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Work as an Antidote to Poverty? An Empirical Analysis for EU Countries

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Work as an antidote to poverty? An empirical analysis for EU countries

Preliminary version - please do not quote

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At the European level and in most EU member states, higher levels of labour market participation are seen as key to better social inclusion and cohesion. But what is the likely impact on income inequality and poverty? In the literature shift-share analysis has been used to address this issue (Whiteford and Adema, 2007; Fritzell and Ritakallio, 2004). This essentially consists of changing the weight of population segments, keeping their poverty rates constant, and has serious limitations. We propose a more sophisticated analysis which starts by estimating the probability of labour force participation by a probabilistic regression, using the relevant individual (e.g. sex, age, education) and household determinants (e.g. household composition, partner's labour income, young children) available in EU-SILC. We use these probabilities to rank inactive individuals according to their chances of becoming active and finding work so that in simulations of higher participation rates those most likely to work are moved into a hypothetical job first. In a next step we estimate the wages of the newly active individuals (taking account of selection bias). We use this to simulate a scenario of the Europe 2020 target of an employment rate of 75 per cent of working age population. We can assess the effect on the income distribution and on poverty. We can also see whether newly active individuals/households have a labour income high enough to escape poverty.

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1. INTRODUCTION

The idea that employment growth and poverty reduction are natural allies is central to EU's strategic agenda (Europe 2020) as it is being implemented within the framework of the Open Method of Coordination (OMC). On the employment front, the objectives are quite specific. There is the overall objective of increasing the employment ratio to 75 percent by 2020. On the poverty front, the ambitions remain less well-defined, but there is an effective commitment now to engage in serious efforts at the member country level to bring about significant reductions in relative income poverty, among other objectives. The assumption appears to be that these objectives are complementary. Indeed, in speeches over the last years, EU officials have repeatedly claimed that 'a job is the best protection against poverty', echoing the message of the Kok Reports, one of which was tellingly entitled 'Jobs, Jobs, Jobs' (Kok, 2003).

Yet we now know that employment growth does not always affect the distribution of work across households in such a way as to reduce poverty. Some of the top performing countries in terms of employment growth in the recent past have actually seen relative poverty rates for the working aged population rise or remain stagnant. It is therefore far from self-evident that further employment growth will automatically translate into better poverty and social inclusion outcomes.

The main objective of this paper is to gauge the likely impact on relative income poverty (according to the EU's own definition) of taking employment levels to 75 per cent of the active population. This paper presents results from simulation models that employ different methodologies, expanding on earlier studies (Whiteford and Adema, 2006; Fritzell and Ritakallio, 2010). Hence, our purpose is in part substantive, in part methodological. Substantively, we are interested in getting estimates for a range of EU countries of the possible impact on poverty of employment growth to 75 per cent of the active population, as envisaged by the EU. But we also want to contrast and assess alternative approaches to simulating those scenarios. Specifically, we want to assess the added value of regression and microsimulation based approaches over earlier used shift-share methods.

This paper starts with an overview of EU employment and poverty objectives, as well as some analytical considerations. Next, we turn to the empirical evidence on the link between employment growth and poverty reduction. Section 4 explains the methodology following two sections on the results and discussion. Section 7 concludes.

2. EU EMPLOYMENT AND POVERTY OBJECTIVES

The EU's employment strategy

Prior to the Treaty of Amsterdam, community employment policy was restricted to individual measures in the spheres of structural, social, education and youth policy. At the Amsterdam European Council in June 1997, a Title on Employment was included in the EC Treaty as well as the promotion of coordination between national employment policies as a new community task. In November 1997, the Luxembourg European Council added further substance to the provisions of the new Title on Employment in the form of annual employment guidelines, national employment action plans and a joint employment report (Luxembourg Process). Following the Special meeting of the European Council in Lisbon in March 2000, Member states agreed on the strategic goal of making the EU the most competitive, dynamic, knowledge and innovation-based economic area in the world by 2010.

A clear increase in the employment level was one of the main aims of the Lisbon Strategy. Employment levels in the EU were to increase from 61 per cent in 2000 to 70 per cent by 2010. Women's employment level was to grow from 51 per cent to over 60 and the employment rate for older men and women (between 55 and 64) to 50 per cent.

In November 2003 an Employment Taskforce headed by former Dutch Prime Minister (and chief architect of the famous Polder Model) Wim Kok submitted its report entitled 'Jobs, jobs, jobs'. The Task Force was established by the European Heads of State and Government in response to concerns that Europe was failing to reach the Lisbon objectives. The Report re-established the case for giving overriding priority to employment growth, not just as an objective in its own right but also as a

means for strengthening social cohesion. In 2005, a mid-review of the EES and a re-launch of the Lisbon Strategy too place, resulting in a first set of Integrated Guidelines.

In 2010, and despite a failure to reach the Lisbon targets – with the economic crisis as a convenient and in part also valid excuse -, ambitions remain unabashed. First among the headlines targets formulated in the Europe 2020 strategy is the objective to reaching an employment rate of 75 per cent by 2020.

The EU's anti-poverty strategy

The principle of subsidiarity has played a particularly important role in the domain of social policy. Policies to combat poverty were and remain first and foremost the responsibility of EU member states. This is scarcely surprising; welfare state institutions and policies differ in very profound ways across the European Union, as do opinions on what social policy should achieve and what it should cost. For a long time, social policy at the EU level consisted mainly of grand declarations on the one hand and limited-budget (relative to country level social spending) targeted actions on the other, e.g. the Regional Development Fund and the Social Fund.

The 1989 Community Charter of Fundamental Social Rights was the first real attempt at EU level social policy. But even the Social Chapter – minimalist as it in the context of what already existed in the more advanced welfare states in the EU – ran into difficulties. The then UK government demanded and obtained an opt-out, which since has ended. This episode illustrated the difficulties inherent in trying to advance EU social policy via the 'normal' route of Council agreements and Commission Directives. What were almost trivial advances in some countries were deemed practically or politically infeasible, if not undesirable, in other countries.

A new impetus was given to EU social policy at the Lisbon and Nice Summits. There it was decided to advance social cohesion on the basis of an open method of coordination at the EU level. Within this framework, a pivotal role is given to so-called social indicators. These are a set of well-defined empirical measures which help

to ascertain whether and to what extent progress has been made on the social policy front. (At the time of the Nice summit the idea of setting an ambitious poverty reduction target was floated but also quickly abandoned.)

It was at the Laeken Summit in 2001 that the Commission proposed seven indicators (Atkinson et al, 2001). These indicators include the proportion of jobless households, a measure of regional disparities in unemployment, a measure of low education among youngsters, and the long-term unemployment rate. But particularly important in the present context are the indicators which pertain to the distribution of income and poverty:

- the distribution of income: ratio of share of top 20 per cent to share of bottom 20 per cent;
- the incidence of poverty: the share of the population below the poverty line before and after social transfers – the poverty line is defined as 60 per cent of national median equivalised income;
- the persistence of poverty: the share of the population below the poverty line for three consecutive years.

In the meanwhile, the indicators have been amended and complemented, but the proportion of persons living in relative income poverty remains a prime indicator, be it that its validity in the enlarged EU context is increasingly questioned, with calls for additional measures of absolute or material deprivation.

Until very recently, the Europe 2020 Strategy was to set a specific target: 20 million people less at risk of poverty (according to the 60 per cent threshold) by 2020. This target proposed by the Commission was, however, not withheld as such by the European Council. At the time of this writing, the setting of an alternative objective remains under discussion.

3. EMPLOYMENT AND POVERTY

Little is explicitly said in EU policy documents on the compatibility between the goals in the social policy and in the employment domain. But aspirations in both domains

are clearly assumed to be complementary. Indeed, a very similar vocabulary is used to motivate aspirations in both domains.

The idea that there is a natural complementarity is in line with much of contemporary thinking in social policy. The 1990s were marked by the advent of such doctrines as the Third Way and the Active Welfare State, in which work and social inclusion are seen as natural if not inseparable allies (Esping-Andersen, 2001; Giddens, 2000; Kenworthy, 2004; Visser and Hemerijck, 1997). These doctrines have now evolved into more sophisticated and encompassing paradigms such as the 'social investment state' (Hemerijck and Van Kersbergen, 2010). Work, however, maintains its pivotal role as the central medium of social inclusion.

