LIFE COURSE RISKS OR CUMULATIVE DISADVANTAGE? THE STRUCTURING EFFECT OF SOCIAL STRATIFICATION DETERMINANTS AND LIFE COURSE EVENTS ON POVERTY TRANSITIONS IN EUROPE

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Abstract

The aim of this article is to assess the importance of a life event perspective on poverty in relation to the traditional social stratification approach. In the last decades, poverty was often seen as a life course risk associated with certain life events and less influenced by characteristics of social position. The empirical part of this article explores the importance of the life course perspective as well as the social stratification framework for the understanding of the poverty risk. The question asked is whether risky life events have the same poverty-triggering effect for all social stratification groups or whether processes of cumulative disadvantage prevail at crucial life transitions. The findings, based on random effects event history analyses of the European Community Household Panel Survey, show that structural and biographical explanations of poverty do not present themselves as opposites, but they rather complement each other and their interactions provide interesting insights. The results show that the most vulnerable social groups are more affected by the poverty triggering effect of a life stage like childbirth. Clear disruptions in the life course, like job loss and partnership dissolution, affect someone's poverty entry chance more generally, regardless of the person's social position.

Introduction

From the outset, sociologists have been interested in the main causal factors of social inequality. It is widely understood that contemporary societies are stratified according to determinants such as social class, gender or educational level. These social stratification determinants are also found to be important predictors of someone's income level and poverty risk. Lately though, studies on poverty dynamics have emphasised the importance of life course events as immediate predictors of poverty entry. Transitions in a person's biography like the birth of a child, job loss or divorce temporarily increase the chance of becoming poor. Authors following the individualisation perspective have put a lot of emphasis on these so-called biographical breaks, and they believe that hierarchical social stratification determinants have lost importance in a context of life course uncertainty (Beck, 1992; Leisering & Leibfried, 1999). The aim of this article is to assess the importance of the life event perspective on poverty in relation to the traditional social stratification approach. The first empirical part explores the relative importance of life course events and social stratification determinants as predictors of poverty entry. In the second instance, the question is asked whether risky life events have the same poverty-triggering effect for all social groups or whether processes of cumulative disadvantage are at work during important life transitions. The empirical research is based on random effects event history regression analyses of the European Community Household Panel Survey. The focus is on three life events of which two are seen as life course risks, job loss and partnership dissolution; while childbirth can be seen as an event introducing a life stage. We will test the hypothesis that life course risks entail a substantial poverty risk for all social groups, while childbirth as a life stage event affects the most vulnerable social groups more strongly.

A structural and biographical perspective on poverty

Many scholars have sought explanations for the poverty phenomenon in the social stratification structure of society. The identification of patterns and structures in social inequalities has been a main focus of the sociological discipline. Social stratification can be seen as the backbone of social inequality. It refers to the complex of social institutions that generate inequalities with respect to valued goods of a society, such as income or power (Grusky, 1994). A characteristic feature of social stratification is the persistence of positions in a hierarchy of inequality - either over the life time of individuals or between generations (O. D. Duncan, 1968). The poverty phenomenon is often explained in terms of the social stratification structure. Research has shown that economic adversity and poverty is unequally spread over different social classes, gender groups, educational levels, ethnicity groups… (Covello & Bollen, 1979; George & Howard, 1991; Harmon, Walker, & Westergaard-Nielsen, 2001; McLanahan & Kelly, 1999; Savage, 2000; Townsend, 1979).

The life course perspective perceives the experience of a poverty spell as a passage in a person's life trajectory. Already in 1902, Seebohm Rowntree reported of a life cycle of needs and resources for working class people in the English town York (1902). Rowntree observed five alternating life stages of economic hardship and relative wealth during a labourer's life. The labourer experienced periods of economic risk in childhood, in early middle life with child rearing responsibilities, and in old age. Since Rowntree's study, the life course perspective on poverty has been reshaped as a result of processes of social change, such as the onset of the post-industrial era with its trend towards globalisation and individualisation. As a result, individuals have been confronted with new risks during their lives. Employment careers have become less stable, as we have seen an upsurge of flexible employment

contracts, job mobility and unemployment experiences during the life course (Blossfeld, Mills, & Bernardi, 2006). Also family life has become less stable and entails new social risks, with less marital stability and more fluidity and variation in how people approach intimate relationships (Lewis & Sarre, 2006). Several scholars have framed the term 'new social risks', pointing towards contemporary risk factors in people's lives (Bonoli, 2007; Taylor-Gooby & Zinn, 2006). A major result of the described social transformation is that the life cycle is not standardised and predictable anymore and the term life cycle is replaced by life course, denoting an elaboration of the number of possible pathways somebody takes during the lifetime (Dewilde, 2003). Individuals are expected to take the responsibility of shaping their own life courses on an often insecure path (Beck, 1992). Hence, life course risks like a change of job, divorce or unemployment can create major breaks in one's biography, making individuals vulnerable to poverty. With the availability of mature socio-economic panel data, the empirical interest in life course events associated with poverty entry has grown. Research findings have shown that the risk of poverty entry is temporary for many people and influenced by employment situation changes - like becoming unemployed or retiring - and household composition changes - like for instance divorce or the birth of a child (Apospori & Millar, 2003; Bane & Ellwood, 1986; Burkhauser & Duncan, 1989; DiPrete & McManus, 2000; Finnie & Sweetman, 2003; Jenkins, 1999; Jenkins & Cappellari, 2004; OECD, 2001). In their work on social assistance claimers, Leisering and Leibfried (1999) use the term 'biographisation' of poverty.

Several authors observe a tension between the structural and biographical approach to poverty. The social stratification perspective entails a connotation of persistent and hierarchical structures of inequality, while the biographical perspective emphasizes the transient nature of phases of economic risk. Some authors make the argument that hierarchical

stratification structures like social classes have lost their relevance, while new inequalities have appeared on the basis of life trajectories and life style. Beck suggests that 'old' vertical inequalities are supplemented by 'new' horizontal inequalities, beyond classes and strata (Beck, 1986: 121). Following this logic, several authors make the claim that social inequality should rather be studied in a biographical respect (Kohli, 1990; Leisering & Leibfried, 1999). Mayer (1991) argues that proponents of the individualisation debate have replaced 'inequality' by 'life course' as the chief structuring principle of society. Layte and Whelan explicitly addressed the question with respect to the importance of both frames of reference for poverty durations (Layte & Whelan, 2002). They found that variables such as social class, employment status and educational level have an important effect on poverty duration, also after controlling for marital status and household type.

