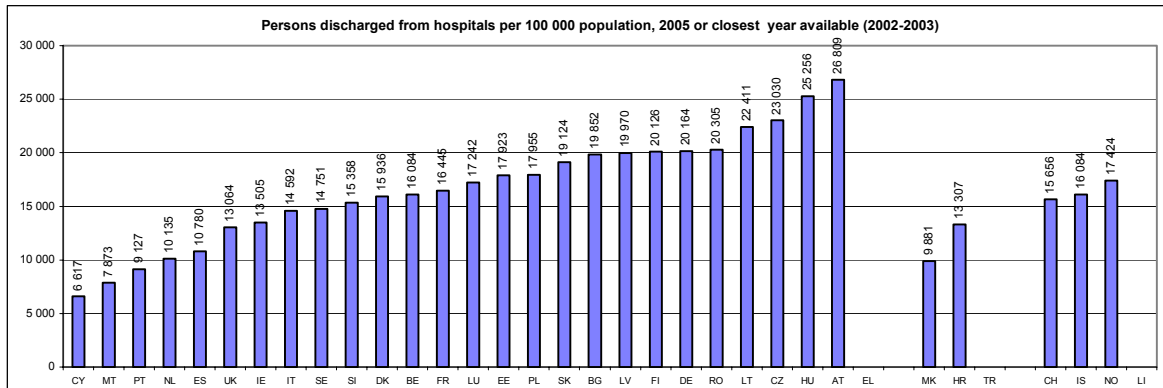
Healthy Life Years at birth, 2006 (The mean number of years that a newborn child is expected to live in healthy condition if subjected throughout her/his life to the current morbidity and mortality conditions (age specific probabilities of becoming disabled/dying))

Females	:	:	:	:	62,8p	59,8p	67,1p	58,0p	53,7p	65,0p	67,9p	63,3p	64,1p	64,0p	63,2p	52,1p	56,1p	61,8p	57,0p	69,2p	63,2p	60,8p	62,5p	57,6p	:	:	61,0p	54,4p	52,7p	67,0p	64,8p	:	:	65,3p	63,4p
Males	:	:	:	:	62,8p	57,8p	67,7p	58,5p	49,4p	63,3p	66,3p	63,7p	62,7p	64,4p	64,3p	50,5p	52,4p	61,0p	54,2p	68,1p	65,5p	58,4p	58,2p	59,6p	:	:	57,6p	54,3p	52,9p	67,1p	64,9p	:	:	68,3p	65,7p

Source: Eurostat - Health Statistics.



Source: Eurostat - Mortality Statistics.



Notes: 2005 data , except DK, SE, UK: 2003; DE, HU: 2002.

Source: Eurostat - Health and safety statistics.

17. ACCIDENTS AND WORK-RELATED HEALTH PROBLEMS

In 2005, around 3.1 % of workers in EU-15 were victims of a working accident resulting in more than three days' absence, 5.1 % including accidents with no absence from work or an absence of up to 3 days. From 1998, the number of accidents at work with more than three days' absence decreased in by 22 % (the value of the index 1998 = 100 was 78 in 2005) in EU-27 and by 24 % in EU-15. In 2005 around 5700 lives were lost due to an accident at work and around 500 million working days were lost in as a result of accidents at work and work-related health problems in EU-27. Road transport fatalities decreased 29 % from 1995 to 2005 in EU-27, but there were still around 45 000 deaths on EU-27 roads recorded in 2005. During the ten-year period 1996-2005 over 540 000 people lost their lives in road accidents in EU-27.

Working accidents more frequent among younger and low seniority workers

In 2005, around 4.0 million accidents at work — that resulted in more than three days' absence — were recorded in the 15 old Member States of the EU. Including the accidents with no absence from work or an absence of up to three days, the estimated total number of accidents at work in the EU-15 is 6.4 million in 2005. This represents respectively estimated rates of 3 100 and 5 120 accidents at work per 100 000 employed people, or put another way, 5.1 % of all workers were the victims of an accident at work during the year (3.1 % for accidents with an absence of more than 3 days). There was a substantial drop in this rate (accidents resulting in more than three days absence) of 24 % between 1998 and 2005 (index = 76 in 2005 and 100 in 1998). In addition, 5 720 fatal accidents in the course of work were recorded in 2005 in EU-27, of which 40 % were road traffic or transport accidents during work. The incidence rate is 3.4 fatalities per 100 000 employed people against 6.1 in 1994 and 3.8 in 2004 (-44 % and -10 % respectively). The new Member States and candidate countries are gradually implementing the European Statistics of Accidents at Work (ESAW) data collection methodology. In EU-27, between 2000 and 2005, the incidence rate of fatal accidents at work has decreased by 24 % and the incidence rate of non-fatal accidents at work by 22 %.

These proportions differ of course on the economic activity and the size of the enterprise, as well as the age, sex and working conditions of the workers. The construction industry has the highest incidence of accidents resulting in more than three days absence, though decreasing since 1994: 6 100 per 100 000 workers in 2005 against 9 000 in 1994. Agriculture has the second highest incidence: 4 600 in 2005 (6 500 in 1994). For fatal accidents agriculture has the highest incidence, around 10 per 100 000 workers in 2004 and construction has the second highest, around 9 per 100 000 workers. In addition one must bear in mind that systematic and annual data are not available for some economic activities, like fishing, which according to ad hoc surveys are at a high risk of accidents. When including accidents up to three days absence (1998-1999 data from the ad hoc module in the European Union Labour Force Survey), the accident rate is particularly high in the fishing industry (where the risk of an accident is 2.4 times greater than the average for all branches in the EU). Taking all economic activities together, the risk of accidents was in 2005 the highest in local units employing 10 to 49 people and those employing 50-249 people. In these size categories the incidence rate of accidents at work was 1.1 and 1.2 times higher, respectively, than in local units employing more than 250 people. For non-fatal accidents at work the incidence rates are the highest among the young workers. Among those aged 18-24 years the incidence rate is 30-60 % higher than in the other age categories. In contrast, the incidence of fatal accidents tends to increase considerably with age. Men are 2.5 times more likely than women to have an accident — resulting in more than three days absence — and about 13 times more likely to have a fatal accident. This result is a function of men's jobs and sectors of activity which tend to be more high-risk than those of women. There are also relatively more women who work part-time which reduces their exposure to risk

Accidents at work: 138 million days lost to the economy

In addition to the major impact of these accidents in human terms, they also have a high socio-economic cost: though, according to previous data, for 37 % of accidents there was no absence from work or the resulting absence was only up to three days, in 2005 for 46 % the absence was more than three days but less than two weeks and for 47 % the absence was between two weeks and three months. For the remaining 7 % of accidents, the consequence was an absence of three months or more, or permanent partial or total disability. It is estimated that 143 million work days were lost in 2005 in the EU-15 owing to accidents at work, i.e. a mean of 22 days per accident for those who had an absence due to an accident at work (35 days per accident with more than three days absence) and the equivalent of one day of work lost per year for every person in employment. Additionally, 5 % of the victims say they had to change to a different type of work or another job, or to reduce working hours. Finally, about 14 % of the victims of accidents at work suffer more than one accident per year. Accidents at work are estimated to cause annually costs of 55 billion euros in EU-15. Most of these costs are due to lost working time, but on the other hand, reliable data on other type of costs of accidents at work (e.g. health care costs) are difficult to collect and therefore such costs have probably been underestimated in the above figure.

460 million working days lost due to work-related health reasons

According to the results of the Fourth European Survey on Working Conditions, carried out by the European Foundation for the Improvement of Living and Working Conditions in 2005, there was an average of 4.6 annual days off work because of health-related reasons for each worker in the EU-27. Of these, 2.2 days were due an accident at work or a work-related illness. This equals to roughly 460 lost working days due to work-related health reasons. These figures do not include the days lost due to permanent disability as only employed persons were questioned. According to the same survey 35 % of the workers of EU-27 say that their work affects their health, ranging from 61 % in agriculture to 21 % in financial intermediation. The most often reported work-related health problems were backache, muscular pain, fatigue and stress. Physical risk factors like vibration, noise, handling of chemicals, painful and tiring positions as well as repetitive movement continue to affect a significant proportion of the workforce. Meanwhile the occurrence of violence at work appears to be increasing, especially in certain sectors like health and education where 15 % and 8 % of workers, respectively report violence at work.

About 630 000 commuting accidents in EU-15

The number of commuting accidents (accidents on the way to and from work) resulting in more than three days' absence was estimated at approximately 630 000 in 2003 in EU-15 (in addition to accidents at work). The incidence rate was 430 per 100 000. The number of fatal commuting accidents, which were chiefly road traffic and transport accidents, was around 3 000 for EU-15.

EU-27 roads claimed around 45 000 lives in 2005

For the EU-27 as a whole, the number of road accident fatalities decreased 29 % from 1995 to 2005, when around 45 000 deaths were caused by road accidents. During the ten-year period 1996-2005 over 540 000 people lost their lives in road accidents in EU-27. The annual data 1995-2005 per country is given in the annex 1.3.8.

In all Member States and Candidate Countries (no data available Turkey) there died much more men than women in transport accidents (road transport and other transport accidents) in the year 2000. The lowest standardised death rates were observed in Malta (13 women per million women and 62 men per million men), the Netherlands (28 and 77), Sweden (23 and 85) and the United Kingdom (26 and 88) and the highest ones in Cyprus (44 and 281), Lithuania (90 and 410) and Latvia (105 and 345).

Policy context

The EC Treaty (Article 137) states that "the Community shall support and complement the activities of the Member States in ... (the) improvement in particular of the working environment to protect workers' health and safety." Art.140 adds that "the Commission shall encourage cooperation between the Member States and facilitate the coordination of their action in all social policy fields under this chapter, particularly in matters relating to ... (the) prevention of occupational accidents and diseases".