Yet past experience shows that countries that have done well in terms of employment growth have not necessarily done well in terms of poverty – in fact, the reverse is the case. The top 5 performers in terms of employment growth during the mid 1980s to mid 1990s period actually experienced rises in their relative poverty rates, the Netherlands being a notable case (Marx, 2007). As the major OECD (2008) study 'Growing Unequal' shows, the pattern for the mid 1990s to the mid 2000s is not much different; marked increases in employment rates have often gone accompanied with rising or stagnant poverty rates for the working aged population.

Why past employment growth did not translate into less poverty

There are two principal reasons why past job growth has not produced to poverty declines:

a) Because job growth has not sufficiently benefited poor people; many new jobs have ended up with people living in households with disposable incomes already higher up the income distribution (and this has had the added perverse effect of pushing up the median income and hence relative poverty thresholds)
b) Because a job does not always pay enough to escape poverty; in-work poverty is a significant and in some countries growing problem.

Let us consider both factors in a bit more detail.

First, most at risk of poverty are persons living in workless households. They face the highest poverty rates by far and they also tend to experience the most severe financial hardship (including their dependent children). The concentration of non-employment within the same households may be due to many factors. A correlation between the employment statuses of household members may reflect a tendency for individuals who share common characteristics to live together. Since persons with fewer educational qualifications typically experience higher unemployment and non-employment rates, households whose members all have a low level of educational attainment are likely to be over-represented among work-less households. Household members are usually looking for work in the same local labour market and a depressed labour market will have a common impact on them. In addition, household members often have similar levels of education attainment. The disincentive effects of tax and benefit systems can also play a role. It is often the case that if one person gets a benefit, another person is punished if he or she accepts a job. To get out of this dependency trap, all members of the household must find a job simultaneously, which may be particularly hard if both partners have low educational attainment. This problem is more severe in countries with extensive means-testing of welfare benefits based on family income (Gregg and Wadsworth, 2001).

In this light, it is not altogether surprising that employment growth does not tend to produce commensurate drops in workless household rates. Job growth has in many countries resulted in more double or multi-earner households, but only to a very limited extent in fewer no earner households. This 'Matthew effect' in the benefits to job growth has had the added perverse effect of pushing up median income, and hence relative poverty thresholds, widening the distance between the stagnant bottom and the rising median.

A second reason why employment growth does not necessarily result in less poverty is that a job may not pay enough to escape poverty. What poor jobless persons often require is not just a job, but a job that pays significantly more than their benefit. In the case of non-employed poor persons living in a household with already one earner the additional income required to escape financial poverty may be quite limited, for sole breadwinners the required income gain is often quite substantial. From an anti-poverty perspective, the issue is not just "making work pay" (i.e. tempting people to move out

of dependency), but to make work pay sufficiently to make sure that a move from dependency to work also implies a move from poverty to an adequate living standard. The living standard of poor households with weak or no labour market attachment is often so far below the poverty threshold (especially in the case of single parents and child rich households) that it is quite possible that a job that pays the minimum wage, or even more, would not suffice to lift them from poverty.

Long regarded as predominantly if not exclusively an 'Anglo-Saxon' problem, linked to weak labour market regulation, decentralized wage setting and low replacement benefits, in-work poverty has now become a EU-wide concern. Recent comparative empirical studies confirm in-work poverty to be a pan-European problem (Andreβ and Lohmann, 2008; OECD, 2008). Workers in countries like Germany, France, Sweden or Spain are as likely to be confronted with household financial poverty as those in Britain or Ireland. According to the SILC based EU Social Inclusion Indicators, the extent of in-work poverty in 2008 ranges from a low of 4-5 percent in countries like Belgium, Denmark, Finland and the Netherlands, up to 11-12 percent in Spain, Latvia, Poland and Portugal, 14 percent in Greece and 18 percent in Portugal. That implies that as many as a quarter to a third of working-age Europeans living in poverty are actually already in work. This is broadly confirmed by the 2008 OECD study *Growing Unequal.* In addition, this study found in-work poverty (relative to 50 per cent of median equivalent income) to have increased in a majority of countries from the mid-1990s to about 2005 (notably in Germany), be it with significant cross-country variation.

Both mechanisms we have just sketched are vividly illustrated by the recent Dutch experience. The Netherlands is a major reference point because of the radical policy shift towards boosting employment participation that took place there in the 1980s and 1990s. Sustained aggregate wage moderation, general non-adjustments of replacement benefits and minimum wages for inflation, and occasional targeted cuts in benefits and minimum wages were the main ingredients of Dutch policy. The employment growth that resulted from the mid 1980s on was exceptional within the European context. Strikingly, however, relative poverty also increased substantially (Marx, 2007).

Contrary to expectation, job growth did not primarily benefit those most in need of a job, particularly the poor. Job growth mainly benefited new labour market entrants. New jobs ended up not with those at the bottom of the income distribution but primarily with those already in the middle. As a result, many of those at the bottom felt the immediate income consequences of sustained wage and benefit restraint. Single earner households by and large experienced stagnant living standard as direct consequence of two decades of sustained wage moderation. Those totally dependent on replacement benefits experienced declining real living standards for a sustained period. At the same time aggregate employment growth resulted in a massive increase in double earnership. This in turn pushed up average living standards and, consequently, relative poverty thresholds. Hence, households who did not manage to obtain a second earned income fell behind, relatively speaking, and those living in households integrally dependent on social transfers did even more so. This explains the comparatively strong rises in relative poverty among both population segments.

4. METHODOLOGY AND DATA

Earlier studies have used shift-share analysis to gauge the potential impact on poverty of labour market participation shifts. In an eleven country study, Fritzell and Rittakalio (2010) show that most OECD countries would have considerably lower poverty rates if they had a household labour participation (and socio-demographic) structure similar to Sweden's - the best performing country. Interestingly, however, the impact of boosting labour participation - especially double earnership - levels to Sweden's would have widely varying impacts, with some countries, like Germany or Canada, ending up with higher hypothetical poverty rates. A similar exercise by Whiteford and Adema (2006) relating to child poverty yields similar results; the poverty reduction pay-off to increased double earnership would be generally favourable, but the effect ranges from very strong in some countries to negligible elsewhere. De Beer (2007) uses another approach to disentangle the effect of employment growth in a Lisbon scenario (i.e. 70 per cent of working age population) on poverty rates in which he decomposes poverty taking into account the differing poverty rates of work rich and work poor households.

Shift-share analysis is quite simple to perform, because only poverty rates and the share of the subpopulations are necessary input. However, this type of analysis has its limits when using a relative poverty measure because it effectively assumes a constant poverty threshold. The likely increase in incomes due to the increase of the share of workers is not taken into account. Indeed, when more persons are at work, the resulting median will most likely be higher, which corresponds to a higher poverty threshold and an uncertain direction of the poverty rate. Moreover, in shift-share analysis there is no allocation mechanism to indicate which unemployed or inactive persons are more likely to be employed in the new scenario. This argument makes it impossible to find out how jobs resulting from a shift in employment would be distributed between and within households. We conduct a similar shift-share analysis, by increasing the employment rate for 24 EU countries for which the employment rate falls below the Europe 2020 target, to the level of 75 per cent of the working age population (20-64 years old) using EU-SILC data from 2008. From the 27 European countries that take part in the EU-SILC 2008 survey, only three reach the Europe 2020 target (Iceland, Norway and Sweden) and are left out of the analysis. The poverty rate in case of the Europe 2020 target is constructed as follows: for 75 per cent of the working age population, the original poverty rate of working individuals is used. The fraction of the working age population needed to reach the target is taken from the share of unemployed persons and the remaining part – if any – is subtracted from the inactive population. For what is left of these subgroups, the original poverty rate is used. In sum, the original poverty rate is reweighted using the Europe 2020 target. We use the following definitions:

- Person at work: indicates to do a part time of full time job, with a positive labour income as an employee or a non-zero self-employment income during the income reference year (2007).
- Unemployed person: indicates not to be working at the time of the interview, that he/she is available for work in the next two weeks and finally he/she has actively been looking for work in the last 4 weeks.
- Inactive (other) person: all persons not at work or unemployed.