Other work has attempted to unite structural and biographical accounts of social inequality. In this context, there is a research stream focusing on the question whether structural inequalities persist, diminish or worsen over a cohort's lifetime (Dannefer, 2003; O'Rand, 1996). This question refers to the process of cumulative advantage and disadvantage, first expressed by Price (1965) and later famously coined as the 'Matthew effect' by Merton (1968). In a life course perspective, the cumulative disadvantage framework looks at how initial inequalities grow stronger over the lifetime of a cohort. Mayer and Blossfeld (1990) show that occupational status inequalities in Germany increase rather than diminish over time. Maume (2004) found that in the USA, wage inequalities according to race and gender widen over time. Also Miech, Eaton and Liang (2003) have investigated occupational stratification over the life course. They found that in the USA, occupational status inequalities between race and gender groups mainly persist over time, except for African Americans for whom they grow larger over the life course. Overall, this research stream shows that structural causes of

inequality must be seen as integrated with the life course, rather than opposed to it. Specifically with respect to poverty entry, Walker claims that it is necessary to investigate the processes leading to poverty, thereby focusing both on life course events as well as structural factors (Leisering & Walker, 1998; Walker, 1994, 1998). His argument is based on the finding that poverty-inducing events are widespread but they rather rarely result in poverty. Therefore, it is essential to focus on the structural context in which poverty-triggering life events occur, and also on the factors and circumstances mediating the process by which a risky life event becomes a poverty trigger. American research in this context has demonstrated that the events leading to poverty are not the same among different social groups (G. J. Duncan, 1988). For young people, poverty entry is often associated with leaving home whereas older people are relatively more affected by a loss of assets. Duncan also found that women and children are very susceptible to the negative income effects of divorce. Reaching the same conclusion, DiPrete and McManus (2000) found that the negative income effects of partnership dissolution are larger for women than for men in the USA and Germany. Also European researchers have focused on the differential economic consequences of divorce for men and women (Andress, Borgloh, Bröckel, Giesselmann, & Hummelsheim, 2006; Sorensen, 1994; Uunk, 2004).

Research questions

The aim of this article is to investigate the life event approach to poverty in relation to the social stratification perspective. It will examine whether one paradigm of poverty explanations can be seen as dominant and to what extent both poverty causes complement, fortify or weaken each other's effect. The research builds further on previous studies on

cumulative disadvantage over the life course by investigating the processes of cumulative disadvantage at crucial transitions in people's lives. Previous research has extensively looked at gender differences in the poverty outcome after divorce. This article proposes a more general framework for the interactions between life course events and social stratification determinants. Recent research has shown that interacting life events with social position promises an interesting way of analysing mobility into poverty (Lorentzen, Dahl, & Harsløf, 2009; Vandecasteele, 2005, 2007; Whelan & Maitre, 2008).

Firstly, the article will *explore the importance and effect of social stratification determinants versus life events in the explanation of poverty entry in Western Europe*. Previous research has shown that both social stratification determinants and life course events are important predictors of poverty entry. A better understanding of the relative importance of the two frames of reference will be obtained by comparing fit statistics of regression models in which poverty entry is explained by either life events, or social stratification determinants, or a combination of the two.

The second part of the article examines *whether risky life events have the same poverty-triggering effect for all social groups*. In the existing literature, little attention has been focused on the role of social stratification determinants as mediators in the relationship between life course events and the poverty entry risk. Yet, it can be expected that the probability of a life event triggering poverty also depends on a range of structural factors related to e.g. the welfare state and the social stratification structure (Walker, 1994, 1998). Research evidence on processes of cumulative disadvantage has suggested that inequalities become larger over the life course. The life events under study in this article can be seen as crucial transitions in the life course, and this paper will test the hypothesis that the poverty

triggering effect of life course events is stronger for the most vulnerable social groups. In this way we can assess whether the transition through specific life events can be seen as an accelerator in the process of cumulative disadvantage. This article focuses on poverty entry transitions and investigates the effect of three social stratification determinants – gender, educational level and social class – and three life events – childbirth, job loss and partnership dissolution. Childbirth as an event is related to a *life stage* in which people are confronted with higher economic pressures on family life. Overall, we would expect that the extent to which people can cope with the economic risk associated with childrearing will partly depend on the resources someone has available on the basis of their social position. On the other hand, job loss, and partnership dissolution can be seen as *life course risks,* as they constitute clear disruptions in the standard biography. On the whole, life course risks such as job loss and partnership dissolution are less predictable events. As such, the poverty triggering effect of these events can be expected to rely on more individualised coping strategies. Hence, the following hypothesis can be formulated: the effect of social stratification determinants on the poverty entry risk is expected to be stronger during a life stage like childbirth, while the poverty triggering effects of life course risks is assumed to affect the different social strata to a more similar extent.

Data and Method

The dataset used for this article is the European Community Household Panel Survey (ECHP), which ran yearly between 1994 and 2001. Thirteen countries are included in the study: Denmark, the Netherlands, Belgium, France, Germany, Ireland, Italy, Greece, Spain, Portugal, the United Kingdom, Austria and Finland. For Germany and the United Kingdom, respectively the GSOEP-dataset and the BHPS-data were used in the format in which they are integrated into the European Community Household Panel. The data for 13 countries were pooled for the analysis and the analysis controls for country differences in poverty entry[1].

The poverty threshold is set at 60% of the median equivalised household income in a given year and country[2]. The social stratification determinants used in this analysis are gender, educational level and social class. Educational level has three categories: high educational level (ISCED 5-7), average educational level (ISCED 3) and low educational level (ISCED 0-2). The social class variable is based on a reduced version of the Goldthorpe scale[3], with the following classification (Goldthorpe categorization between brackets): higher professional-managerial (I), lower professional-managerial (II), routine non-manual occupation (III), skilled manual (V & VI), unskilled manual (VII), self-employed (I and IV). Additionally, a category was included for the long-term unemployed-inactive, defined as being in inactivity or unemployed for more than 12 months (ILO-definition of long-term unemployment).

The life event partnership dissolution measures whether an individual experienced a marital dissolution or break-up of a cohabitation union between the last and the current interview – in respectively year T-1 and year T. Partnership dissolution is an individual-level variable as this event is expected to affect the poverty status of the individuals in their new households – i.e.

the poverty status of the split partners separately. Job loss and childbirth, on the other hand, are life events affecting the poverty status of all individuals in a household, and therefore they are household-level variables, measured for the household (in the case of childbirth), or with all members of the household (for job loss). In the case of job loss, it indicates whether someone in the household lost their job between previous year's and this year's survey interview date. This means that the life events took place either after the last year's interview date in year T-1 or before the interview date in year T. Since most interviews took place rather late in the calendar year[4], it is expected that the majority of life events happened in year T. In any case, we can assume that the effect of the life event will be stronger on poverty entry in year T than it would be on poverty entry measured in year T-1.