In 2001 the Commission gave the Communication on "Employment and social policies: a framework for investing in quality". It takes forward the Social Policy Agenda commitment and the Lisbon strategy reinforced by Nice and Stockholm, to promote quality in employment. In particular it defines the approach of improving quality of work and ensures its integration in employment and social policies. For this purpose it establishes a set of indicators on quality in work to be used within the framework of the European Employment Strategy.

The lists of indicators of both the Synthesis Report and the Employment Committee Report on Indicators of Quality in Work include the evolution (index 1998=100) of the incidence rate of accidents at work, as defined by the number of accidents at work per 100 000 people in employment.

In 2007 the Commission adopted a Communication (COM (2007) 62 final) on "Improving quality and production at work: Community strategy 2007-2012 on health and safety at work". On July 2007 the Council adopted a Resolution on "a new Community strategy on health and safety at work (2007-2012)". The European Parliament adopted its resolution on the strategy on 15 January 2008. Among other, the Community strategy 2007-2012 identify research priorities including psychosocial issues, musculoskeletal disorders, dangerous substances, knowledge of reproductive risks, occupational health and safety management, risks associated with several cross-factors (e.g. work organisation and workplace design issues, ergonomics, combined exposure to physical and chemical agents) and potential risks associated with nanotechnologies. The Council Resolution states as one of the main objectives: "to achieve an ongoing, sustainable and consistent reduction in accidents at work and occupational illnesses" and it supports the Commission in seeking to reduce the

incidence rate of accidents at work by 25 % at Community level. National strategies should seek to establish measurable targets for reducing incidence of occupational accidents and illnesses for relevant categories of worker, types of company and/or sectors. The EP Resolution endorses these aims.

In its 2001 [Transport White Paper](#), the Commission proposed the ambitious goal to save yearly 25 000 lives on European roads by the target date of 2010. This target has meanwhile been endorsed by the European Parliament and all Member States. In 2003, the [European Road Safety Action Programme](#) was tabled, containing many concrete measures proposed to achieve this goal. And in February 2006, the Commission has issued a [mid-term review](#) on our common endeavours to halve road fatalities. Summing up, Europe has achieved a lot in the last five years, but we need to do more together to achieve our objective.

The "[CARS21](#)" Report of December 2005 and the mid-term review of the [Transport White paper](#) of June 2006 provide some guidance on the strategic direction of the European Union concerning road safety.

In Europe, the agreed method to more road safety is the principle of "shared responsibility". Beyond all institutional rhetoric, each and everyone has a role to play to make Europe's road safer. In this respect, the [European Road Safety Charter](#) is central, inviting all members of society, be they for instance a local school, a rural association or a large multinational company, to make their own measurable contribution to improving road safety.

Finally, road safety initiatives are — or should be — underpinned by solid statistical data on accident causes and other relevant issues. The collection and analysis of data, today in the [European CARE accident data base](#), tomorrow in the [European Road Safety Observatory](#) is essential to devise effective and proportionate measures to improve road safety.

To achieve its objectives, the Commission proposes legislation and political action, but makes also some funding available through the [European Research Framework Programmes](#) and its [Road Safety Subvention Programme](#).

Methodological notes

Sources: Eurostat — European Statistics on Accidents at Work (ESAW), ad hoc module on accidents at work and occupational diseases in the 1999 Labour Force Survey and Transport Statistics. European Commission Transport DG — Community Road Accident database (CARE).

For road accidents, people killed are all those killed within 30 days of the accident. For Member States not using this definition, corrective factors were applied.

The data on working accidents relate to almost 90 % of people in employment in the EU-15. The new Member States are in the process of implementing the full ESAW methodology. Only those working accidents that lead to more than three days absence are included in the annual ESAW data but accidents with no absence from work or resulting in an absence from work from one to three days were also covered in the ad hoc module on accidents at work and occupational diseases in the 1999 Labour Force Survey which is being repeated in 2007. The ESAW incidence rates have been calculated for only nine major branches of economic activity (NACE Rev. 1 sections).

The fourth European Survey on Working Conditions was carried out in 2005 by the European Foundation for the Improvement of Living and Working Conditions. The previous surveys were carried out in 1990, 1996 and 2000.

The EHLASS (European Home and Leisure Accident Surveillance System) was introduced by the Council Decision 93/683/EEC of 29 October 1993 introducing a Community system of information on home and leisure. Since 1999 the EHLASS system has been integrated into the Community Programme of Prevention of Injuries.

Links to other parts of the report

Health and safety (Annex 1.3.7).

Further reading

- http://ec.europa.eu/transport/roadsafety/index_en.htm
- Work and Health in the EU – A statistical portrait. Panorama series — 2003 edition — Eurostat.

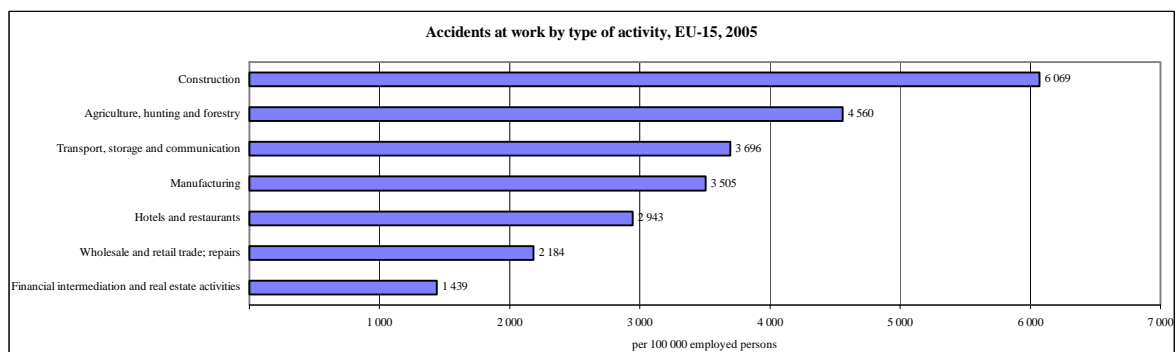
- “European social statistics – Accidents at work and work-related health problems – Data 1994-2000” – Detailed tables series — 2002 edition — Eurostat.
- Statistics in Focus (Transport): "EU road safety 2004: Regional differences", No 14/2007; Eurostat.
- “European Statistics on Accidents at Work — Methodology”, 2001 Edition. Eurostat and DG Employment and social affairs, “Health and safety at work” series.
- “Panorama of transport” (2007 edition), 2007. Eurostat.
- “Fourth European Survey on Working Conditions” European Foundation for the Improvement of Living and Working Conditions (<http://www.eurofound.europa.eu>).
- “Guidance on work-related stress — Spice of life or kiss of death?”, European Commission, 16 December 2002.
- Quality of Work, Policy Review Series n°8, 2007.
- Communication from the Commission (COM (2007) 62 final) "Improving quality and productivity at work: Community strategy 2007-2012 on health and safety at work".
- Council Resolution of 25 June 2007 on a new Community strategy on health and safety at work (2007-2012) [O.J. C145 of 30.06.2007, page 1].

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH	
Key indicator 17a	Serious accidents at work, 2005 (Index of the number of serious accidents at work per 100 thousand persons in employment (1998=100))																																						
Total	78	77	74	62	58	80	83	65	126	101	55	87	90	71	97	92	104	72	79	77	100 b	77	80	74	96	84	52	88	85	84	:	:	65	:	:	:	:	:	
Females	85	89	80	65	62	95	96	68	142	104	49	88	111	76	111	:	101	65	93	72	100 b	77	90	77	88	95	63	93	88	79	:	:	:	:	:	:	:	:	
Males	81	79	73	63	56	74	80	65	131	98	57	91	87	71	91	:	103	75	73	80	100 b	78	78	74	97	80	48	89	84	86	:	:	:	:	:	:	:	:	

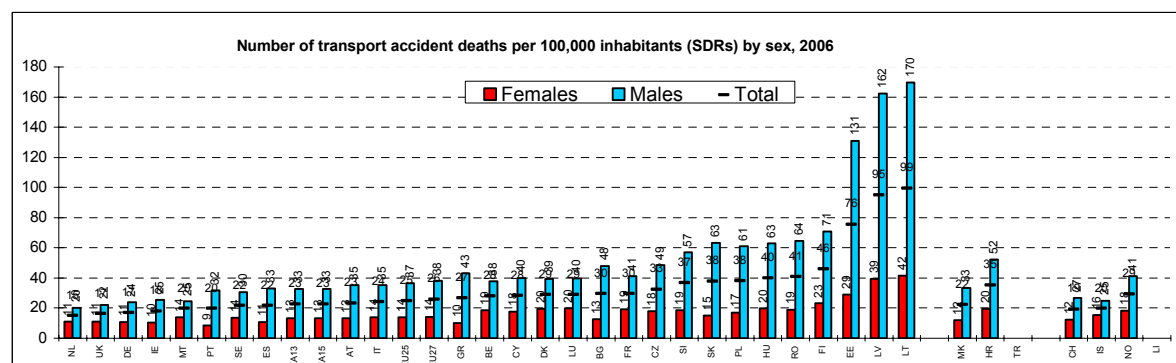
Source: Eurostat - European Statistics on Accidents at Work (ESAW)

	86	72	72	84	85	71	71	82	58	117	43	64	50	52	66	74	133	57	73	44	75	94	81	84	128	84	64	83	131	88	:	:	70	:	:	:	:		
Key indicator 17b	Fatal accidents at work, 2005 (Index of the number of fatal accidents at work per 100 thousand persons in employment (1998=100))																																						

Note: In CY, LU and MT the values are based on small annual numbers. NL, non-fatal accidents break in the series in 2005.
Source: Eurostat - European Statistics on Accidents at Work (ESAW)



Source: Eurostat - European Statistics on Accidents at Work (ESAW)



Notes: 1) BE 1998, DK 2001, IT 2003 and BG, EL, FR, LU, MT, PT, SK, SE, UK 2005 data. 2) TR: No data. 3) SDR = Standardised death rate - As most causes of death vary significantly with people's age and sex, the use of SDRs improves comparability over time and between countries, as they aim at measuring death rates independently of different age structures of populations. The SDRs used here are calculated by using the World Health Organisation's standard European population.