In this paper, the static results of the shift-share analysis are compared with those from a more sophisticated technique which is regression based. The regression based model estimates participation probabilities on the one hand and on the other hand

labour incomes for the share of jobless persons at working age needed to reach the Europe 2020 target. The allocation of simulated jobs comes from a labour supply function estimated on the working age population in each country. A simple two step Heckman selection model (Heckman, 1979) is used to simulate the labour incomes for those without work. We estimate the probability of working using probit estimation in the first step, to calculate the inverse Mills ratio and to rank individuals who are not working according to the outcome of their estimated labour supply probability. In the second step, gross wages are regressed on the selected wage determinants and the inverse Mills ratio to predict gross wages for jobless individuals. For the first step, a probit regression is performed for individuals at working age (20-64 year old) in all countries, with working as an employee as the dependent variable and as independent variables the following: gender, age, age squared, a dummy for the presence of a partner, a dummy for the presence of children, the logarithm of all other incomes in the household apart from the labour income of the individual, the highest education obtained (in 4 categories), the country of birth (country of residence, EU or other) and a dummy for limitations in daily activities (yes/no). The probit estimates for all 24 countries result in the correct classification of the dependent variable with a range from 63.2 (Finland) to 75.9 (Romania) with an average of 69.8 per cent of cases using the model described above.

In a second step, the logarithm of gross wages is regressed on the same variables as before, except for country of birth and limitations in daily activities and on the inverse Mills ratio, again for individuals at working age. Gross wage would ideally be captured as an hourly wage, after which we should simulate the number of hours a jobless individual is likely to work. In EU-SILC however, it is arduous to construct an hourly wage for most countries, and even impossible for others. Therefore, we define the gross wage as the earnings from employment during the income reference year (i.e. 2007). This limits our analysis because we do not distinguish between part time or full time work. But this allows us to use the same model for all countries and the distinction between part and full time work can still partly be taken into account due to the size of the yearly gross earnings. Results from the OLS regression show that for all countries, the selection bias is significant. The results for the Heckman selection regressions can be found in the Annex (Table A.1). We predict gross wages for jobless individuals and allocate these wages to the highest ranked jobless individuals

at working age in the labour supply probit estimation. The number of jobs needed to reach the Europe 2020 target is country specific and determines the number of simulated gross wages in each country. To determine the real net income change, it would be ideal to use a tax benefit microsimulation model like EUROMOD which takes into account the rising labour incomes and the resulting taxes and benefits also considering the effect of the household characteristics on social benefits. Figari et al. (2010) is a good example of how EUROMOD can be used for a number of countries to estimate the distributional effects of a shift in employment. They simulate the reversed shift compared to the one we simulate: a decrease of employment. However, it is currently not possible to do this for all 24 countries and, moreover, EUROMOD is not yet ready to simulate unemployment benefits accurately enough. Therefore we choose to subtract all individual social benefits from gross income when an individual is simulated to have a job. This means that all unemployment, old age, survivors', sickness and disability benefits are set to zero when a jobless individual receives a simulated gross wage. The calculation from gross to net wages follows an OLS regression using employee gross wages as dependent and the number of children, marital status (divorced, widowed, partner in household, other) and the presence of other jobs in the households as explaining variables. In future applications, we hope to skip this last regression and do the gross-net conversion with EUROMOD. The predicted difference between the net wage and the lost benefits is summed up to the household income. Household income is distributed over all household members and equivalized using modified OECD scales.

For one country (Belgium), we have performed the same analysis as described above except for the gross-net transition. In this corollary we did use EUROMOD (version with EU-SILC 2006 input data and 2008 tax-benefit policies) to calculate more accurately the net income gain or loss from employment. We assumed full take-up of social assistance and we did not simulate social benefits for persons that are assumed to receive a job, but simply subtracted all social benefits (except child allowances, which have been effectively simulated considering the new employment situation). In this corollary, we also explicitly restricted the individuals that receive a simulated job to those that gain at least 20 per cent of net income. We do not present the full regression results in this paper, but the final results on poverty can be found in section 5.

Relative income poverty is measured following the European OMC, that is: all individuals that have an equivalent household income lower than 60 per cent of the median equivalent household income, are considered to be at-risk-of-poverty. Throughout this paper we use the term "poverty" instead of at-risk-of-poverty. The cross-sectional weights from EU-SILC have been used for all calculations.

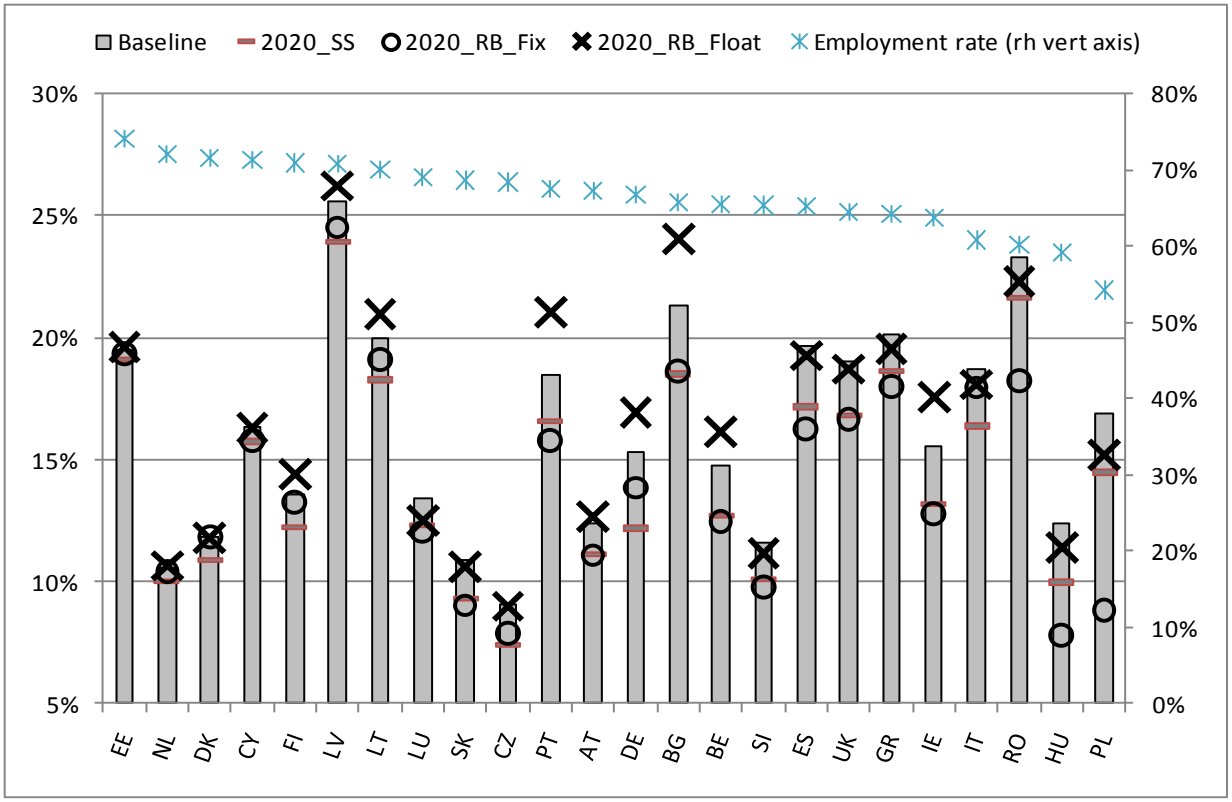
The regression based model reveals what the partial effect of an employment rise would be for relative poverty in European countries that do not (yet) reach the Europe 2020 target. The effect is partial because the employment rise we simulate is merely a replication of the current labour supply of the country. We do not assume anything about the jobs that are simulated, simply that their yearly earnings are determined in the same observable way as the earnings of existing jobs. Furthermore, we allow the labour supply probability to allocate the simulated jobs to the entire working age population. This means that existing differences between job rich and job poor households are reinforced. Finally, similar to Figari et al. (2010), we cannot forecast poverty in a Europe 2020 scenario without modelling some macro effects that are innately linked with a real job growth. Therefore, we only pretend to test differences between European countries in combining poverty and the Europe 2020 target. With those limits, the results are a first attempt to go beyond a simple shift-share analysis to empirically review how rising employment translates into relative poverty.