In the analysis, life events will be interacted with social stratification determinants as time-varying covariates. Partnership dissolution will be interacted with social stratification determinants of the individual in year T. This makes sense, since we want to assess the impact of partnership dissolution on the poverty status of the new household of the separated individuals. For the life events measured at the household level, childbirth and job loss, the social stratification determinants are measured at the household level in year T-1. In this article, the dominance principle (Erikson & Goldthorpe, 1993) is followed, and the social position of a household is based on the occupational and educational position of the main breadwinner of the household[5], regardless of the gender of the main breadwinner. In the social stratification literature, there has grown a consensus that the appropriate unit for the measurement of social position is the household (Breen & Rottman, 1995; Erikson & Goldthorpe, 1993). The reason is that when people live together in a household, they share material conditions, basic orientations and future life chances. Additionally, in the context of our research set-up this practice becomes even more preferable since income poverty is also

measured at the household level. For what concerns the gendered dimension of poverty, previous research has found that especially single women and single female parents are more prone to poverty (Christopher, England, McLanahan, Ross, & Smeeding, 2001; McLanahan & Kelly, 1999). Hence, the gender status of the household includes information about the partnership status.

The research technique chosen in these analyses is the random effects discrete-time hazard model. It has two main advantages: (1) it corrects for bias resulting from unobserved heterogeneity, (2) it incorporates multiple poverty entries per person as it takes account of the clustering of repeated events per individual. The assumption is that the random intercepts are normally distributed and independent from the X covariates. Logit models are presented for the effect of life events and social stratification determinants on the outcome variable poverty entry in year T[6].

The model can be written in the following equation form (Allison, 2004; Steele, Kallis, & Goldstein, 2005):

$$\text{Log}\left(\frac{p_{iT}}{1-p_{iT}}\right) = \alpha \ + \ \beta x_{iT} + \ \mu_i$$

The hazard of poverty entry is estimated, and the regression equation consists of a general intercept α, a number of time-dependent covariates x_{iT} with coefficient β, and an individual-specific part μ_i, representing unobserved person-specific poverty risk factors that are not included as coefficients in the equation. The risk set for the analysis consists of the persons who were not poor in year T-1. The duration of the non-poverty spell is included through a time-varying categorical explanatory variable x_{iT}. For most of the sample members it is impossible to know the length of the non-poverty spell due to left censoring. Therefore a

separate category is included for censored cases (Iceland, 1997). The analyses show a clear duration effect on poverty entry, the longer people are out of poverty the less likely they are to enter poverty again, and also the left-censored cases have a smaller chance of poverty entry.

The analysis is performed on repeated observations from the initial sample members between 16 and 65 years, excluding students. The individual was chosen as the unit of analysis, because it is the only stable entity over time (See also: Gittleman & Joyce, 1998). Household heads can change from year to year, and the household is not a suitable unit of analysis because its size and composition changes over time when children are born, when people die or move between households.

Results

The relative importance of life course events and social stratification determinants as predictors of poverty entry

In the first instance, the effects of life course events and social stratification determinants on poverty entry are studied. According to the individualisation literature, poverty is associated with specific events and periods in the life course, and less bound to traditional social stratification boundaries. In what follows, the relative importance of both life course events and social stratification determinants on the poverty entry risk is studied by comparing several regression models with predictors of social stratification determinants, life events, or a combination of these.

The first part of Table 1 presents fit statistics of the main effects models tested. Log Likelihood and Likelihood Ratio Test statistics are presented (Agresti, 2002). The latter is based on the ratio of the maximized Likelihood in a model with extra parameters compared to the maximized Likelihood of a simpler model. The p-values associated with the test statistic show whether adding the extra parameters entails a significant improvement of the model fit. Additionally, the Akaike information criterion (AIC) (Akaike, 1974) and the Schwarz Bayesian information criterion (BIC) (Schwarz, 1978) are given. These statistics are based on a trade-off between model complexity and model precision, and both include a penalty for an increased number of parameters. The fit statistics show the degree of improvement to the model fit when life events (in model 2) or social stratification determinants (in models 3 and 4) are added to the initial model (model 1)[7]. Generally, adding social stratification determinants and life events to the model increases the model fit, which is apparent from larger values of the Log Likelihood and smaller values of the AIC and BIC statistics. The increase in the Log Likelihood when adding the social stratification determinants to the model is larger than when the three life events are added to the model. We thus find that the risk of poverty entry is clearly influenced by the experience of risky events during the life course, but there is no indication that these life events are more important predictors of poverty entry than the social stratification determinants. Both social stratification determinants and life course events are important as predictors of poverty entry. This can also be seen from the fit statistics of models 5 and 6, which show that adding the life events to a model with only social stratification determinants as predictors significantly improves the model fit.

Table 1 – Fit statistics of the tested models

	Df	Log Likelihood	Likelihood Ratio Test (vs unrestricted model)	AIC	BIC
Main effects models					
1. Model without social stratification determinants or life events	27	-69763.1		139580.1	139870.4
2. Model 1 with three life events	30	-68971.7	1582.8 ***	138003.4	138325.9
3. Model 1 with social stratification determinants individual	36	-67211.5	5103.1 ***	134495.0	134882.1
4. Model 1 with social stratification determinants hh head	40	-66942.6	5641 ***	133965.1	134395.2
5. Model 3 with three life events	39	-66495.5	6535.2 ***	133069.0	133488.3
6. Model 4 with job loss and childbirth	42	-66204.0	7118.2 ***	132492.0	132943.6
Interaction effects models					
Interactions job loss & childbirth 7. Main model	42	-68576.5		137236.9	137689.9
8. Model 7 + interactions gender household head	50	-68524.9	103.17 ***	137149.8	137689.0
9. Model 7 + interactions education level household head	46	-68565.2	22.53 ***	137222.4	137718.5
10. Model 7 + interactions social class household head	54	-68490.1	172.79 ***	137088.1	137670.6
Interactions partnership dissolution 11. Main model	37	-70728.7		141531.3	141930.8
12. Model 11 + interactions gender individual	38	-70697.2	62.99 ***	141470.30	141880.60
13. Model 11 + interactions education level individual	39	-70722.8	11.78 **	141523.50	141944.60
14. Model 11 + interactions social class individual	43	-70696.9	63.48 ***	141479.80	141944.10
15. Model 11 + interactions gender, education & social class ind	46	-70677.3	102.80 ***	141446.5	141943.2

* p ≤ 0,05   ** p ≤ 0,01   *** p ≤ 0,001

Notes:

(1) The Likelihood Ratio Test gives the test statistic of the given model compared with the model it is nested in.