Source: Eurostat - Mortality Statistics.

STATISTICAL ANNEXES

Annex 1.1

Key indicators per geopolitical entity

Latest year available

Croatia FYROM*		Turkey		Iceland		Liechtenstein		Norway		Switzerland		FYROM = The former Yugoslav Republic of Macedonia		Nr		Domain	
HR	MK	TR	IS	LI	NO	CH	Sex	Time	Unit	Key indicator	Sex	Time	Unit	Key indicator	Nr	Domain	
5.6f	5.1f	4.5	3.8	:	3.7	3.1	:	2007	%	Real GDP growth rate	:	2007	%	Real GDP growth rate	1	Economy	
4.4f1	2.042	69.696b	308	35	4.681	7.508	total	1.1.2007	1 000	Total population	:	2006	%	Old age dependency ratio	2	Population	
25.2	16.0	9.0	17.6	16.3	22.4	23.5	total	2007	per 1 000	Crude rate of net migration including adjustments and corrections	:	2007	%	Youth education attainment level	3	Education and training	
1.3	0.1	0.0	13.0	2.1	8.4	9.2	total	2007	%	Employment rate	:	2007	%	Employment rate of older workers	4	Labourmarket	
94.6	:	46.4	:	:	96.2	78.1	total	2007	%	Unemployment rate	:	2007	%	Long-term unemployment rate	5	Labourmarket	
95.0	:	40.0	:	:	97.5	80.0	females	2007	%	Public expenditure on LMP measures (categories 2-7) as a percentage of GDP	:	2006	%	Public expenditure on LMP measures (categories 2-7) as a percentage of GDP	8a	Labourmarket	
94.3	:	54.2	:	:	94.9	76.3	males	2007	%	Public expenditure on LMP measures (categories 8-9) as a percentage of GDP	:	2006	%	Public expenditure on LMP measures (categories 8-9) as a percentage of GDP	8b	Labourmarket	
2.9	:	1.5	27.9	:	18.0	22.8	total	2007	%	Expenditure on social protection as a percentage of GDP	:	2006	%	Expenditure on social protection as a percentage of GDP	9a	Labourmarket	
2.8	:	1.2	33.7	:	18.9	23.4	females	2007	%	Old age and survivors benefits as a percentage of total social benefits	:	2006	%	Old age and survivors benefits as a percentage of total social benefits	9b	Labourmarket	
3.1	:	1.8	22.4	:	17.1	21.7	males	2007	%	Sickness and health care benefits as a percentage of total social benefits	:	2006	%	Sickness and health care benefits as a percentage of total social benefits	10	Social protection	
:	:	:	85.1	:	76.8	78.6	total	2007	%	Ratio: inequality of income distribution S90/S20 income quintile share ratio	:	2006	%	Ratio: inequality of income distribution S90/S20 income quintile share ratio	11a	Social protection	
:	:	:	80.8	:	74.0	71.6	females	2007	%	At-risk-of-poverty rate before social transfers	:	2006	%	At-risk-of-poverty rate before social transfers	11b	Social protection	
:	:	:	88.1	:	79.5	85.6	males	2007	%	At-risk-of-poverty rate after social transfers	:	2006	%	At-risk-of-poverty rate after social transfers	12	Income, social inclusion and living conditions	
:	:	:	84.7	:	69.0	67.2	total	2007	%	People aged 18-59 living in jobless households	:	2007	%	People aged 18-59 living in jobless households	13a	Income, social inclusion and living conditions	
:	:	:	78.8	:	64.0	58.1	females	2007	%	Children aged 0-17 living in jobless households	:	2007	%	Children aged 0-17 living in jobless households	13b	Income, social inclusion and living conditions	
:	:	:	88.3	:	73.8	76.4	males	2007	%	Gender pay gap in unadjusted form	:	2006	%	Gender pay gap in unadjusted form	14a	Income, social inclusion and living conditions	
:	:	:	:	:	2.6	:	total	2007	%	Life expectancy at birth	:	2006	Year	Life expectancy at birth	14b	Health and safety	
:	:	:	:	:	2.5	:	females	2007	%	Healthy Life Years at birth	:	2006	Year	Healthy Life Years at birth	15	Health and safety	
:	:	:	:	:	2.6	:	males	2007	%	Serious accidents at work (1988 = 100)	:	2005	Index point	Serious accidents at work (1988 = 100)	16a	Health and safety	
:	:	:	0.2	:	0.5	:	total	2007	%	Fatal accidents at work (1988 = 100)	:	2005	Index point	Fatal accidents at work (1988 = 100)	16b	Health and safety	
:	:	:	0.3	:	0.4	:	females	2007	%		:	2005	Index point		17a	Health and safety	
:	:	:	0.2	:	0.5	:	males	2007	%		:	2005	Index point		17b	Health and safety	
:	:	:	:	:	0.466	:	total	2006	%		:	2006	%		17a	Health and safety	
:	:	:	:	:	0.498	:	females	2006	%		:	2006	%		17b	Health and safety	
:	:	:	21.2	:	22.6	28.4	total	2006	%		:	2006	%		17a	Health and safety	
:	:	:	30.6	:	31.0	48.9	total	2006	%		:	2006	%		17b	Health and safety	
:	:	:	34.8	:	32.6	25.4	total	2006	%		:	2006	%		17a	Health and safety	
:	:	:	3.7 p	:	4.6	:	total	2006	%		:	2006	%		17a	Health and safety	
:	:	:	19 p	:	30	:	total	2006	%		:	2006	%		17a	Health and safety	
:	:	:	20 p	:	32	:	females	2006	%		:	2006	%		17a	Health and safety	
:	:	:	18 p	:	28	:	males	2006	%		:	2006	%		17a	Health and safety	
:	:	:	10	:	11	:	total	2006	%		:	2006	%		17a	Health and safety	
:	:	:	10	:	12	:	females	2006	%		:	2006	%		17a	Health and safety	
:	:	:	9	:	10	:	males	2006	%		:	2006	%		17a	Health and safety	
11.3	:	15.4	:	:	:	:	total	2007	%		:	2007	%		17a	Health and safety	
12.4	:	17.9	:	:	:	:	females	2007	%		:	2007	%		17a	Health and safety	
10.2	:	12.9	:	:	:	:	males	2007	%		:	2007	%		17a	Health and safety	
8.4	:	15.5	:	:	:	:	total	2007	%		:	2007	%		17a	Health and safety	
:	:	:	:	:	15.7	:	females	2006	%		:	2006	%		17a	Health and safety	
79.3	76.2	:	82.9	83.1	82.9	84.2	females	2006	Year	Life expectancy at birth	:	2006	Year	Life expectancy at birth	16a	Health and safety	
72.5	71.7	:	79.5	78.9	78.2	79.2	males	2006	Year	Healthy Life Years at birth	:	2006	Year	Healthy Life Years at birth	16b	Health and safety	
:	:	:	65.3p	:	63.4p	:	females	2006	Index point	Serious accidents at work (1988 = 100)	:	2005	Index point	Serious accidents at work (1988 = 100)	17a	Health and safety	
:	:	:	66	:	65.7p	:	males	2006	Index point	Fatal accidents at work (1988 = 100)	:	2005	Index point	Fatal accidents at work (1988 = 100)	17b	Health and safety	
:	:	:	:	:	:	:	total	2005	Index point		:	2005	Index point		17a	Health and safety	
:	:	:	:	:	:	:	females	2005	Index point		:	2005	Index point		17b	Health and safety	
:	:	:	:	:	:	:	males	2005	Index point		:	2005	Index point		17a	Health and safety	
:	:	:	70	:	:	:	total	2005	Index point		:	2005	Index point		17b	Health and safety	
HR	MK	TR	IS	LI	NO	CH	Sex	Time <td>Unit <td>Key indicator <td>Sex</td> <td>Time <td>Unit <td>Key indicator <td>Nr</td> <td>Domain</td> </td></td></td></td></td>	Unit <td>Key indicator <td>Sex</td> <td>Time <td>Unit <td>Key indicator <td>Nr</td> <td>Domain</td> </td></td></td></td>	Key indicator <td>Sex</td> <td>Time <td>Unit <td>Key indicator <td>Nr</td> <td>Domain</td> </td></td></td>	Sex	Time <td>Unit <td>Key indicator <td>Nr</td> <td>Domain</td> </td></td>	Unit <td>Key indicator <td>Nr</td> <td>Domain</td> </td>	Key indicator <td>Nr</td> <td>Domain</td>	Nr	Domain	
Croatia FYROM* Turkey Iceland Liechtenstein Norway Switzerland																	