5. RESULTS

Figure 1 presents the poverty results of our simulations. Let us first look at the change in poverty rate resulting from the increase in employment by reweighting, i.e. the shift-share analysis (2020_SS compared to the baseline). Overall poverty decreases in all countries when the weight of the working population is increased. As can be expected, countries with a current employment rate that is already close to the Europe 2020 target witness the smallest drop in poverty (e.g. Estonia, The Netherlands, Denmark and Cyprus). In the Czech Republic, Germany and Hungary, poverty decreases most strongly (a relative decrease of around 20%); Hungary is a country with a very low employment rate, whereas the other two countries are more situated in

the middle of the league. But overall, these results would lead us to the conclusion that increasing employment is a good anti-poverty strategy. However, the shift-share analysis does not take account of a number of factors, such as the characteristics of the currently inactive population.

Figure 1: Poverty rates before and after simulation of employment increase, overall population, poverty line at 60% of median equivalent income, 2008.



Baseline: current poverty rates; 2020_SS: poverty rates after increase of employment rates with shift-share methodology; 2020_RB_Fix: poverty rates after increase of employment rates with regression-based methodology and poverty line fixed; 2020_RB_Float: poverty rates after increase of employment rates with regression-based methodology and poverty line recalculated.

Countries are ranked from high to low current employment rates.

Source: own calculations on EU-SILC 2008.

These characteristics are explicitly considered with the regression-based methodology. With this method, individuals with the highest probability of having a job are assigned the status of being employed, as well as an income from work (see Section 4). In a first instance we keep the poverty line fixed, in order to be comparable with the shift-share analysis. As with the shift-share analysis, overall poverty drops in all countries, with small changes for high-employment countries. In most countries, the decreases are, however, more pronounced with this methodology. Especially in Poland and Hungary, poverty rates drop dramatically following the

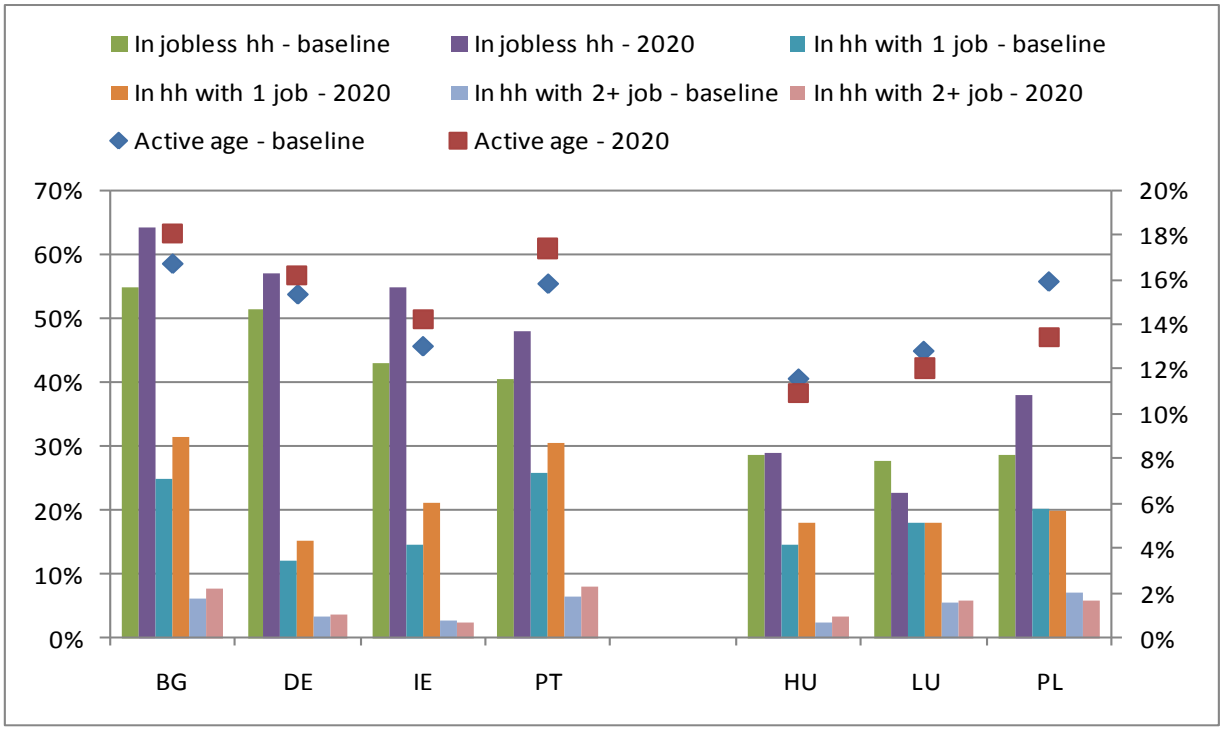
increase in employment. These two countries are the ones with lowest current employment rates, and apparently, with the regression-based method a considerable number of individuals are lifted out of poverty.

Using a fixed poverty line, however, disregards the change in the median income and thus in the poverty threshold that may occur when changing income levels. Switching from social transfers (or no income) to income from work in general changes the relative welfare position of the individuals concerned, and may also cause the poverty line to shift if it is recalculated on the newly simulated income distribution. These changes in poverty line are documented in Table A.1 in Annex. The change in poverty line is most pronounced in Poland (+20%) and Bulgaria (+14%), but also in Hungary, Ireland, Portugal and Romania it changes with around 10%. In Estonia, Italy, and Denmark, the poverty line is hardly affected, mainly because for these countries employment (and hence income) changes are very small. With this floating poverty line, results are much more mixed: in thirteen countries poverty drops, be it far less than with the fixed poverty line or with the shift-share analysis, whereas in eleven countries poverty even increases. Not surprisingly, these are countries with a high upward shift in poverty lines that also see their poverty rates increasing the most, namely Bulgaria, Ireland and Portugal. Note, however, that in Hungary and Poland, employment increase overcomes the shift in the poverty line, as in these two countries overall poverty decreases substantially.

The change in poverty rate is the result from many different movements. Figure 2 gives the change in poverty rates for the countries with the most marked changes: Bulgaria, Germany, Ireland and Portugal for increases in poverty and Hungary, Poland and Luxembourg for decreases (see Table A.3 in Annex for more details). Among the four countries with an increase in poverty rate, we see that poverty rises among individuals living in jobless households, as well as individuals that live in households with one or more persons at work. The increase in poverty among households with 2 jobs or more may come as a surprise. This results, however, from the population composition changes. As the poverty line moves upward, households can end up below the poverty line, even if they have a job (or two). These compositional factors also explain why for instance in Luxembourg poverty within the group of jobless households decreases due to employment growth: this means that

poor jobless households get a job and are in the 2020-scenario not any more part of the group of jobless households, thus leading to a decline of nominator and denominator in the poverty rate. Interestingly, almost all individuals that get a job in our simulation move out of poverty (see Table A.3 in Annex). In the next section, we go into more detail of the characteristics of this group of 'newly' employed, in order to gain more insight into the interactions between employment and poverty.

Figure 2: Changes in poverty rates due to employment increase (regression based, floating poverty line), individuals at active age in a selection of EU countries, 2008.



Source: Own calculations on EU-SILC 2008.