(2) In order to work with comparable samples for the Likelihood Ratio Test, models 1 till 6 are based on observations without item non-response on the life events and social stratification determinants.

Table 2 shows the estimates of the log odds coefficients of the main effects models, showing the effect of social stratification determinants and life events on poverty entry. Model 5 shows the three life events and the individual level social stratification determinants, while Models 7 and 11 show the main effects models to which the interaction effects are added at a later stage[8]. The coefficients of these three models are largely similar. For what concerns the life events under study, job loss is most likely to lead to poverty entry, followed by partnership dissolution and childbirth. In line with previous research (Christopher et al., 2001; McLanahan & Kelly, 1999), we find that single women and female headed single parent households are more likely to enter poverty than couple households. Yet, we also find that single males face a relatively high risk of poverty entry. Furthermore, an individual's gender as such is not a significant determinant of one's poverty entry chances. It is rather household

type than gender alone which is a predictor of poverty entry. The effect of educational level is clear and one-dimensional. People with mid-level education have a significantly higher risk of becoming poor compared with the reference category of highly educated. This effect is even stronger for people with a low educational level. The educational level of the household head has a very similar effect on the poverty entry risk. The social class stratification of poverty entry is characterised by the presence of three broad groups: (1) a particularly vulnerable group of self-employed and long-term unemployed-inactive, (2) a middle group of people within the manual and routine non-manual classes, and (3) the professional-managerial classes, which are at low risk of poverty entry[9]. The self-employed are an interesting case, they are at higher risk of poverty because they face larger uncertainty and more income fluctuations than other social classes (Trinczek, 2007). Furthermore, the poverty entry risk for the routine non-manual and manual classes is similar. This finding can be seen as a sign of a widening of the risk of poverty entry over a broad middle group of manual and non-manual occupational groups. It also indicates that the manual/non-manual divide is not very meaningful with respect to poverty entry. It is more opportune to state that, within the non-manual classes, there is a distinction between on the one hand the professional-managerial classes for whom the poverty entry risk is clearly low, and on the other hand the routine non-manual class which shows a relatively higher vulnerability to poverty. Also Goldthorpe (2007) makes a distinction between the professional-managerial classes on the one hand and the routine non-manual and manual classes on the other hand.

Table 2 - Logit results for the effect of social stratification determinants and life events on poverty entry (Random effects models)

		Model 5	Model 7	Model 11
Constant		-1.997 ***	-2.239 ***	-1.941 ***
SOCIAL STRATIFICATION VARIABLES				
Gender	Female	0.009		-0.011
Education level T	Average	0.440 ***		0.432 ***
(Ref: High)	Low	0.931 ***		0.944 ***
Social class T	Lower professional-managerial	0.117 *		0.125 *
(Ref: Higher prof-managerial)	Routine non-manual	0.639 ***		0.672 ***
	Skilled manual	0.822 ***		0.842 ***
	Unskilled manual	0.674 ***		0.724 ***
	Self-employed	1.547 ***		1.553 ***
	Long-term unemployed-inactive	1.205 ***		1.287 ***
Gender & houshold type T	Female single parent hh		0.541 ***	
(Ref: Male + female couple)	Male single parent hh		-0.088	
	Single female		0.602 ***	
	Single male		0.431 ***	
	Other		-0.025	
Education level hh head (T-1)	Average		0.435 ***	
(Ref: High)	Low		0.914 ***	
Social class hh head (T-1)	Lower professional-managerial		0.043	
(Ref: Higher prof-managerial)	Routine non-manual		0.598 ***	
	Skilled manual		0.769 ***	
	Unskilled manual		0.701 ***	
	Self-employed		1.414 ***	
	Long-term unemployed-inactive		0.920 ***	
LIFE EVENTS				
Childbirth in the household		0.426 ***	0.548 ***	
Jobloss in the household		1.028 ***	1.072 ***	
Partnership dissolution		0.877 ***		0.916 ***
CONTROL VARIABLES				
Country	United Kingdom (Ref.)			
	Denmark	-0.113	-0.173 **	-0.108
	the Netherlands	-0.281 ***	-0.156 ***	-0.275 ***
	Belgium	0.117 *	0.108 *	0.121 *
	France	-0.026	0.012	-0.002
	Ireland	-0.027	-0.117 *	-0.023
	Italy	0.226 ***	0.293 ***	0.222 ***
	Greece	0.346 ***	0.338 ***	0.333 ***
	Spain	0.255 ***	0.309 ***	0.303 ***
	Portugal	0.070	0.068	0.037
	Austria	-0.020	0.079	0.004
	Finland	-0.288 ***	-0.324 ***	-0.171 **
	Germany	-0.100 *	-0.059	-0.050
Age		-0.040 ***	-0.043 ***	-0.043 ***
Age²		0.000 ***	0.001 ***	0.000 ***
Number of economically active	1	-0.219 ***	-0.149 ***	-0.169 ***
persons in hh (Ref=0)	2	-0.723 ***	-0.676 ***	-0.614 ***
	3 or more	-0.827 ***	-0.763 ***	-0.661 ***
Number of children in the	1	0.386 ***	0.512 ***	0.388 ***
household (Ref=0)	2	0.569 ***	0.750 ***	0.537 ***
	3 or more	0.993 ***	1.192 ***	0.954 ***
Duration of non-poverty spell	2	-0.493 ***	-0.480 ***	-0.507 ***
in years (T-1) - (Ref=1)	3	-0.866 ***	-0.828 ***	-0.856 ***
	4	-1.019 ***	-0.970 ***	-1.016 ***
	5	-1.089 ***	-1.090 ***	-1.065 ***
	unknown	-1.622 ***	-1.526 ***	-1.615 ***
VARIANCE COMPOSITION				
Individual level variance		0.130	0.133	0.158
Intra class correlation		0.038	0.039	0.046
N individuals		85102	86722	86886
N time points		345124	357068	361158
Log likelihood		-66495.5	-68576.5	-70728.7

* p ≤ 0,05   ** p ≤ 0,01   *** p ≤ 0,001

Do risky life events have the same poverty-triggering effect for all social groups?