READING NOTES FOR THE KEY INDICATORS

- 1 In EU-27 the growth rate of Gross Domestic Product volume was 2.9 % in 2007.
- 2 In EU-27 there were 495 million 90 thousand inhabitants on 1.1.2007.
- 3 In EU-27 the number of persons aged 65 and over is estimated to have corresponded to 24.9 % of what is considered to be the working age population (15-64 years) in 2006.
- 4 In EU-27 the difference between population change and natural increase (the latter is the surplus or deficit of live births over deaths) is estimated to have been +3.8 per 1000 inhabitants (more immigrants than emigrants) in 2007.
- 5 In EU-27, 78.1 % of the population aged 20 to 24 had completed at least upper secondary education (Baccalauréat, Abitur, apprenticeship or equivalent) in 2007.
- 6 In EU-27, 9.7 % of the population aged 25-64 had participated in education or training over the four weeks prior to the survey in 2007.
- 7a In EU-27, 65.4 % of the population aged 15-64 were in employment in 2007.
- 7b In EU-27, 44.7 % of the population aged 55-64 were in employment in 2007.
- 8a In EU-27, 7.1 % of the active population (i.e. labour force i.e. those at work and those aged 15-74 years seeking work) were unemployed in 2007.
- 8b In EU-27 in 2006 3.0 % of the active population (i.e. labour force i.e. those at work and those aged 15-74 years seeking work) had been unemployed for at least one year.
- 9a In EU-27 public expenditure on Labour Market Policy measures (categories 2-7) represented 0.511 % of Gross Domestic Product in 2006.
- 9b In EU-27 public expenditure on Labour Market Policy measures (categories 8-9) represented 1.196 % of Gross Domestic Product in 2006.
- 10 In EU-27 social protection expenditure represented 27.2 % of Gross Domestic Product (GDP) in 2005.
- 11a In EU-27 old-age and survivors benefits made up 45.9 % of total benefits in 2005.
- 11b In EU-27 sickness and health care benefits made up 28.6 % of total benefits in 2005.
- 12 In EU-27 Member States in survey year 2006 (income reference year mainly 2005) as a population-weighted average the top (highest equivalised disposable income) 20 % of a Member State's population received 4.8 times as much of the Member State's total income as the bottom (lowest equivalised disposable income) of the Member State's population.
- 13a In EU-27 in 2006 before social transfers, 26 % of the population would have been living below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Retirement and survivor's pensions are counted as income before transfers and not as social transfers.
- 13b In EU-25 in 2006 after social transfers, 16 % of the population actually has an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income (after social transfers).
- 14a In EU-27, 9.3 % of the population aged 18-59 were living in households where no-one works in 2007. Students aged 18-24 who live in households composed solely of students of the same age class are counted neither in numerator nor in denominator.
- 14b In EU-27, 9.4 % of the children aged 0-17 were living in households where no-one works in 2007.
- 15 The population consists of all paid employees in enterprises with 10 employees or more in NACE Rev. 1.1 aggregate C to O (excluding L).
- 16a In EU-27 the mean number of years that a newborn girl/boy is expected to live if subjected throughout her/his life to the mortality conditions of the year 2006 (age specific probabilities of dying) is 81.5/75.2 years.
- 16b In Czech Republic the mean number of years that a newborn girl/boy is expected to live in healthy condition if subjected throughout her/his life to the morbidity and mortality conditions of the year 2006 (age specific probabilities of becoming disabled/dying) is 59.3/57.5 years.
- 17a In EU-27, the number of serious working accidents (resulting in more than three days' absence) per 100 000 persons in employment, went down by 22 % from 1998 to 2005.
- 17b In EU-27, the number of fatal working accidents per 100 000 persons in employment, went down by 14 % from 1998 to 2005.

NOTES: 1) Flag codes: The letters ('flag codes') added to data (e.g. the 'f' in the HR value '4.8f' of the first key indicator in this table) indicate the following specific characteristics: 'b' = "break in the series", 'e' = "estimated value", 'f' = "forecast", 'i' = "more information in corresponding portrait or in the Eurostat web site <http://epp.eurostat.ec.europa.eu>", 'p' = "provisional value" and 's' = "Eurostat estimate".

2) Special values: The two special values used have the meaning: '!' = "not available" and '.' = "not applicable".

Annex 1.2

Key indicators per geopolitical entity

Time series (mainly latest 10 years, when available)

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
--	-------	-------	-------	-------	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----

Key indicator 1

Real GDP growth rate (Growth rate of GDP volume, annual and year-on-year quarterly growth rates)

1996	1.8	1.8	1.5	1.5	1.2	-9.4	4.0	2.8	1.0	5.0	9.0	2.4	2.4	1.1	1.1	1.8	3.9	5.1	1.5	1.3	:	3.4	2.2	6.2	3.7	:	3.6	6.9	3.7	1.5	2.9	5.9	:	7.0	4.8	:	5.1	0.6
1997	2.7	2.8	2.6	2.6	3.5	-5.6	-0.7	3.2	1.8	10.8	11.5	3.6	3.9	2.2	1.9	2.3	8.4	8.5	5.9	4.6	:	4.3	2.1	7.1	4.2	:	4.9	4.4	6.1	2.5	3.3	6.9	:	7.5	4.9	:	5.4	2.1
1998	3.0	3.0	2.8	2.8	1.7	4.0	-0.8	2.2	2.0	5.4	8.4	3.4	4.5	3.5	1.4	5.0	4.7	7.5	6.5	4.8	:	3.9	3.6	5.0	4.8	:	3.6	4.4	5.2	3.8	3.6	2.8	3.4	3.1	6.3	:	2.7	2.6
1999	3.0	3.1	2.9	2.9	3.4	2.3	1.3	2.6	2.0	-0.1	10.7	3.4	4.7	3.3	1.5	4.8	3.3	-1.5	8.4	4.2	:	4.7	3.3	4.5	3.8	-1.2	5.4	0.0	3.9	4.6	3.5	-1.0	4.3	-3.4	4.1	:	2.0	1.3
2000	3.9	3.9	3.9	3.9	3.7	5.4	3.6	3.5	3.2	9.6	9.2	4.5	5.0	3.9	3.7	5.0	6.9	4.2	8.4	5.2	:	3.9	3.7	4.3	3.9	2.1	4.4	1.4	5.0	4.4	3.9	2.6	4.5	6.8	4.3	:	3.3	3.6
2001	2.0	2.0	1.9	1.9	0.8	4.1	2.5	0.7	1.2	7.7	5.8	4.2	3.6	1.9	1.8	4.0	8.0	6.7	2.5	4.1	-1.6	1.9	0.5	1.2	2.0	5.7	2.8	3.4	2.6	1.1	2.5	4.4	-4.5	-5.7	3.9	:	2.0	1.2
2002	1.2	1.2	0.9	0.9	1.5	4.5	1.9	0.5	0.0	7.8	6.4	3.4	2.7	1.0	0.5	2.1	6.5	6.9	4.1	4.1	2.6	0.1	1.6	1.4	0.8	5.1	4.0	4.8	1.6	2.4	2.1	5.6	0.9	6.2	0.1	:	1.5	0.4
2003	1.3	1.3	0.8	0.8	1.0	5.0	3.6	0.4	-0.2	7.1	4.5	5.6	3.1	1.1	0.0	1.9	7.2	10.2	1.5	4.2	-0.3	0.3	0.8	3.9	-0.8	5.2	2.8	4.7	1.8	1.9	2.8	5.3	2.8	5.3	2.4	:	1.0	-0.2
2004	2.5	2.4	2.1	2.1	3.0	6.6	4.5	2.3	1.2	7.5	4.7	4.9	3.3	2.5	1.5	4.2	8.7	7.4	4.5	4.8	1.2	2.2	2.5	5.3	1.5	8.5	4.3	5.2	3.7	4.1	2.8	4.2	4.1	9.4	7.7	:	3.9	2.5
2005	2.0	2.0	1.7	1.7	1.8	6.2	6.3	2.4	0.8	9.2	6.4	2.9	3.6	1.9	0.6	3.9	10.6	7.8	5.2	4.0	3.5	2.0	2.9	3.6	0.9	4.2	4.3	6.5	2.8	3.3	2.1	4.3f	4.1f	8.4	7.5	:	2.7	2.5
2006	3.1	3.1	2.9	2.9	3.0	6.3	6.8	3.3	3.0	10.4	5.7	4.5	3.9	2.2	1.8	4.1	11.9	7.8	6.4	4.1	3.2	3.4	3.4	6.2	1.4	7.9	5.9	8.5	4.9	4.2	2.8	4.8f	4.0f	6.9	4.4	:	2.3	3.4
2007	2.9	2.9	2.6	2.6	2.8	6.2	6.0	1.6	2.5	6.3	6.0	4.0	3.7	2.2	1.5	4.4	10.2	8.9	5.2	1.1	3.9	3.5	3.1	6.6	1.9	6.2	6.8	10.4	4.5	2.5	3.0	5.6f	5.1f	4.5	3.8	:	3.1	3.3
2008Q2	2.1	2.1	1.9	1.9	2.1	7.1	4.5	0.6	3.3	-1.1	-0.8	3.7	2.0	1.5	-0.3	3.9	0.1	5.2	2.4	2.0	3.5	3.0	2.4	5.8	0.6	9.3	5.5	7.9	2.5	2.7	2.0	3.4	:	:	4.8	:	5.3	2.6
2008Q3	1.0	0.8	0.8	0.8	1.7	6.8	4.3	-1.2	1.3	-3.5	0.1	3.3	0.7	0.8	-0.8	3.5	-4.6	2.9	-0.3	0.8	2.2	1.8	1.2	5.2	0.4	9.1	3.8	7.0	1.3	0.4	0.5	1.6	:	:	-0.8	:	0.6	1.6

Notes: Quarterly growth rates are in comparison to the same quarter of the previous year and are based on raw, i.e. not seasonally adjusted data

"f": forecast by the Commission Services.

Source: Eurostat - National Accounts.