Corollary: using EUROMOD for Belgium

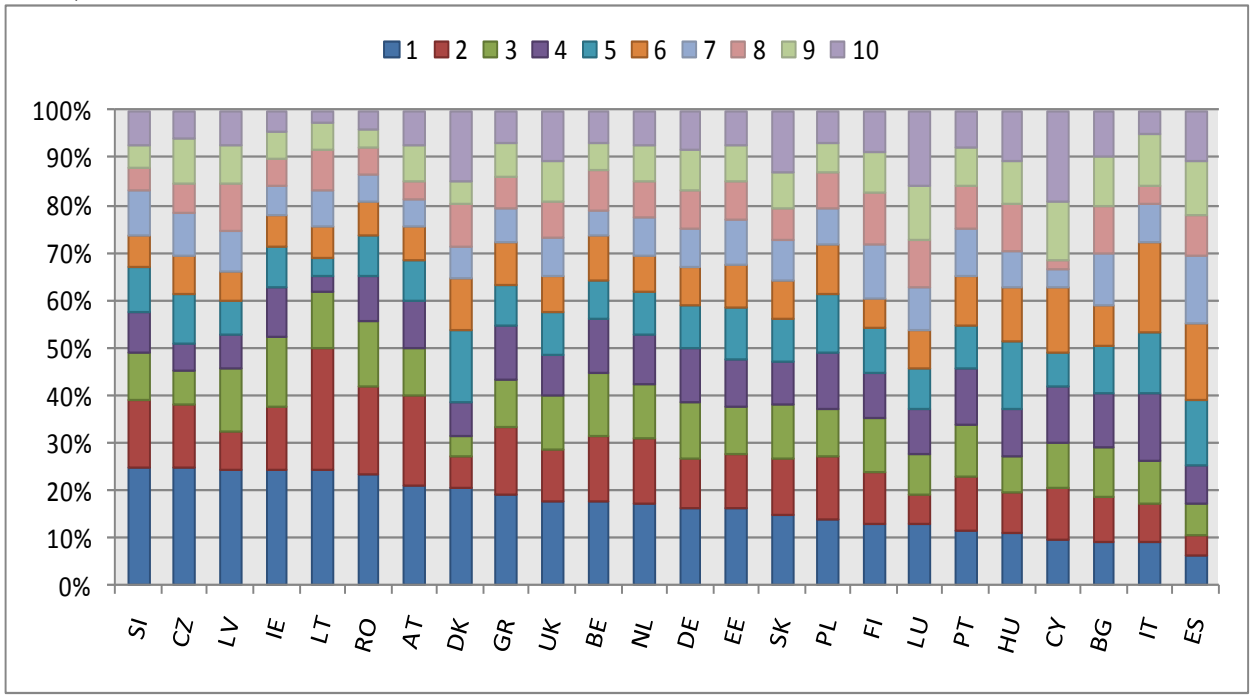
As pointed out in the description of the methodology, we have performed the same analysis to estimate the gross earnings and labour supply function, but to calculate the net gains from employment, we have examined the use of EUROMOD. We assume full take-up of social assistance, which immediately explains why relative poverty is lower. Another assumption is that new jobs are only granted to those individuals who gain at least 20% of their original disposable income to avoid pushing individuals into jobs that do not make work pay. We find similar results as in the regression based model without EUROMOD. Baseline poverty is 10.1 per cent of total population. Simulating the job

growth of the Europe 2020 target causes poverty to decline to 9.0 per cent when using a constant poverty rate and 11.3 per cent when allowing the poverty threshold to vary with the increase of the median income.

6. UNDERSTANDING THE RESULTS

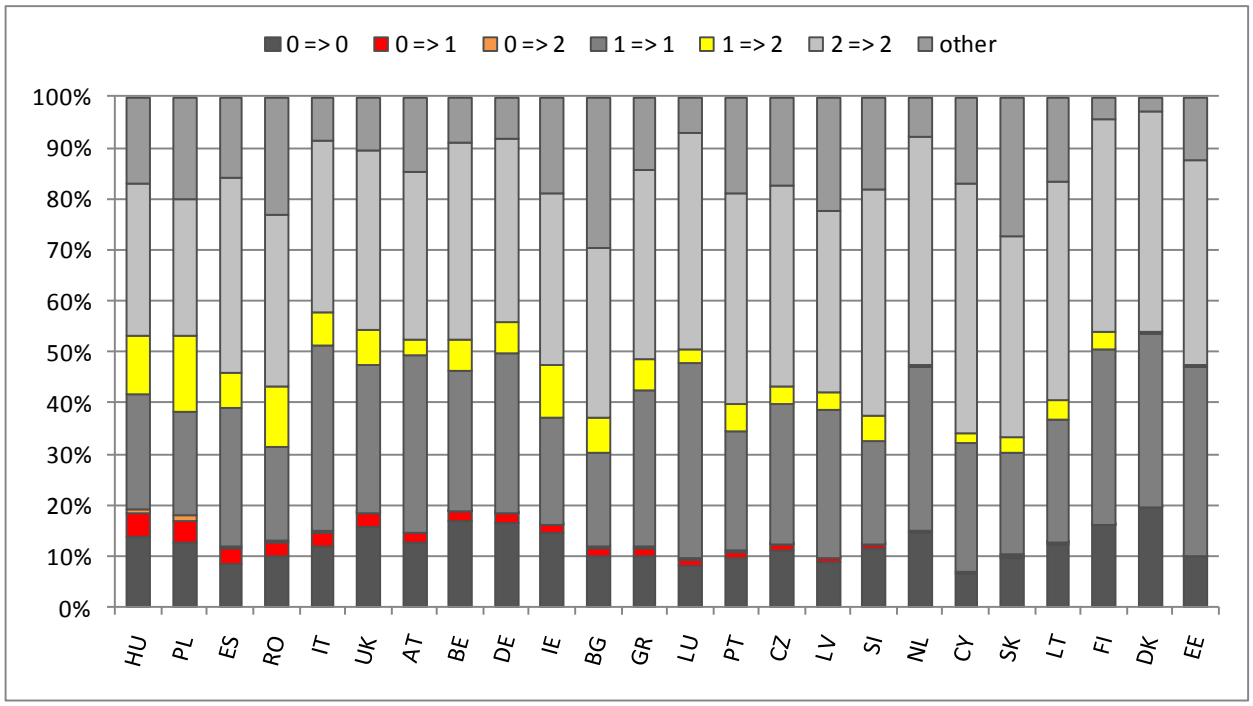
In order to gain a better understanding of the poverty outcomes of our simulated job growth we present the socio-economic characteristics of the 'newly' employed (gender, age, household type, original income position). The large majority of individuals that get a job are aged between 35 and 49 (see Table A.4 in Annex). Also the younger group of 25-34 year old forms a large proportion of the newly employed. Strongly underrepresented are the youngest age groups (notable exceptions here are Poland and Ireland), as well as the older group of 50 to 64. Apparently, our estimations assign a very low employment probability to the elderly, thus reflecting the difficulties this group already experiences in present-day European labour markets. Only in the United Kingdom this older group makes up a significant proportion of the newly employed (23%), but this is still below their share in the active population. Overall, women are overrepresented among the newly employed in about half of the countries, and with strong presence in Finland and the United Kingdom. In the Netherlands, their low entry into the labour market is remarkable. Couples with children are also very prominent among the newly employed (again NL as exception).

Figure 3: Distribution of 'newly' employed over deciles (1 = bottom decile; 10 = top decile), 2008



Source: Own calculations on EU-SILC 2008.

Figure 4: Distribution of 'newly' employed over change in household job configuration (0=jobless household, 1 = one working individual in household; 2 = two working individuals in household)



Source: Own calculations on EU-SILC 2008.

Figure 3 shows the original income position of the 'newly' employed. In the majority of countries the bottom decile is overrepresented among the 'newly' employed. Especially in Slovenia, the Czech Republic, Latvia, Ireland and Lithuania, more than 20% of this group originates from the bottom decile. Surprisingly, these are often countries where poverty increases after our simulated job growth. This points again to the impact of the change in poverty line: in these countries poverty dropped markedly when using the fixed poverty line as a yard stick.

As already pointed out, the European Union sees the reduction of jobless households as an important factor in her anti-poverty strategy. According to our simulation, the share of jobless households that moves to one-earnership is, however, rather limited (see Figure 4; moves from jobless to two earners are even more rare). Most of the changes are moves from one to two earners in the household. Poland and Hungary are the countries in which most changes among originally jobless households take place; these are also the countries with the biggest simulated job growth.

7. CONCLUSION

The idea that employment growth and poverty reduction are inseparable and effectively naturally complementary objectives is central to the EU's social and economic policy strategy (Europe 2020). Yet we now know that in the recent past employment growth has not produced the hoped for drops in poverty. Some of the top performing countries in terms of employment growth have actually seen relative poverty rates for the working aged population rise or remain stagnant.