In this section, the focus is on social stratification determinants as mediators of the effects of life events on poverty entry. Table 2 shows that life course events such as childbirth, partnership dissolution or job loss are predictors of poverty entry. Here, the issue is addressed whether the poverty entry risk associated with experiencing these events is the same for all social groups. According to the individualisation perspective, the poverty risk has become more widespread in society as it is more related to stages and events in the life course and less bound to traditional hierarchical social stratification determinants. This of course is only the case if the triggering life events do not fortify already existing inequalities by affecting the most vulnerable social strata more strongly. In this article, the mediating effects of social class, gender and educational level are investigated by using interaction terms in the random effects event history model for poverty entry. We look for signs of cumulative disadvantage, where life course events have a stronger poverty triggering impact for those social groups that are already at a higher poverty risk. This would be visible in positive interaction terms for those social stratification groups that are already at a stronger poverty risk – i.e. people with lower educational level, single mothers, the self-employed and unemployed etc. We formulated the hypothesis that the cumulative effects are expected to be stronger during a life stage like childbirth, compared to life course risks like job loss and partnership dissolution.

In Table 1 fit statistics are given for the different tested models. Models 8, 9 and 10 show the interaction effects between childbirth and job loss on the one hand and gender, educational level and social class of the household head on the other hand. In Models 12 till 15, the interactions between partnership dissolution and gender, educational level and social class of

the individual are presented. Table 1 shows that including interaction terms improves the model fit in all cases. The poverty-triggering effects of risky life events thus differ between social classes and according to educational level and gender of the household head. For job loss and childbirth the model fit shows the largest improvement when the interaction term with social class is introduced, followed by the interaction with gender and educational level. For partnership dissolution, the interaction terms with gender seems to improve the model fit most for the AIC and BIC fit statistics, whereas social class and gender have similar Log Likelihoods. This finding supports previous research showing that poverty entry after partnership dissolution has a strong gender component.

Table 3 presents the coefficients of the interaction terms. Note that for reasons of model efficiency[10], the interaction terms with the household level variables are added to the main model in blocks per stratification variable. In what follows, the effect of the interaction terms will be discussed and clarified by Figures 1, 2 and 3, which show the predicted probabilities of poverty entry[11] before and after the occurrence of life course events according to gender, educational level and social class.

Table 3 - European random effects models for poverty entry

		Model 7	Model 8	Model 9	Model 10	Model 15
Constant		-2.239 ***	-2.228 ***	-2.249 ***	-2.302 ***	-1.930 ***
SOCIAL STRATIFICATION VARIABLES						
Gender	Female					-0.022
Education level (+)	Average	0.435 ***	0.435 ***	0.451 ***	0.431 ***	0.442 ***
(Ref: High)	Low	0.914 ***	0.914 ***	0.926 ***	0.911 ***	0.956 ***
Social class (+)	Lower professional-managerial	0.043	0.043	0.039	0.031	0.098
(Ref: Higher prof-managerial)	Routine non-manual	0.598 ***	0.594 ***	0.593 ***	0.596 ***	0.660 ***
	Skilled manual	0.769 ***	0.769 ***	0.765 ***	0.767 ***	0.833 ***
	Unskilled manual	0.701 ***	0.700 ***	0.697 ***	0.693 ***	0.719 ***
	Self-employed	1.414 ***	1.413 ***	1.409 ***	1.465 ***	1.537 ***
	Long-term unemployed-inactive	0.920 ***	0.924 ***	0.917 ***	0.986 ***	1.269 ***
Gender & houshold type T	Female headed single parent hh	0.541 ***	0.525 ***	0.540 ***	0.539 ***	
(Ref: Male + female couple)	Male headed single parent hh	-0.088	-0.092	-0.089	-0.087	
	Single female	0.602 ***	0.566 ***	0.601 ***	0.605 ***	
	Single male	0.431 ***	0.374 ***	0.430 ***	0.429 ***	
	Other	-0.025	0.011	-0.028	-0.026	
LIFE EVENTS						
Childbirth in the household		0.548 ***	0.532 ***	0.264 *	0.069	
Jobloss in the household		1.072 ***	1.071 ***	1.399 ***	1.579 ***	
Partnership dissolution						0.172
INTERACTIONS CHILDBIRTH						
* Gender & houshold type T	Female headed single parent hh		0.824 ***			
(Ref: Male + female couple)	Other		0.026			
* Education level hh head T-1	Average			0.248		
(Ref: High)	Low			0.363 **		
* Social class hh head T-1	Lower professional-managerial				0.577 **	
(Ref: Higher prof-managerial)	Routine non-manual				0.638 ***	
	Skilled manual				0.358	
	Unskilled manual				0.787 ***	
	Self-employed				0.186	
	Long-term unemployed-inactive				0.900 ***	
INTERACTIONS JOBLOSS						
* Gender & houshold type T	Female headed single parent hh		0.062			
(Ref: Male + female couple)	Male headed single parent hh		0.032			
	Single female		1.050 ***			
	Single male		1.087 ***			
	Other		-0.380 ***			
* Education level hh head T-1	Average			-0.349 ***		
(Ref: High)	Low			-0.358 ***		
* Social class hh head T-1	Lower professional-managerial				-0.251	
(Ref: Higher prof-managerial)	Routine non-manual				-0.397 **	
	Skilled manual				-0.314 *	
	Unskilled manual				-0.441 ***	
	Self-employed				-0.877 ***	
	Long-term unemployed-inactive				-1.082 ***	
INTERACTIONS PARTNERSHIP DISSOLUTION						
* Gender T	Female					0.871 ***
* Education level T	Average					-0.358
(Ref: High)	Low					-0.577 **
* Social class T	Lower professional-managerial					0.980 *
(Ref: Higher prof-managerial)	Routine non-manual					0.459
	Skilled manual					0.184
	Unskilled manual					-0.077
	Self-employed					0.674
	Long-term unemployed-inactive					1.076 **
VARIANCE COMPOSITION						
Individual level variance		0.133	0.131	0.132	0.131	0.154
Intra class correlation		0.039	0.038	0.039	0.038	0.045
Log likelihood		-68576.5	-68524.9	-68565.2	-68490.1	-70677.3

* $p \leq 0,05$ ** $p \leq 0,01$ *** $p \leq 0,001$

(+) measured with the household head (T-1) in the case of Models 7 till 10, and with the individual (T) for Model 15

The models also control for age, age², number of economically active household members, number of children under 16 in household and country

We first look at the poverty triggering effect of childbirth, and the question pertains whether female headed single parent households, people with lower educational levels or from more vulnerable social classes experience a larger risk of poverty entry in the life phase of childbirth. The coefficients of the interaction terms in Table 3 show that the gender, educational level and social class inequalities in the risk of becoming poor are generally stronger after childbirth. The predicted probabilities in Figure 1 illustrate that this is due to the fact that childbirth is only a poverty trigger for the more vulnerable social groups. While childbirth barely entails a poverty entry risk for couple households, the high educated and the professional-managerial classes; the poverty entry probability increases substantially after childbirth for most other gender, educational and social class groups. The largest increase in the poverty entry probability after childbirth occurs for female single parents, whose poverty entry chance becomes five times larger after childbirth, amounting to 28.7%. This group is followed by the households headed by a long-term unemployed/inactive household head, who become three times more likely to enter poverty after childbirth, with an increase in the predicted poverty entry probability from 7.05% to 20.61%.