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
Key indicator 4	Crude rate of net migration including adjustments and corrections (The difference between population change and natural increase (the surplus or deficit of live births over deaths) during the year per 1000 population)																																					
1994	1.2	1.3	1.8	1.8	1.7	0.0	1.0	2.0	3.9	-14.3	-0.8	7.4	1.6	-0.1	0.4	11.0	-9.1	-6.6	9.4	1.7	2.4	1.3	0.4	-0.5	1.7	-0.7	0.0	0.9	0.7	5.8	0.6	3.1	1.4	.	-3.0	5.5	1.7	4.2
1995	1.4	1.5	2.1	2.0	0.2	0.0	1.0	5.5	4.9	-10.8	1.6	7.3	1.8	-0.3	0.5	9.2	-5.5	-6.5	10.6	1.7	0.2	1.0	0.3	-0.5	2.2	-0.9	0.4	0.5	0.8	1.3	1.1	-16.7	-0.7	1.7	-5.1	3.1	1.5	3.5
1996	1.2	1.4	1.9	1.9	1.5	0.1	1.0	3.3	3.4	-9.5	4.4	6.6	2.1	-0.3	1.0	8.0	-4.1	-6.5	8.3	1.7	0.7	1.4	0.5	-0.3	2.6	-0.9	-1.7	0.4	0.8	0.7	0.8	-11.3	2.2	1.5	-2.0	1.5	1.3	-0.2
1997	0.9	1.0	1.3	1.3	1.0	0.0	1.2	2.3	1.1	-4.9	4.7	5.7	2.4	-0.2	0.9	7.2	-3.9	-6.3	8.6	1.7	1.5	1.9	0.2	-0.3	2.9	-0.6	-0.7	0.3	0.9	0.7	1.0	0.1	-1.0	1.6	0.7	-0.9	2.2	-0.4
1998	1.1	1.2	1.4	1.4	1.2	0.0	0.9	2.1	0.6	-4.7	4.4	5.1	4.0	0.0	1.0	6.2	-2.4	-6.2	9.0	1.7	0.9	2.8	1.1	-0.3	3.1	-0.3	-2.7	0.2	0.9	1.2	1.7	-0.9	-1.0	1.5	3.6	15.9	3.0	1.5
1999	2.0	2.2	2.7	2.7	1.6	0.0	0.9	1.8	2.5	-0.8	6.5	4.1	6.0	2.5	0.6	6.1	-1.7	-5.9	10.4	1.6	0.9	2.8	2.5	-0.4	3.7	-0.1	5.4	0.3	0.7	1.5	2.3	-5.1	-0.8	1.2	4.1	6.7	4.3	3.5
2000	1.5	1.6	3.2	3.2	1.4	0.0	0.6	1.9	2.0	0.2	8.4	2.7	9.7	2.6	0.9	5.7	-2.3	-5.8	7.9	1.6	2.3	3.6	2.2	-10.7	4.6	-0.2	1.4	-4.1	0.5	2.7	2.4	-11.7	-1.2	0.9	6.5	7.8	2.2	3.3
2001	1.2	3.0	4.0	4.0	3.5	-26.7	-4.2	2.2	3.3	0.1	10.2	3.5	10.8	2.8	0.9	6.6	-2.2	-0.7	7.5	1.0	5.5	3.5	5.4	-0.4	6.3	-25.2	2.5	0.2	1.2	3.2	2.6	3.2	-1.3	0.0	3.0	14.5	1.8	5.6
2002	3.8	4.1	5.3	5.3	3.9	0.1	1.2	1.8	2.7	0.1	8.3	3.5	15.7	3.0	6.0	9.7	-0.8	-0.6	5.9	0.3	4.4	1.7	4.3	-0.5	6.8	-0.1	1.1	0.2	1.0	3.5	2.7	1.9	-12.2	0.0	-1.2	4.7	3.8	6.5
2003	4.2	4.5	5.8	5.7	3.4	0.0	2.5	1.3	1.7	0.1	7.8	3.2	14.9	3.0	10.6	17.1	-0.4	-1.8	12.0	1.5	4.2	0.4	4.7	-0.4	6.1	-0.3	1.8	0.3	1.1	3.2	3.0	2.7	-1.4	0.0	-0.8	8.8	2.5	5.7
2004	3.8	4.1	5.1	5.1	3.4	0.0	1.8	0.9	1.0	0.1	11.7	3.7	14.3	1.7	9.6	21.3	-0.5	-2.8	9.6	1.8	4.8	-0.6	7.6	-0.2	4.5	-0.5	0.9	0.5	1.3	2.8	3.8	2.6	-0.1	0.0	2.0	3.8	2.9	5.1
2005	3.4	3.6	4.4	4.4	4.8	0.0	3.5	1.2	1.0	0.1	15.9	3.6	14.8	1.5	5.5	19.0	-0.2	-2.6	13.1	1.7	4.0	-1.4	6.8	-0.3	3.6	-0.3	3.2	0.6	1.7	3.0	3.2	1.9	-0.4	0.0	13.0	4.0	4.0	4.3
2006	3.3	3.5	4.1	4.1	5.1	0.0	3.4	1.3	0.3	0.1	15.7	3.7	13.9	1.5	6.4	11.2	-1.1	-1.4	11.3	2.1	5.3	-1.6	3.5	-0.9	2.5	-0.3	3.1	0.7	2.0	5.6	2.9	1.6	-0.3	.	17.3	3.5	5.1	4.9
2007	3.8	4.1	4.9	4.9	5.9	-0.2	8.1	4.2	0.6	0.1	14.7	3.7	15.6	1.1	8.3	16.3	-0.3	-1.6	12.5	1.4	4.9	-0.1	3.8	-0.5	1.8	0.0	7.0	1.3	2.6	5.9	2.9	1.3	0.1	0.0	13.0	2.1	8.4	9.2

Notes: 1) Conceptually net migration is the surplus or deficit of immigration into over emigration from a given area during the year and the crude rate of net migration is net migration per 1000 population.

Since many countries either do not have accurate figures on immigration and emigration or have no figures at all, net migration is calculated indirectly as the difference between total population change and natural increase (the surplus or deficit of live births over deaths) between two dates. It then includes adjustments and corrections, i.e. all changes in the population size that cannot be classified as births, deaths, immigration or emigration. It is then used for the calculation of the crude rate of net net migration, which also consequently includes adjustments and corrections.

2) CY: Government-controlled area only. 1998 break in series - before 1998 France metropolitan, from 1998 - whole France.

Source: Eurostat - Demographic Statistics

	EU-27	EU-25	EU-15	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH	
Key indicator 9a	Public expenditure on LMP measures (categories 2-7) as a percentage of GDP																																							
1998	:	:	:	:	:	:	:	1.643	0.955	:	0.928	:	0.498	0.986	0.483	:	:	:	:	:	:	:	0.923	0.325	:	0.394	:	:	:	0.998	2.195	0.084	:	:	:	:	:	:	:	
1999	:	:	:	:	:	:	:	1.831	1.070	:	0.866	0.240	0.632	1.045	:	:	:	:	:	:	:	0.922	0.408	:	0.317	:	:	:	0.910	1.952	0.091	:	:	:	:	:	:	0.597	:	
2000	:	:	:	:	:	:	:	1.666	0.988	:	0.786	0.236	0.659	1.013	0.561	:	:	:	0.180	:	:	1.083	0.385	:	0.354	:	:	:	0.746	1.510	:	:	:	:	:	:	:	:	0.494	:
2001	:	:	:	:	:	:	:	1.629	0.957	:	0.721	0.249	0.605	0.956	0.632	:	:	:	0.188	:	:	1.116	0.427	:	0.466	:	:	:	0.675	1.417	:	:	:	:	:	:	:	:	0.515	:
2002	:	:	:	:	:	:	0.117	1.650	1.037	:	0.634	0.169	0.562	0.901	0.706	:	:	:	0.201	:	:	1.137	0.407	:	0.427	:	:	:	0.692	1.341	:	:	:	:	:	:	:	0.567	:	
2003	:	:	:	:	:	:	0.116	1.517	0.950	0.047	0.587	0.089	0.561	0.819	0.697	:	:	0.085	0.152	0.316	:	1.153	0.450	:	0.510	0.109	:	:	0.735	1.010	:	:	:	:	:	:	:	0.666	:	
2004	:	:	0.609	:	:	0.937	0.465	0.130	1.517	0.855	0.040	0.492	0.141	0.549	0.721	0.532	:	:	0.076	0.154	0.361	0.204	:	0.904	0.433	:	0.545	0.103	:	0.070	0.767	0.982	0.055	:	:	:	:	0.646	:	
2005	0.516	:	0.534	:	:	0.877	0.432	0.122	:	0.615	0.046	0.480	0.056	0.581	0.664	0.470	:	:	0.148	0.147	0.406	0.202	:	0.847	0.458	0.356	0.517	0.108	0.198	0.169	0.711	1.071	0.055	:	:	:	:	0.616	:	
2006	0.511	:	0.531	:	:	0.886	0.388	0.126	:	0.611	0.050	0.460	:	0.629	0.681	0.446	:	:	0.171	0.179	0.392	0.193	:	0.746	0.540	0.359	0.451	0.106	0.179	0.143	0.720	1.132	0.046	:	:	:	:	0.466	:	

Notes: LMP measures (categories 2-7): Training - Job rotation and job sharing - Employment incentives - Supported employment and rehabilitation - Direct job creation - Start-up incentives.

Data for most countries contain estimates.