This paper supports the fact that relative poverty rates are difficult to predict when employment increases. The results may be difficult to interpret, but it is clear that job growth does not eradicate relative poverty. Shift-share analysis results in positive effects of employment growth on poverty, but extending the analysis to the regression-based model shows much more mixed results. It is clear that, even with this straightforward approach, we find large differences between European countries that go beyond the reweighting of poverty rates as in the shift-share analysis.

In about half of the countries analysed, poverty goes up, whereas in the other half it decreases. Interestingly, almost all individuals that get a job in our simulation move out of poverty. However, due to changes in the poverty line (following from increased median income) and compositional factors, overall poverty rates do not necessarily follow suit. The division of jobs between households and what happens to the low earning individuals with respect to the poverty threshold, clearly point to the fact that relative poverty can be quite unpredictable in a context of job growth. Hence, we conclude that employment can play a role when fighting poverty, but it cannot be the sole instrument.

The analysis presented in this paper can be improved in many ways. To come to a better understanding of the underlying interdependencies between relative poverty and job growth, we envisage a methodology using EUROMOD as an indispensable tool for tax-benefit simulation in European countries. As already indicated, with EUROMOD more refined gross-to-net transitions can be calculated, as well as a more detailed calculation of the effects of changes in labour income on the tax-benefit position of the household. As EUROMOD is currently being expanded to more countries and more benefits (specifically more unemployment benefits) prospects are promising.

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Annex

Table A.1: regression results of the Heckman selection model, 2008

	AT		BE		BG		CY		CZ		DE	
cst	9.402***	-3.420***	9.843***	-4.261***	7.007***	-3.494***	5.861***	-3.196***	10.094***	-4.670***	9.562***	-3.613***
GENDER	-0.485***	-0.392*	-0.340***	-0.255*	-0.289***	-0.276*	-0.615***	-0.209*	-0.253***	-0.336*	-0.576***	-0.244*
age	0.023***	0.224*	0.008***	0.258*	0.033***	0.189*	0.142***	0.186*	-0.056***	0.279*	0.024***	0.215*
age_sq	-0.000***	-0.003*	0.000***	-0.003*	-0.000***	-0.002*	-0.002***	-0.002*	0.001***	-0.003*	-0.000***	-0.003*
PARTNER	-0.012***	-0.075*	0.075***	0.175*	-0.027***	-0.016*	0.268***	0.210*	0.116***	-0.106*	0.008***	0.060*
CHILD	-0.056***	-0.229*	0.008***	-0.198*	0.012***	-0.064*	0.060***	-0.136*	0.058***	-0.289*	-0.122***	-0.177*
ln_others_Y	-0.003***	0.007*	-0.005***	0.013*	0.013***	0.030*	-0.001***	0.005*	-0.012***	0.026*	-0.020***	0.015*
EDUC2	0.298***	0.311*	0.121***	0.346*	0.227***	0.643*	0.333***	0.108*	0.152***	0.288*	0.312***	0.175*
EDUC3	0.550***	0.401*	0.312***	0.355*	0.437***	0.826*	0.428***	0.124*	0.323***	0.374*	0.468***	0.279*
EDUC4	0.693***	0.133*	0.390***	0.514*	0.573***	0.907*	0.925***	0.519*	0.592***	0.290*	0.698***	0.291*
CNTRYBIRTH_EU		-0.121*		-0.146*		0.243*		-0.061*		-0.040*		
CNTRYBIRTH_OTH		0.003*		-0.639*		0.199*		0.222*		-0.381*		-0.255*
HANDICAP		-0.376*		-0.564*		-0.685*		-0.403*		-0.690*		-0.438*
lambda		-0.284**		-0.558**		-0.293**		0.674**		-0.728**		-0.616**
	DK		EE		ES		FI		GR		HU	
cst	9.631***	-3.109***	8.732***	-3.012***	9.429***	-2.569***	9.589***	-1.970***	5.733***	-3.511***	7.761***	-4.764***
GENDER	-0.295***	-0.116***	-0.466***	-0.203***	-0.308***	-0.361***	-0.413***	0.027***	-0.473***	-0.315***	-0.170***	-0.245***
age	0.045***	0.175***	0.023***	0.174***	0.007***	0.155***	0.029***	0.119***	0.150***	0.180***	0.029***	0.272***
age_sq	-0.000***	-0.002***	-0.000***	-0.002***	0.000***	-0.002***	-0.000***	-0.002***	-0.002***	-0.002***	-0.000***	-0.003***
PARTNER	0.108***	-0.021***	0.044***	0.061***	0.121***	-0.003***	0.098***	0.094***	0.143***	-0.117***	0.074***	-0.157***
CHILD	0.046***	-0.140***	0.020***	-0.137***	-0.017***	-0.077***	0.074***	-0.258***	-0.015***	0.016***	-0.057***	-0.151***
ln_others_Y	-0.009***	0.021***	-0.007***	0.012***	-0.004***	0.011***	-0.002***	0.014***	-0.004***	0.002***	-0.001***	0.016***
EDUC2	0.122***	0.111***	0.081***	0.339***	0.192***	0.194***	0.064***	0.115***	0.388***	0.303***	0.214***	0.319***
EDUC3	0.052***	0.202***	0.034***	0.601***	0.098***	0.384***	0.070***	0.584***	0.563***	0.598***	0.375***	0.441***
EDUC4	0.273***	0.292***	0.364***	0.686***	0.385***	0.578***	0.302***	0.438***	0.876***	0.684***	0.819***	0.596***
CNTRYBIRTH_EU		-0.124***				0.005***		0.172***		0.141***		0.160***
CNTRYBIRTH_OTH		-0.256***		0.091***		0.045***		-0.129***		0.475***		-0.043***
HANDICAP		-0.305***		-0.702***		-0.470***		-0.275***		-0.452***		-0.677***
lambda		-0.564***		-0.451***		-0.512***		-0.834***		0.505***		-0.306***

Table A.1: (continued)

	IE		IT		LT		LU		LV		NL	
cst	8.947***	-1.515***	9.361***	-3.844***	8.265***	-3.318***	9.614***	-2.902***	8.942***	-2.343***	9.659***	-3.572***
GENDER	-0.557***	-0.019***	-0.281***	-0.311***	-0.359***	-0.156***	-0.409***	-0.502***	-0.348***	-0.216***	-0.496***	-0.357***
age	0.061***	0.085***	0.019***	0.205***	0.019***	0.164***	0.017***	0.228***	-0.012***	0.141***	0.028***	0.245***
age_sq	-0.001***	-0.001***	-0.000***	-0.003***	-0.000***	-0.002***	0.000***	-0.003***	0.000***	-0.002***	-0.000***	-0.003***
PARTNER	0.168***	-0.035***	0.072***	0.041***	0.002***	0.049***	0.047***	0.234***	0.042***	-0.099***	0.169***	-0.066***
CHILD	-0.019***	-0.115***	-0.045***	-0.007***	0.003***	-0.104***	-0.131***	-0.221***	0.022***	-0.024***	-0.029***	-0.288***
ln_others_Y	-0.008***	0.023***	-0.001***	-0.002***	-0.001***	0.034***	-0.004***	-0.025***	0.001***	0.019***	-0.016***	0.018***
EDUC2	0.264***	0.241***	0.234***	0.259***	0.027***	0.468***	0.396***	0.030***	0.145***	0.347***	0.143***	0.104***
EDUC3	0.318***	0.183***	0.274***	0.411***	0.105***	0.610***	0.426***	-0.252***	0.192***	0.611***	0.233***	0.270***
EDUC4	0.658***	0.488***	0.530***	0.143***	0.506***	1.079***	0.867***	0.101***	0.699***	0.756***	0.506***	0.204***
CNTRYBIRTH_EU		0.051***		0.082***		0.175***		0.152***				-0.142***
CNTRYBIRTH_OTH		-0.196***		0.075***		0.042***		-0.256***		0.125***		-0.139***
HANDICAP		-0.707***		-0.161***		-0.716***		-0.391***		-0.469***		-0.435***
lambda		-0.518***		-0.309***		-0.385***		-0.304***		-0.540***		-0.621***
	PL		PT		RO		SI		SK		UK	
cst	7.519***	-3.704***	9.034***	-2.207***	7.494***	-5.704***	6.063***	-5.987***	9.060***	-5.488***	9.319***	-3.406***
GENDER	-0.241***	-0.329***	-0.288***	-0.227***	-0.187***	-0.374***	-0.212***	-0.129***	-0.284***	-0.159***	-0.610***	-0.003***
age	0.056***	0.174***	0.003***	0.148***	0.017***	0.292***	0.134***	0.317***	-0.020***	0.296***	0.061***	0.147***
age_sq	-0.000***	-0.002***	0.000***	-0.002***	-0.000***	-0.004***	-0.002***	-0.004***	0.000***	-0.004***	-0.001***	-0.002***
PARTNER	0.058***	0.179***	0.040***	0.114***	0.064***	-0.056***	0.084***	0.217***	0.004***	0.002***	0.023***	-0.034***
CHILD	0.007***	-0.123***	0.031***	-0.010***	-0.027***	-0.190***	-0.023***	-0.056***	0.010***	-0.172***	-0.095***	-0.283***
ln_others_Y	-0.007***	0.016***	0.002***	0.009***	0.000***	0.038***	0.011***	0.021***	-0.005***	0.032***	-0.007***	0.038***
EDUC2	0.063***	0.842***	0.420***	0.036***	0.182***	0.827***	0.337***	0.204***	0.108***	0.658***	0.067***	1.096***
EDUC3	0.159***	1.153***	0.349***	0.081***	0.427***	1.322***			0.196***	1.043***	0.119***	0.968***
EDUC4	0.514***	1.342***	0.934***	0.247***	0.732***	1.781***	0.949***	0.778***	0.374***	0.964***	0.540***	1.171***
CNTRYBIRTH_EU		-0.189***		-0.053***		4.163***				-0.053***		0.116***
CNTRYBIRTH_OTH		-0.122***		0.028***		-1.235***		0.292***		-1.017***		-0.178***
HANDICAP		-0.586***		-0.410***		-0.756***		-0.141***		-0.388***		-0.602***
lambda		-0.377***		-0.661***		-0.162***		0.301***		-0.486***		-0.310***