Figure 1 - Bar charts with predicted probabilities of poverty entry before and after childbirth, by gender, educational level and social class of the household head
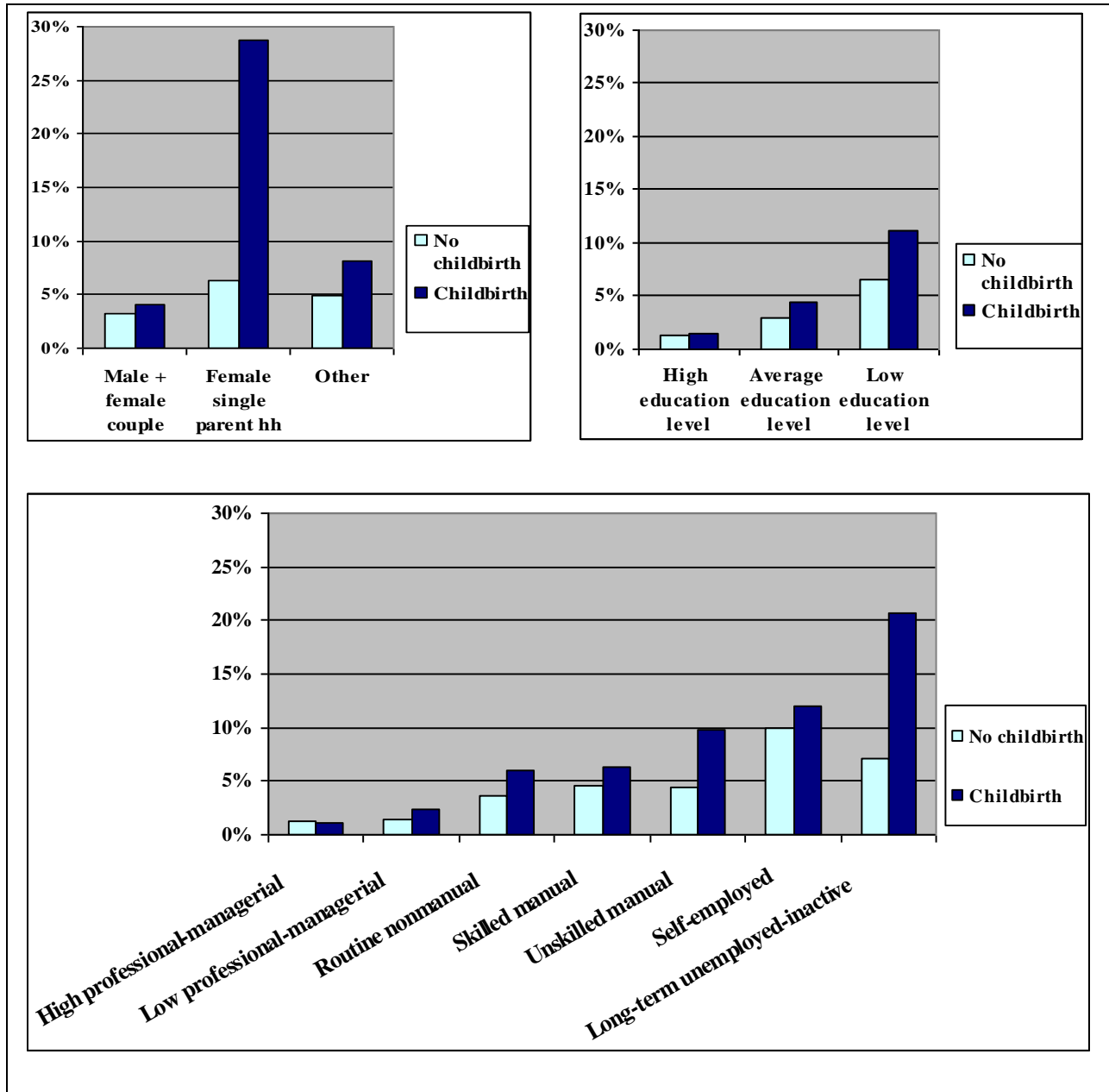

Next, we turn our attention to job loss and we assess how job loss affects the risk of poverty entry for different social groups. Previous research has shown that social inequality clearly matters when it comes to job loss. McGinnity and Hillmert (2004) find clear social class inequalities in

the risks of losing one's job in both Germany and the United Kingdom. The question asked in our analysis is whether the economic risk attached to job loss is equally disruptive for all social groups. We look at whether the poverty entry risk after job loss is significantly larger for particular social groups, or whether job loss entails a substantial poverty risk for everyone regardless of social position. When turning our attention to the interaction terms in Table 3 we see that there is no evidence to suggest that gender, educational and social class inequalities in the poverty entry risk become stronger through the experience of job loss. Figure 2 also shows that, unlike with childbirth, job loss increases the poverty entry probability for all social classes, educational and gender groups.

With respect to the effect of gender of the household head, Model 8 indicates that the poverty triggering effect of job loss is stronger for single households (both male and female), compared to couple households, and this is reflected in the predicted probabilities of poverty entry in Figure 2. Further we see that the poverty entry probability after job loss is larger for single mothers than for single fathers, but this is not due to significant interaction terms in Table 3. . For female single parent households, the poverty entry risk is three times larger after job loss (an increase from 6.0 to 16.8%), and also for male single parent households the poverty entry risk increases with approximately a factor 3 (from 3.4 to 9.4%). So, while single mothers have a larger poverty entry chance than single fathers in absolute terms, their poverty entry chance increases after job loss with the same factor as for single fathers.