Source: Eurostat - Labour Market Policy Database (LMP)

	EU-27	EU-25	EU-15	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
Key indicator 9b	Public expenditure on LMP supports (categories 8-9) as a percentage of GDP																																						
1998	:	:	:	:	:	1.972	:	2.936	2.267	:	1.483	:	1.623	1.540	0.739	:	:	:	0.619	:	:	2.316	1.413	:	:	:	:	:	2.558	1.787	0.405	:	:	:	:	:	:	0.486	:
1999	:	:	1.373	:	:	1.817	:	2.567	2.111	:	1.116	0.398	1.440	1.514	0.672	:	:	:	0.501	:	:	2.009	1.313	:	0.805	:	:	:	2.322	1.642	0.358	:	:	:	:	:	:	0.459	:
2000	:	:	1.229	:	:	1.618	:	2.381	1.889	:	0.800	0.393	1.347	1.377	0.620	:	:	:	0.432	:	:	2.035	1.172	:	0.824	:	:	:	2.076	1.340	0.301	:	:	:	:	:	:	0.502	:
2001	:	:	1.210	:	:	1.616	:	2.273	1.924	:	0.715	0.355	1.370	1.410	0.608	:	:	:	0.466	:	:	1.747	1.182	:	0.976	:	:	:	1.954	1.046	0.261	:	:	:	:	:	:	0.540	:
2002	:	:	1.306	:	:	1.784	:	2.277	2.310	2.140	:	0.832	0.330	1.471	1.578	0.661	:	:	0.501	:	:	1.767	1.248	:	1.150	:	:	:	2.018	1.015	0.248	:	:	:	:	:	:	0.661	:
2003	:	:	1.394	:	:	1.948	:	3.08	2.662	2.281	0.189	0.883	0.369	1.453	1.727	0.646	:	0.374	0.157	0.597	0.357	:	1.971	1.370	:	1.089	0.538	:	:	2.058	1.182	0.229	:	:	:	:	:	0.864	:
2004	:	:	1.406	:	:	1.925	0.261	2.651	2.661	2.319	0.173	0.897	0.405	1.491	1.706	0.738	:	0.381	0.110	0.643	0.374	:	2.084	1.399	:	1.151	0.488	:	0.337	2.033	1.290	0.187	:	:	:	:	:	0.842	:
2005	1.334	:	1.387	:	:	1.913	0.213	0.241	:	2.343	0.118	0.831	0.400	1.450	1.592	0.813	:	0.324	0.123	0.659	0.391	:	2.006	1.506	0.857	1.287	0.395	0.397	0.266	1.901	1.170	0.186	:	:	:	:	:	0.853	:
2006	1.196	:	1.247	:	:	1.813	0.182	0.232	:	2.094	0.075	0.863	:	1.433	1.394	0.793	:	0.301	0.125	0.593	0.357	:	1.465	1.393	0.711	1.265	0.277	0.390	0.339	1.689	0.958	0.187	:	:	:	:	:	0.498	:

Notes: LMP supports (categories 8-9): Out of work income maintenance and support - Early retirement.

Data for most countries contain estimates.

Source: Eurostat - Labour Market Policy Database (LMP)

EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
-------	-------	-------	-------	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----

Key indicator 12

Inequality of income distribution (S80/S20 income quintile share ratio) (The ratio of total income received by the 20% of the population with the highest income (top quintile) to that received by the 20% of the population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income.

1995	:	:	:	:	4.5	:	:	2.9 i	4.6	:	5.1	6.5	5.9	4.5	5.9	:	:	:	4.3	:	:	4.2	4.0	:	7.4	:	:	:	:	5.2	:	:	:	:	:	:	:	:	:	:
1996	:	:	:	:	4.2	:	:	4.0	:	5.1	6.3	6.0	4.3	5.6	:	:	:	:	4.0	:	:	4.4	3.8	:	6.7	:	:	:	3.0	:	5.0	:	:	:	:	:	:	:	:	:
1997	:	:	:	:	4.0	:	:	2.9 i	3.7	:	5.0	6.6	6.5	4.4	5.3	:	:	:	3.6	:	:	3.6	3.6	:	6.7	:	:	3.0	3.0 i	4.7	:	:	:	:	:	:	3.3 i	:	:	
1998	:	4.6 s	:	:	4.0	:	:	3.6	:	5.2	6.5	5.9	4.2	5.1	:	:	:	3.7	:	:	3.6	3.5	:	6.8	:	:	3.1	:	5.2	:	:	:	:	:	:	3.4 i	:	:		
1999	:	4.6 s	:	:	4.2	:	:	3.0 i	3.6	:	4.9	6.2	5.7	4.4	4.9	:	:	3.9	:	:	3.7	3.7	:	6.4	:	:	3.4	3.1 i	5.2	:	:	:	:	3.3 i	:	:	:	:		
2000	:	4.5 s	:	:	4.3	3.7 i	:	:	3.5	6.3 i	4.7	5.8	5.4	4.2	4.8	:	5.5 i	5.0	3.7	3.3 i	4.6 i	4.1 ip	3.4	4.7 i	6.4	4.5 i	3.2 i	:	3.3	:	5.2 bi	:	:	:	3.3 i	:	:			
2001	:	4.5 s	:	:	4.0	3.8 i	3.4 i	3.0 i	3.6	6.1 i	4.5	5.7	5.5	3.9 bi	4.8	:	:	4.9 i	3.8	3.1 i	:	4.0 ip	3.5	4.7 i	6.5	4.6 i	3.1 i	:	3.7 bi	3.4 i	5.4 i	:	:	:	3.5 i	:	:			
2002	:	:	:	:	:	3.8 i	:	:	6.1 i	:	:	5.1 bi	3.9 i	:	:	:	:	:	:	3.0 i	:	4.0 ip	:	:	7.3 ip	4.7 i	3.1 i	:	3.7 i	3.3 bi	5.5 i	:	:	10.8 i	:	3.2 i	:	3.2 i		
2003	:	4.6 s	:	4.3 b	3.6 i	:	3.6 b	:	5.9 i	5.0 b	6.4 b	5.1 i	3.8 i	:	4.1 i	:	:	4 b	3.3 i	:	4.0 ip	4.1 b	:	7.4 ip	4.6 i	3.1 i	:	3.6 i	3.1 i	5.3 i	4.6 i	9.9 i	:	3.8 b	:	3.8 b				
2004	:	4.8 s	:	4p	4.0 i	:	3.4	:	7.2 b	5.0	5.9	5.1 b	4.2 b	5.7 b	:	:	:	3.9	:	:	3.8	:	6.9 b	4.8 i	:	:	3.5 b	3.3 b	:	:	:	3.4 b	:	3.6	:	3.6				
2005	4.9 s	4.9 b	4.6	4.6	4.0	3.7 i	3.7 b	3.5	3.8 b	5.9	5.0	5.8	5.4	4.0	5.6	4.3 b	6.7 b	6.9 b	3.8	4.0 b	3.9 br	4.0 b	3.8	6.6 b	6.9	4.9 i	3.4 b	3.9 b	3.6	3.3	5.8 b	:	3.5 p	:	4.1					
2006	4.8 s	4.8	4.6	4.6	4.2	3.5 i	3.5	3.4	4.1	5.5	4.9	6.1	5.3	4.0	5.5	4.3	7.9	6.3	4.2	5.5	4 r	3.8	3.7	5.6	6.8 p	5.3 i	3.4	4.0	3.6	3.5	5.4	:	3.7 p	:	4.6					

Notes: 1) EU-15 countries

a) 1995-2001: European Community Household Panel, Users' Data Base version December 2003, except National Surveys for DK, SE (all), FR, FI, UK (2001), NL (2000,2001).

b) From 2002 National Surveys except from 2003 BE, DK, EL, IE, LU and AT: EU-SILC; from 2004 ES, FR, IT, PT, FI and SE: EU-SILC and from 2005 DE, NL and UK: EU-SILC.

2) New Member States

a) National surveys until 2004, EE until 2003, BG, RO until 2006.

b) EU-SILC from 2005, EE from 2004

3) Candidate countries: national surveys

EU Aggregates: Eurostat estimates are obtained as a population size weighted average of national data.

Sources: Eurostat - Various.