Source: Own calculations on EU-SILC 2008. For each country, left hand side results are OLS earnings regression and right hand side probit. *;**; *** is 10;5;1 % sign. level.

Table A.2: Poverty thresholds used in the analysis (60% of median equivalised income), single person.

		Fixed poverty line (based on current disposable income)	Floating poverty line (based on disposable income after simulated increase in employment)	% change
AT	Austria	951	990	4.2%
BE	Belgium	899	968	7.7%
BG	Bulgaria	109	124	13.8%
CY	Cyprus	835	846	1.3%
CZ	Czech Republic	303	312	3.0%
DE	Germany	913	979	7.3%
DK	Denmark	1208	1207	-0.1%
EE	Estonia	277	279	0.7%
ES	Spain	646	699	8.1%
FI	Finland	983	1005	2.2%
GR	Greece	540	569	5.3%
HU	Hungary	220	242	9.9%
IE	Ireland	1147	1261	9.9%
IT	Italy	782	784	0.3%
LT	Lithuania	208	221	5.8%
LU	Luxembourg	1546	1568	1.4%
LV	Latvia	242	253	4.9%
NL	Netherlands	975	981	0.6%
PL	Poland	208	249	19.8%
PT	Portugal	406	451	10.9%
RO	Romania	98	109	11.8%
SI	Slovenia	556	581	4.5%
SK	Slovak Republic	240	251	4.7%
UK	United Kingdom	1093	1142	4.5%

Source: Own calculations on EU-SILC 2008.

Table A.3: Poverty rates before (baseline) and after (2020) simulation of employment increase, overall population and specific groups, poverty line at 60% of median equivalent income (floating), 2008

	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	GR	HU	IE	IT
Poverty rates - baseline														
Overall	12.4%	14.7%	21.3%	16.3%	9.1%	15.3%	11.8%	19.5%	19.6%	13.6%	20.1%	12.4%	15.5%	18.7%
Active age	10.7%	11.9%	16.7%	11.1%	8.0%	15.3%	11.1%	14.6%	16.1%	11.5%	18.4%	11.6%	13.0%	16.0%
Working individuals	6%	5%	8%	7%	4%	7%	5%	8%	10%	5%	15%	6%	6%	9%
Individuals in jobless hh	31%	37%	55%	50%	31%	51%	35%	65%	45%	41%	30%	29%	43%	38%
Individuals in hh with 1 job	12%	11%	25%	20%	10%	12%	9%	17%	22%	11%	23%	14%	15%	20%
Individuals in hh with 2 or + job	4%	3%	6%	3%	2%	3%	2%	4%	6%	1%	13%	2%	3%	4%
Newly' employed individuals	26%	24%	20%	20%	24%	22%	16%	27%	27%	8%	24%	23%	14%	36%
Poverty rates - 2020														
Overall	12.7%	16.1%	24.0%	16.3%	9.0%	16.9%	11.8%	19.6%	19.3%	14.4%	19.5%	11.4%	17.5%	18.1%
Active age	10.6%	12.6%	18.1%	11.0%	7.5%	16.2%	11.1%	14.6%	15.1%	12.1%	17.6%	10.9%	14.2%	15.4%
Working individuals	7%	5%	9%	7%	4%	7%	5%	8%	9%	5%	14%	6%	6%	11%
Individuals in jobless hh	32%	43%	64%	52%	31%	57%	35%	65%	49%	44%	32%	29%	55%	34%
Individuals in hh with 1 job	12%	14%	31%	20%	9%	15%	9%	17%	25%	13%	24%	18%	21%	22%
Individuals in hh with 2 or + job	4%	2%	8%	4%	2%	4%	2%	4%	6%	1%	12%	3%	3%	6%
Newly' employed individuals	0%	0%	0%	2%	0%	0%	16%	0%	1%	0%	2%	1%	0%	28%
% change														
Overall	2%	9%	13%	0%	-1%	11%	0%	1%	-2%	6%	-3%	-8%	13%	-3%
Active age	-1%	6%	8%	-1%	-5%	6%	0%	0%	-6%	5%	-5%	-6%	9%	-4%
Working individuals	4%	7%	13%	-1%	1%	11%	1%	1%	-1%	6%	-7%	6%	-1%	12%
Individuals in jobless hh	5%	16%	17%	4%	0%	11%	0%	1%	9%	6%	7%	0%	28%	-9%
Individuals in hh with 1 job	3%	28%	26%	4%	-2%	26%	3%	1%	11%	16%	3%	24%	43%	6%
Individuals in hh with 2 or + job	9%	-8%	26%	2%	9%	10%	0%	2%	0%	10%	-6%	42%	-2%	53%
Newly' employed individuals	-100%	-100%	-100%	-89%	-100%	-100%	0%	-100%	-97%	-100%	-94%	-96%	-97%	-22%

Source: Own calculations on EU-SILC 2008.

Table A.3: (continued)

	LT	LU	LV	NL	PL	PT	RO	SI	SK	UK
Poverty rates - baseline										
Overall	20.0%	13.4%	25.6%	10.6%	16.9%	18.5%	23.3%	11.6%	10.9%	19.0%
Active age	16.3%	12.8%	19.4%	10.0%	15.9%	15.8%	19.4%	9.9%	9.2%	14.6%
Working individuals	9%	10%	12%	6%	10%	10%	14%	5%	5%	6%
Individuals in jobless hh	50%	28%	71%	29%	29%	40%	35%	35%	31%	44%
Individuals in hh with 1 job	27%	18%	25%	12%	20%	26%	28%	15%	15%	14%
Individuals in hh with 2 or + job	4%	6%	8%	3%	7%	7%	11%	3%	4%	3%
Newly' employed individuals	17%	42%	22%	24%	27%	26%	26%	26%	27%	26%
Poverty rates - 2020										
Overall	21.0%	12.5%	26.2%	10.6%	15.2%	21.1%	22.3%	11.2%	10.6%	18.7%
Active age	16.9%	12.0%	19.8%	10.0%	13.4%	17.4%	17.7%	9.2%	8.8%	13.7%
Working individuals	9%	10%	12%	6%	8%	12%	13%	5%	5%	6%
Individuals in jobless hh	53%	23%	75%	30%	38%	48%	36%	37%	31%	48%
Individuals in hh with 1 job	31%	18%	27%	12%	20%	30%	35%	15%	15%	15%
Individuals in hh with 2 or + job	4%	6%	8%	3%	6%	8%	10%	3%	4%	3%
Newly' employed individuals	0%	3%	0%	0%	1%	0%	5%	0%	0%	1%
% change										
Overall	5%	-7%	3%	0%	-10%	14%	-4%	-4%	-2%	-2%
Active age	3%	-6%	2%	0%	-16%	10%	-9%	-7%	-5%	-6%
Working individuals	5%	-2%	2%	1%	-20%	14%	-9%	-8%	0%	-6%
Individuals in jobless hh	5%	-18%	6%	3%	32%	19%	1%	6%	1%	10%
Individuals in hh with 1 job	14%	-1%	9%	2%	-1%	18%	24%	-3%	1%	4%
Individuals in hh with 2 or + job	10%	7%	4%	-2%	-17%	22%	-6%	-1%	1%	-6%
Newly' employed individuals	-100%	-93%	-100%	-100%	-96%	-100%	-81%	-100%	-100%	-95%

Source: Own calculations on EU-SILC 2008.