Figure 2 - Bar charts with predicted probabilities of poverty entry before and after job loss in the household, by gender, educational level and social class of household head
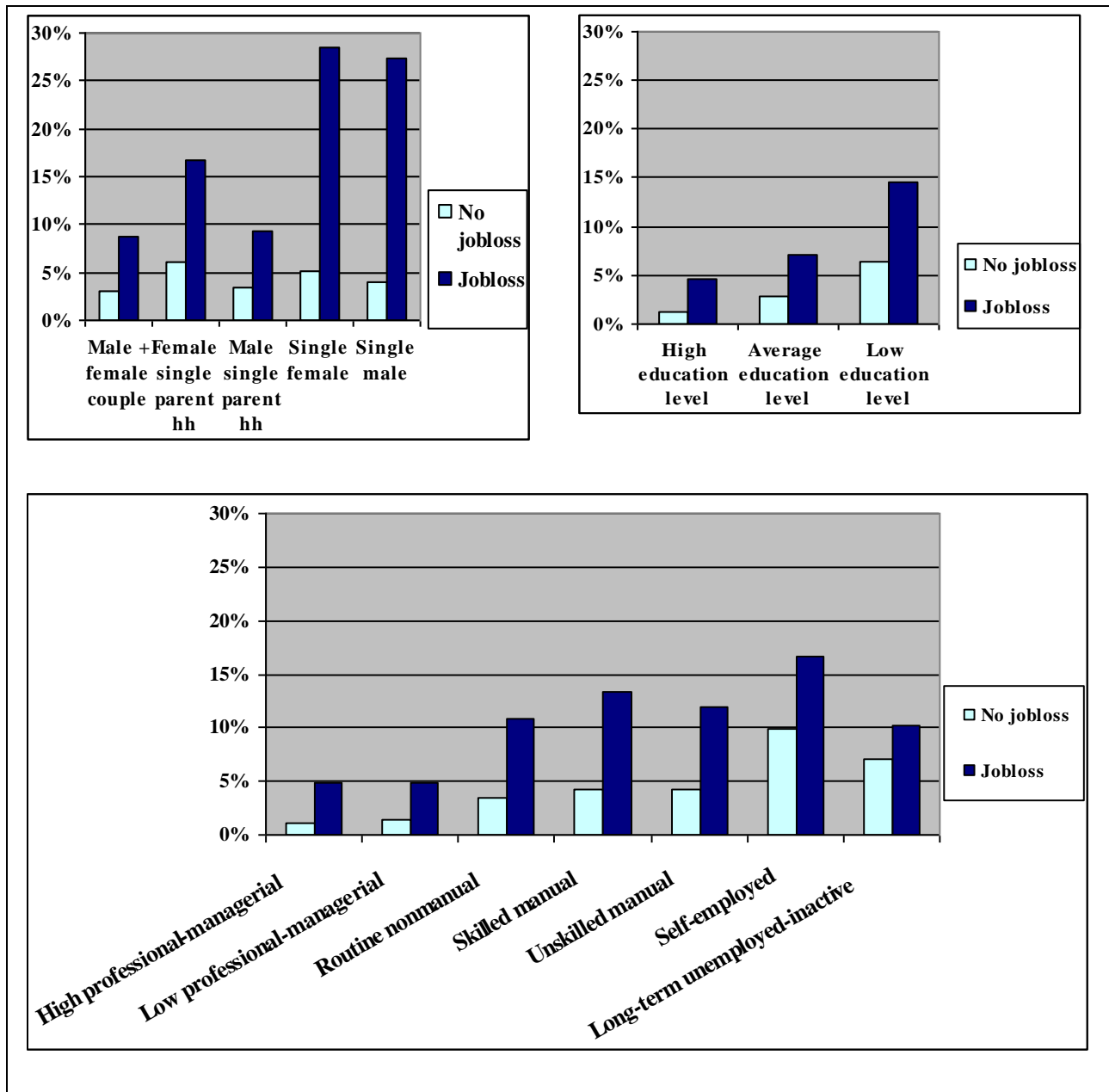
The results with respect to educational level show that a lower educational level leads to a higher poverty entry risk, and this is the case both after job loss and without job loss. However, the negative interaction terms with educational level in Table 3 indicate that the poverty