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH																										
Key indicator 14b	Children aged 0-17 living in jobless households																																																															
	Share of persons aged 0-17 who are living in households where no-one works																																																															
1995	:	:	:	:	12.3	:	:	:	8.3	:	17.0	6.0	11.5	9.2	8.3	:	:	3.7	:	:	9.7	3.7	:	5.1	:	:	:	:	:	20.4	:	:	:	:	:	:	:	:																										
1996	:	:	:	:	12.3	:	:	:	9.1	:	16.3	5.1	11.2	9.6	8.6	:	:	4.5	15.0	:	8.9	4.9	:	5.1	:	3.8	:	:	20.1	:	:	:	:	:	:	:	:	:																										
1997	:	:	:	:	11.8	:	:	:	10.2	:	15.7	5.2	10.5	10.1	8.5	:	:	4.2	14.9	:	7.5	4.3	:	5.2	6.9	3.2	:	:	18.9	:	:	:	:	:	:	:	:	:																										
1998	:	:	:	:	12.9	:	:	:	6.1	:	10.0	8.9	:	5.0	9.0	9.8	8.2	:	10.0	:	4.0	15.6	:	7.5	4.4	:	4.6 b	7.5	3.5	9.3	:	:	:	:	:	:	:	:																										
1999	:	:	:	:	8.6 e	11.3 b	:	:	7.2	:	9.5	10.2	11.7	5.2	7.3	9.9	8.3	:	12 b	:	4.0	15.5	:	6.9	4.2	:	4.5	7.3	4.1	10.6	:	:	:	:	:	:	:	:																										
2000	9.8 e	9.8 e	8.1 e	8.1 e	11.4	:	:	7.7	:	9.4	11.3	10.1	5.5	6.6	9.3	7.6	3.8	12.6	:	4.0	13.5	7.6	7.0	3.8	:	3.8	8.1	4.0	11.2	:	:	:	:	:	:	:	:	:																										
2001	10.1 e	10 e	8.4 e	8.4 e	11.9	19.6	7.8	:	9.6	11.5	32.1	5.5	6.6	9.5	6.9	3.4	11.3	:	3.3	13.7	7.4	5.8	3.8	:	3.8	8.0	3.8	9.8	:	:	:	:	:	:	:	:	:	:																										
2002	10.2 e	10 e	8.2 e	8.2 e	13.1	19.4	7.7	5.7	10.3	11.0	11.1	5.3	6.5	9.1	7.0	3.2	10.1	8.1	3.6	14.4	7.8	5.8	3.7	:	4.3	10.7 b	3.6	11.6	:	:	:	:	17.4	9.7	:	:	:	:																										
2003	10.2 e	10 e	8.4 e	8.4 e	13.2	17.9	8.6	5.7	11.1	8.4	11.8	4.6	6.2	9.0	6.9	2.6	8.1	7.5	3.9	13.0	8.8	6.8	4.1	:	4.7	10.3	3.9	11.8	5.7	:	:	17.1	10.7	:	:	:	:	:																										
2004	10.1 e	9.9 e	8.2 e	8.3 e	13.0	16.5	9.1	6.0	11.4	8.7	11.8	4.7	6.2	8.8	5.9 b	2.7	8.1	7.1	3.4	13.1	9.2	7.1	5.2 b	:	4.4	12.2	3.5	12.7	5.7	:	:	16.3	8.0	:	:	:	:	:																										
2005	9.9 e	9.7 e	8.1 e	8.1 e	12.8	15.7	8.2	5.7	11 b	8.8	11.9	4.2	5.6 b	8.8	5.9	3.6	8.0	6.1	2.7	14.1	9.1	6.7	5.9	:	4.6	11.3	3.1	13.9	6.6	:	:	16.5	8.7	:	:	:	:	:																										
2006	9.8 e	9.7 e	7.9 e	7.9 e	12.7	15.0	8.1	5.0	10.6	6.9	11.2	3.9	5.3	9.3	5.7	3.9	7.1	6.8	3.7	13.7	9.3	6.4	6.0	11.1	4.6	10.3	3.4	12.1	4.9	:	:	16.5	9.4	:	15.3	:	:	:																										
2007	9.4 e	9.3 e	7.5 e	7.5 e	12.0	12.8	8.0	:	9.6	7.2	11.5	3.9	5.3	8.7	5.8	3.9	8.3	8.3	3.4	13.9	9.2	5.9	5.3	9.5	5.1	10.0	2.2	10.6	4.4	:	:	16.7	8.4	:	15.5	:	:	:																										

Source: Eurostat - EU Labour Force Survey (main indicators)

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH																											
Key indicator 15	Gender pay gap in unadjusted form The unadjusted Gender Pay Gap (GPG) represents the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.																																																																
2002	:	:	:	:	18.9	22.1	:	:	:	15.1	25.5	20.2	:	:	22.5	:	13.2	:	19.1	:	18.7	:	7.5	:	16.0	6.1	27.7	:	:	27.3	:	:	:	:	:	:	:	:																											
2006	17.7	18.1	18.7	17.2	9.5	12.4	23.4	:	22.7	30.3	17.2	20.7	17.9	15.8	4.4	21.8	15.1	17.1	10.7	14.4	5.2	23.6	25.5	7.5	8.4	7.8	8.0	25.8	21.3	:	24.3	:	:	:	:	16.0	:																												
2007	17.4	17.6	18.1	17.2	9.1	12.7	23.6	17.7	23.0	30.3	17.1	20.7	17.6	15.8	4.4	23.1	15.4	20.0	10.0	16.3	5.2	23.6	25.5	7.5	8.3	12.7	8.3	23.6	20.0	17.9	21.1	:	:	:	:	15.7	:																												

Provisional: UK (2002, 2006 and 2007); EU-27, EU-25, EA-15, EA-13 (2006 AND 2007); BE, BG, ES and FI (2007)

EE, EL, FR, IT and MT (2006 data)

Source: Eurostat - GPG based on the Structure of Earnings Survey (SES)

Annex 1.3

Other statistical tables per geopolitical entity

1 ECONOMY

	EU-27	EU-25	EA-15	EA-13	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
--	-------	-------	-------	-------	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----

Gross domestic product at current market prices

2006: Bn Euro 11 671 11 548 8 504 8 485 318 25 113 218 2 322 13 177 213 982 1 807 1 480 15 16 24 34 90 5 540 257 272 155 98 31 45 167 313 1 939 34 5 419 13 3* 268 310

2007: Bn Euro 12 342 12 190 8 928 8 906 335 29 127 227 2 423 15 191 228 1 051 1 892 1 536 16 20 28 36 101 5 567 271 309 163 124 34 55 180 331 2 049 40 61 479 15 : 284 312

Note: Figures for Croatia, FYROM and Turkey do not include the allocation of "financial intermediation services indirectly measured" (FISIM) to user sectors. Therefore comparability between these countries and the other countries (that already allocate FISIM) is reduced.

*: Lechstein; 2005: "t", forecast by the Commission Services.

GDP volume growth rates

Annual growth rate, 2005 2.0 2.0 1.7 1.7 1.8 6.2 6.3 2.4 0.8 9.2 6.4 2.9 3.6 1.9 0.6 3.9 10.6 7.8 5.2 4.0 3.5 2.0 2.9 3.6 0.9 4.2 4.3 6.5 2.8 3.3 2.1 4.31 4.11 8.4 7.5 : 2.7 2.5

Annual growth rate, 2006 3.1 3.1 2.9 2.9 3.0 6.3 6.8 3.3 3.0 10.4 5.7 4.5 3.9 2.2 1.8 4.1 11.9 7.8 6.4 4.1 3.2 3.4 3.4 6.2 1.4 7.9 5.9 8.5 4.9 4.2 2.6 4.81 4.01 6.9 4.4 : 2.3 3.4

Annual growth rate, 2007 2.9 2.9 2.6 2.6 2.8 6.2 6.0 1.6 2.5 6.3 6.0 4.0 3.7 2.2 1.5 4.4 10.2 8.9 5.2 1.1 3.9 3.5 3.1 6.6 1.9 6.2 6.8 10.4 4.5 2.5 3.0 5.81 5.11 4.5 3.8 : 3.1 3.3

Compared to the same quarter of the previous year, 2006Q2 2.1 2.1 1.9 1.9 2.1 7.1 4.5 0.6 3.3 -1.1 -0.8 3.7 2.0 1.5 -0.3 3.9 0.1 5.2 2.4 2.0 3.5 3.0 2.4 5.8 0.6 9.3 5.5 7.9 2.5 2.7 2.0 3.4 : : 4.8 : 5.3 2.6

Compared to the same quarter of the previous year, 2006Q3 1.0 0.8 0.8 0.8 1.7 6.8 4.3 -1.2 1.3 -3.5 0.1 3.3 0.7 0.8 -0.8 3.5 -4.6 2.9 -0.3 0.8 2.2 1.8 1.2 5.2 0.4 9.1 3.8 7.0 1.3 0.4 0.5 1.6 : : -0.8 : 0.6 1.6

Note: Quarterly growth rates are calculated from raw (i.e. non-seasonally adjusted) data

GDP per head (index EU27=100, in PPS)

1995 100 105 : 116 129 32e 74e 132 129 36e 103 84 92 116 121 89e 31e 34e 223 51e 87e 124 135 43e 75 : 74e 48e 108 125 113 41e : 29e 133 : 135 154

2007 100 104 110 110 118 37 80 120 115 68 150 95 105 109 101 91 55 60 266 63 78 131 124 53 76 42 89 67 116 122 119 59 30f 44 119 : 179 137

"e": estimate; "t": forecast by the Commission Services.

GDP per head in Euro

2007 24 900 26 100 27 900 31 500 3 800 12 300 41 500 29 500 11 400 43 700 20 400 23 400 29 800 25 900 20 000 8 800 8 400 75 600 10 100 13 300 34 600 32 600 8 100 15 400 58 00f 17 100 10 200 34 000 36 200 33 700 9 200 27 00f 65 00f 46 900 : 60 400 41 500

"t": forecast by the Commission Services.

Household consumption expenditure per head (index EU27=100, in Euro)

EU27=100 100 105 111 111 113 19 44 143 113 45 136 108 98 119 110 109 40 38 203 38 65 113 126 35 69 : 67 40 117 118 142 : : 34 : 171 :

Note: Household consumption expenditure includes the consumption expenditure of non-profit institutions serving households, except for Croatia and Turkey.

Net saving (% of GDP)

2007 : : : 7.7 9.9 0.8 7.9 7.7 11.1 7.9 12.4 -2.2 5.3 6.0 4.0 : 0.3 3.0 : 3.45 : 15.1 11.0 7.1 -4.4 : 12.9 5.8 13.6 15.9 3.4 : : -1.2 : 26.4 11.0

Gross compensation per employee (index EU27=100, in Euro)

EU27=100 104 109 109 146 12 41 145 106 39 143 82 89 132 105 72 31 31 165 43 53 120 120 30 61 24 68 34 123 135 137 46 : : 164 :

Note: 1) Both compensation and employees use the domestic concept, i.e. they are attributed to a country according to the residence of the production unit, not the residence of the employee. 2) The value for PL is estimated by the Commission Services.

Gross compensation per employee (index EU27=100, in Euro)

2007 104 109 109 145 12 411 145 106 40 143f 86 87 132 104 721 31 29 167 44f 53 119 121 35f 60f 25f 68f 33 122 134 138 : : : 163 :

Note: 1) Both compensation and employees use the domestic concept, i.e. they are attributed to a country according to the residence of the production unit, not the residence of the employee.