Table A.4: Characteristics of the 'newly' employed' following the simulation of an increase in employment to 75%

	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	GR	HU	IE	IT	LT
Gender															
% women	34%	61%	50%	57%	46%	60%	46%	50%	36%	84%	46%	58%	66%	48%	62%
% women new employed/% women act. population	*0.67*	*1.22*	*0.99*	*1.13*	*0.90*	*1.15*	*0.93*	*0.95*	*0.72*	*1.69*	*0.93*	*1.13*	*1.31*	*0.95*	*1.18*
Age															
% 19-24 year old	1%	3%	11%	0%	0%	0%	0%	0%	7%	2%	10%	4%	19%	0%	4%
% 25-34 year old	34%	28%	36%	46%	25%	26%	21%	0%	41%	51%	42%	43%	37%	31%	34%
% 34-49 year old	61%	63%	39%	52%	65%	69%	77%	91%	47%	46%	42%	43%	37%	67%	56%
% 50-64 year old	4%	7%	13%	2%	10%	5%	2%	9%	5%	1%	5%	9%	7%	2%	7%
share new employed/share in active population															
% 19-24 year old	*0.12*	*0.30*	*1.03*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.78*	*0.18*	*1.08*	*0.39*	*1.37*	*0.00*	*0.30*
% 25-34 year old	*1.69*	*1.28*	*1.53*	*1.81*	*0.94*	*1.33*	*1.00*	*0.00*	*1.52*	*2.48*	*1.72*	*1.79*	*1.55*	*1.38*	*1.52*
% 34-49 year old	*1.55*	*1.69*	*1.19*	*1.52*	*2.11*	*1.73*	*2.10*	*2.68*	*1.25*	*1.37*	*1.16*	*1.42*	*1.17*	*1.74*	*1.50*
% 50-64 year old	*0.13*	*0.21*	*0.41*	*0.08*	*0.31*	*0.17*	*0.07*	*0.30*	*0.20*	*0.04*	*0.18*	*0.27*	*0.24*	*0.06*	*0.24*
Household type															
% single	24%	13%	2%	5%	8%	13%	21%	9%	5%	6%	4%	4%	2%	7%	1%
% single with children	2%	3%	1%	1%	0%	2%	0%	0%	0%	1%	1%	3%	3%	2%	2%
% couple	22%	21%	10%	18%	14%	17%	37%	8%	20%	25%	16%	15%	11%	10%	11%
% couple with children	33%	42%	31%	38%	37%	53%	38%	42%	34%	65%	43%	47%	50%	51%	52%
% other	19%	20%	57%	37%	41%	14%	3%	40%	41%	4%	36%	31%	34%	30%	35%
share new employed/share in active population															
% single	*0.73*	*0.41*	*0.09*	*0.34*	*0.35*	*0.36*	*0.49*	*0.29*	*0.32*	*0.16*	*0.23*	*0.17*	*0.12*	*0.26*	*0.05*
% single with children	*0.51*	*0.69*	*0.47*	*0.43*	*0.06*	*0.39*	*0.00*	*0.00*	*0.16*	*0.13*	*0.83*	*0.67*	*0.44*	*0.75*	*0.35*
% couple	*0.81*	*0.71*	*0.39*	*0.70*	*0.47*	*0.53*	*1.30*	*0.32*	*0.69*	*0.74*	*0.55*	*0.55*	*0.41*	*0.39*	*0.46*
% couple with children	*1.56*	*1.83*	*1.56*	*1.05*	*1.43*	*2.76*	*1.84*	*1.80*	*1.18*	*3.03*	*1.60*	*1.87*	*1.73*	*2.07*	*1.81*
% other	*1.28*	*2.08*	*1.61*	*1.90*	*2.36*	*2.04*	*1.50*	*3.25*	*1.64*	*0.89*	*1.45*	*1.57*	*1.95*	*1.61*	*1.78*
Employment characteristics															
% ILO unemployed	28%	25%	25%	29%	32%	34%	32%	41%	38%	15%	31%	31%	26%	25%	30%
% of ILO unemployed that get job	*27%*	*32%*	*31%*	*16%*	*18%*	*26%*	*5%*	*4%*	*35%*	*8%*	*32%*	*54%*	*32%*	*29%*	*16%*

Source: Own calculations on EU-SILC 2008.

Table A.4: (continued)

	LU	LV	NL	PL	PT	RO	SI	SK	UK
Gender									
% women	33%	49%	8%	58%	47%	57%	60%	59%	71%
% women new employed/% women act. population	*0.67*	*0.93*	*0.16*	*1.15*	*0.92*	*1.12*	*1.21*	*1.13*	*1.40*
Age									
% 19-24 year old	0%	3%	0%	17%	3%	10%	0%	0%	2%
% 25-34 year old	37%	24%	22%	32%	40%	34%	26%	33%	24%
% 34-49 year old	63%	62%	77%	38%	57%	38%	67%	62%	51%
% 50-64 year old	0%	10%	1%	13%	0%	18%	6%	5%	23%
share new employed/share in active population									
% 19-24 year old	*0.00*	*0.26*	*0.00*	*1.32*	*0.28*	*0.86*	*0.00*	*0.00*	*0.17*
% 25-34 year old	*1.66*	*1.06*	*1.10*	*1.30*	*1.60*	*1.35*	*1.16*	*1.42*	*1.17*
% 34-49 year old	*1.56*	*1.77*	*2.01*	*1.20*	*1.61*	*1.12*	*1.88*	*1.91*	*1.32*
% 50-64 year old	*0.01*	*0.34*	*0.04*	*0.42*	*0.00*	*0.61*	*0.21*	*0.17*	*0.75*
Household type									
% single	8%	7%	31%	3%	3%	2%	3%	2%	7%
% single with children	3%	1%	0%	2%	1%	2%	1%	0%	4%
% couple	36%	9%	31%	12%	8%	11%	9%	6%	25%
% couple with children	34%	42%	16%	41%	46%	43%	50%	43%	46%
% other	19%	42%	22%	43%	42%	43%	38%	48%	18%
share new employed/share in active population									
% single	*0.30*	*0.27*	*0.93*	*0.13*	*0.15*	*0.11*	*0.15*	*0.08*	*0.26*
% single with children	*1.14*	*0.20*	*0.00*	*0.77*	*0.47*	*0.86*	*0.18*	*0.00*	*0.76*
% couple	*1.31*	*0.39*	*0.97*	*0.53*	*0.27*	*0.44*	*0.39*	*0.30*	*0.77*
% couple with children	*1.09*	*1.83*	*0.64*	*1.58*	*1.63*	*1.60*	*1.71*	*1.70*	*2.10*
% other	*1.60*	*1.68*	*3.29*	*1.60*	*1.74*	*1.56*	*1.51*	*1.72*	*1.37*
Employment characteristics									
% ILO unemployed	43%	30%	25%	17%	40%	12%	32%	48%	16%
% of ILO unemployed that get job	*32%*	*17%*	*11%*	*59%*	*29%*	*59%*	*30%*	*27%*	*34%*

Source: Own calculations on EU-SILC 2008.