General government debt (% of GDP)

Table with columns for year (2005, 2006, 2007) and values for EU25, EA13, EU27, EA13, BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK, HR, MK, TR, IS, LI, NO, CH. Values range from approximately -2.4 to 82.7.

General government deficit (+) / surplus (-) (% of GDP)

Table with columns for year (2005, 2006, 2007) and values for EU25, EA13, EU27, EA13, BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK, HR, MK, TR, IS, LI, NO, CH. Values range from approximately -0.6 to 70.2.

Annual inflation rate compared to the same month of the previous year

Table with columns for month (September 2006, October 2006, November 2006, December 2006) and values for EU25, EA13, EU27, EA13, BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK, HR, MK, TR, IS, LI, NO, CH. Values range from approximately -2.2 to 3.7.

12-month average annual inflation rate, 12-month average rate

Table with columns for month (December 2006) and values for EU25, EA13, EU27, EA13, BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK, HR, MK, TR, IS, LI, NO, CH. Values range from approximately 3.2 to 3.5.

Note: The annual inflation rate measures the price change between the current month and the same month the previous year. The 12-month average rate compares the average Harmonized Index of Consumer Prices (HICP) in the latest 12 months to the average of the previous 12 months. Source: Eurostat - Price statistics.

Interest rates: 1-year government bond yields, monthly average

Table with columns for month (April 2007, February 2008, March 2008, April 2008, May 2008, September 2008, October 2008, November 2008, December 2008) and values for EU25, EA13, EU27, EA13, BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK, HR, MK, TR, IS, LI, NO, CH. Values range from approximately 3.05 to 4.45.

Note: The interest rate figures for the 27 EU Member States refer to the EUMU convergence criterion series. Source: Eurostat - Financial indicators (ECB). *** Euro area (EA13+2007, EA15).

Interest rates: 1-year government bond yields, annual average

Table with columns for year (1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008) and values for EU25, EA13, EU27, EA13, BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK, HR, MK, TR, IS, LI, NO, CH. Values range from approximately 3.37 to 6.31.

Note: The interest rate figures for the 27 EU Member States refer to the EUMU convergence criterion series. Source: Eurostat - Financial indicators (ECB). *** Euro area (EA13+2000, EA13+2006, EA13+2007, EA15).

1 ECONOMY

3 EDUCATION AND TRAINING

	European Union		Euro area		BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
	EU27	EU25	EA-15	EA-13																																	
16-9 employees	55	56	1	58	24	66	83	65	62	1	16	43	69	70	45	31	40	68	42	40	71	79	27	39	36	68	56	73	74	89	1	1	1	1	1	86	1
50-249 employees	78	80	1	86	44	93	96	81	85	1	39	68	98	68	80	56	64	85	77	65	88	91	55	70	50	86	74	89	95	92	1	1	1	1	1	88	1
250 or more employees	91	92	1	99	61	100	99	87	96	1	70	89	100	86	100	76	88	95	90	87	96	99	80	91	74	97	92	94	100	96	1	1	1	1	1	95	1
All size classes	60	61	1	63	29	72	85	69	67	1	21	47	74	32	51	36	46	72	48	46	75	81	35	44	40	73	60	77	78	90	1	1	1	1	1	86	1

Training enterprises as a percentage of all enterprises by size class, 2005

Percentage of employees of all enterprises participating in CVT courses by gender, 2005

	Total	Males	Females
EU27	33	34	32
EU25	34	34	32
EA-15	31	32	31
EA-13	32	32	31

Hours in CVT courses per participant by economic activity (1), 2005

	NACE D	NACE G	NACE J	NACE K	NACE O	Other	Total
EU27	28	28	26	28	27	27	27
EU25	28	28	26	28	27	27	27
EA-15	28	28	26	28	27	27	27
EA-13	28	28	26	28	27	27	27

Percentage of enterprises providing IVT by size, 2005

	16-9 employees	50-249 employees	250 or more employees	All size classes
EU27	28	39	41	31
EU25	28	39	41	31
EA-15	28	39	41	31
EA-13	28	39	41	31

Source: Eurostat - Continuous Vocational Training Survey 3 (CVTSS)

Notes: Preliminary figures as available July 2005

- CVT: Continuous Vocational Training

- IVT: Initial Vocational Training

3 EDUCATION AND TRAINING

	European Union		Euro area		BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	HR	MK	TR	IS	LI	NO	CH
	EU27	EU25	EA-15	EA-13																																	
16-9 employees	28	29	1	9	3	1	42	51	1	1	2	13	34	40	1	4	12	26	5	9	40	47	8	4	1	8	1	16	7	46	1	1	1	1	1	20	1
50-249 employees	39	41	1	11	8	10	66	66	2	1	5	22	50	40	9	8	27	32	12	18	45	56	11	11	4	16	2	18	7	64	1	1	1	1	1	41	1
250 or more employees	52	55	1	18	13	16	78	79	6	1	11	30	78	37	6	21	59	40	16	49	44	83	10	20	7	15	7	44	6	67	1	1	1	1	1	59	1
All size classes	31	32	1	9	4	3	45	55	1	1	3	14	37	40	2	5	17	28	6	12	41	45	9	5	2	10	1	17	7	51	1	1	1	1	1	23	1

Source: Eurostat - Continuous Vocational Training Survey 3 (CVTSS)

Notes: Preliminary figures as available July 2005

- CVT: Continuous Vocational Training

- IVT: Initial Vocational Training

Annex 2

Symbols, country codes and country groupings, other abbreviations and acronyms

Symbols

Symbols used in the tables

The special values are codes which replace real data:

: “not available”

. “not applicable”

Flags are codes added to data and defining a specific characteristic:

b “break in series (see explanatory texts)”

e “estimated value”

f “forecast”

i “more information is in the note in the end of the table or in the Eurostat web site <http://epp.eurostat.ec.eu.int/>”

p “provisional value”

r “revised value”

s “Eurostat estimate”

u “unreliable or uncertain data (see explanatory texts)”

Other symbols

% percent

Country codes and country groupings

Country codes

AT	Austria	BE	Belgium	BG	Bulgaria	CY	Cyprus	CZ	Czech Republic
DE	Germany	DK	Denmark	EE	Estonia	EL	Greece	ES	Spain
FI	Finland	FR	France	HR	Croatia	HU	Hungary	IE	Ireland
IT	Italy	LU	Luxembourg	LV	Latvia	LT	Lithuania		
MK ⁴⁶	The former Yugoslav Republic of Macedonia (FYROM)			MT	Malta	NL	Netherlands	PL	Poland
PT	Portugal	RO	Romania	SE	Sweden	SI	Slovenia	SK	Slovakia
TR	Turkey	UK	United Kingdom						

Country groupings

EU-27	The 27 Member States of the European Union from 1.1.2007: BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE and UK.
EU-25	The 25 Member States of the European Union between 1.5.2004-31.12.2006: BE, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, SI, SK, FI, SE and UK.
EU-15	The 15 Member States of the European Union between 1.1.1995-30.4.2004: BE, DK, DE, IE, EL, ES, FR, IT, LU, NL, AT, PT, FI, SE and UK.
EA-13	The 13 countries of the euro area from 1.1.2007: BE, DK, IE, EL, ES, FR, IE, IT, LU, NL, AT, PT, SI and FI). Also called 'euro zone', 'euroland' and 'euro group'.
NMS-12	The twelve new Member States are BG, CZ, EE, CY, LV, LT, HU, MT, PL, RO, SI and SK (i.e. the Member States which are members of EU-27 but were not members of EU-15.)

The **old** Member States are the EU-15 states (see above).

The **new** Member States are the NMS-12 states (see above).

The **Candidate** Countries are Croatia, the former Yugoslav Republic of Macedonia (FYROM) and Turkey.

The **Southern** Member States are Greece, Spain, Italy, Cyprus, Malta and Portugal.

The **Nordic** Member States are Denmark, Finland and Sweden.

The **Benelux** countries are Belgium, the Netherlands and Luxembourg.

The **Baltic** States are Estonia, Latvia and Lithuania.

Other abbreviations and acronyms

COICOP	Classification of Individual Consumption by Purpose
CVT	Continuing Vocational Training
CVTS2	Second Survey of Continuing Vocational Training
EC	European Communities
ECB	European Central Bank
ECHP	European Community Household Panel
ECHP UDB	European Community Household Panel – Users' Database
ESAW	European Statistics on Accidents at Work
ESSPROS	European System of integrated Social Protection Statistics
EU	European Union
Eurostat	the Statistical Office of the European Communities
GCSE	General Certificate of Secondary Education
GDP	Gross Domestic Product
HBS	Household Budget Survey
HICP	Harmonised Index on Consumer Prices
ICD	International Classification of Diseases and Health Related Problems
ILO	International Labour Organisation

ISCED	International Standard Classification of Education
LLL	Lifelong Learning
LFS	Labour Force Survey
LMP	Labour Market Policy
NACE Rev. 1	Statistical Classification of Economic Activities in the European Community
n.e.c.	not elsewhere classified
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
PPS	Purchasing Power Standard
QLFD	Quarterly Labour Force Data
SES	Structure of Earnings Survey
SDR	Standardised Death Rate
UOE	UNESCO/OECD/Eurostat
UNESCO	United Nations Educational, Scientific and Cultural Organisation

European Commission

The Social Situation in the European Union 2008 — New Insights into Social Inclusion

2009 — 176 pp. — 21 × 29,7 cm

ISBN

DOI

This publication is available in printed format in English only.

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