triggering effect of job loss is not stronger for people with lower educated household heads, when seen in terms of the relative increase of their poverty entry risk. This is due to the fact that job loss is a clear poverty trigger, also for the higher educated, for whom the poverty entry risk after job loss becomes 4 times higher.
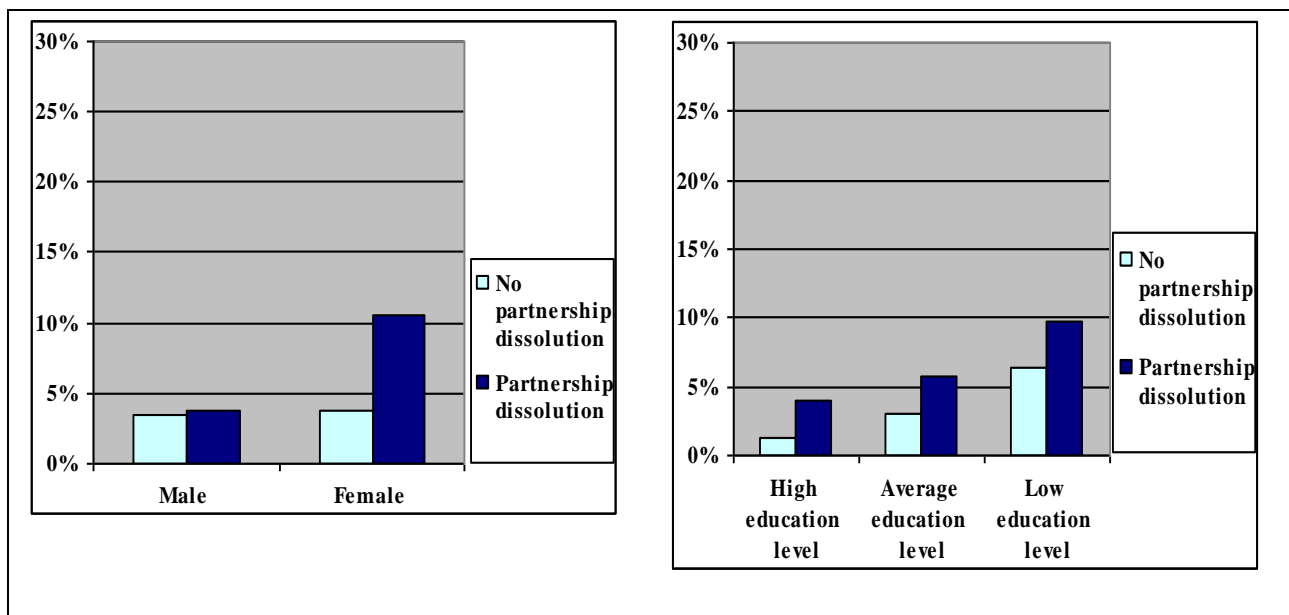
The social class results show a similar picture, since the interactions with job loss are mainly negative, suggesting that the poverty triggering effect of job loss is stronger in relative terms for the higher professional-managerial class. The results show that the poverty entry risk becomes four times larger after job loss for the higher professional-managerial class. So, while the event of job loss is a clear poverty trigger in relative terms for this class, but their initial poverty entry risk was so low that the absolute level of the poverty entry probability remains fairly low after job loss. For both the higher and lower professional-managerial classes poverty entry chances after job loss remain under 5%, while it exceeds 10% for all other social classes. The self-employed have the highest poverty entry risk after job loss.
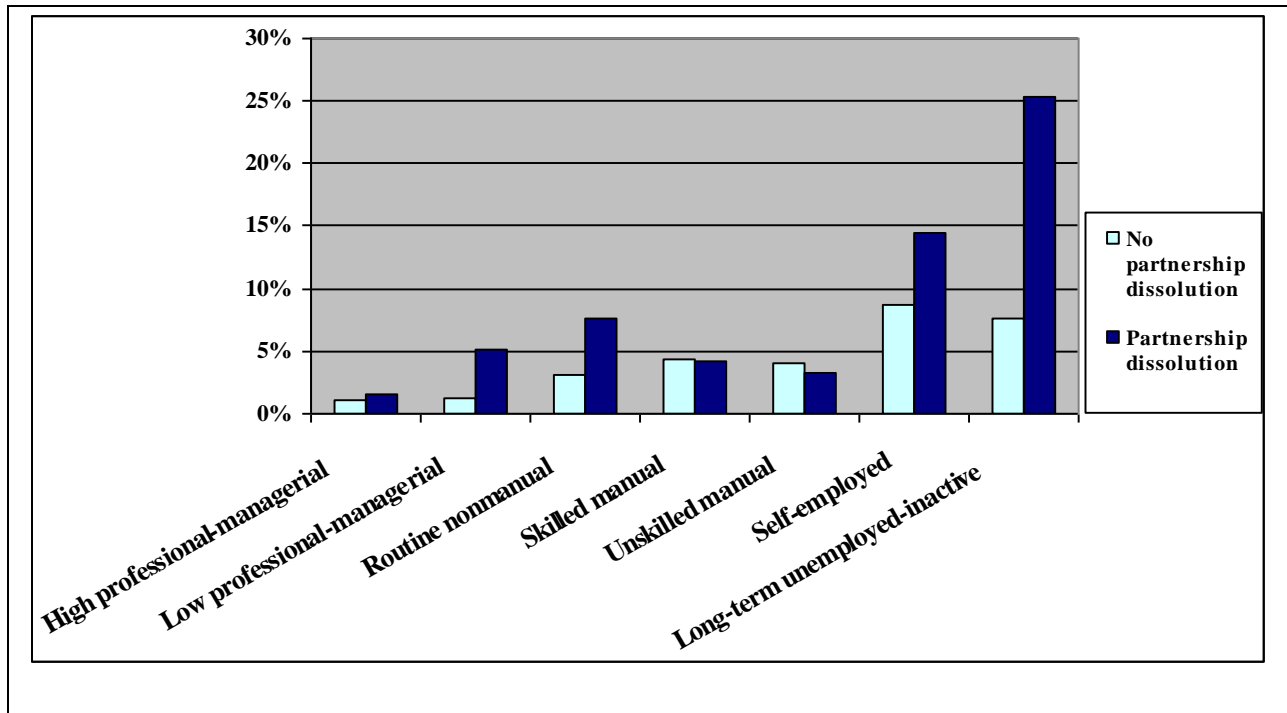
For the interaction terms with partnership dissolution in Model 15, the results are mixed. In line with previous research, we find that the poverty triggering effect of partnership dissolution is stronger for women. In fact, the predicted poverty entry chance of men seems unaffected by the experience of partnership dissolution, while the poverty entry risk for women increases from 3.8% to 10.6%. So, the effect of gender becomes stronger after the life event partnership dissolution.

For educational level and social class, there is no clear evidence that the experience of a life course risk like partnership dissolution fortifies existing inequalities. The poverty entry risk of the average and low educated doubles after partnership dissolution, while it increases with a

factor three for the higher educated. Again, we note that the poverty entry risk of highly educated people is small without the experience of the life event. The social class effects show a remarkably high poverty entry risk for the long-term unemployed-inactive after partnership dissolution. The poverty entry risk of this group becomes more than three times larger after partnership dissolution. It increases from an already high level of 7.6% to 25.3% after partnership dissolution. Furthermore, we see that also for the lower professional-managerial and routine non-manual classes, the poverty entry risk increases after partnership dissolution, but this is not the case for the higher professional-managerial class and the manual classes. Hence, there is no clear evidence that social class inequalities become stronger after partnership dissolution.

Figure 3 - Bar charts with predicted probabilities of poverty entry before and after partnership dissolution, by gender, educational level and social class

Legend:
- No partnership dissolution
- Partnership dissolution

Categories: High professional-managerial, Low professional-managerial, Routine nonmanual, Skilled manual, Unskilled manual, Self-employed, Long-term unemployed-inactive

Discussion

The purpose of this article was to assess the structuring effect of life course events and traditional social stratification determinants for poverty entry chances. It firstly investigated the relative importance of the life event approach to poverty entry versus the social stratification perspective. In a second step, both perspectives were integrated by examining whether risky life events have the same poverty-triggering effect for all social stratification groups.

The findings showed that both life course events and social stratification determinants are good predictors of the poverty entry risk. Transitions in a person's life course, like childbirth, job loss in the household and partnership dissolution do have an important effect on the chance of poverty

entry. Especially the effects of job loss and partnership dissolution are substantial. The overall influence of life course events can be seen as an indication of the importance of life course events as triggers of poverty entry. This, however, does not mean that typical social stratification determinants are less important. In this article, next to life course events, also gender, educational level and social class were found to be important predictors of poverty entry. Generally speaking, single women and single mothers, the lower educated and people living in a household with a lower educated household head have a higher risk of poverty entry. Furthermore, we find that the social class division of the poverty entry risk shows three broad groups. A first group of people with unemployed or self-employed household heads are especially vulnerable to poverty entry. Secondly, the professional-managerial classes face particularly small poverty entry chances. The third group has an intermediate poverty entry risk and consists of the routine non-manual and manual classes. Specific occupational class divisions are less important in predicting poverty entry chances within this group.

In the second part of the article, we looked at the role of social stratification determinants as mediators in the relationship between life course events and the poverty entry risk. The focus was on detecting processes of cumulative disadvantage, whereby life events have a stronger poverty triggering effect for the most vulnerable social strata. We have found this pattern for the life event of childbirth in the family. While the birth of a child hardly changes the poverty risk of the most advantaged social strata, it has a clear poverty triggering effect on the most precarious social strata. Especially for female single parent households and the long-term unemployed-inactive, childbirth holds a substantial risk for entering poverty. Contrary to this, job loss can be seen as a true life course risk, for all social strata. It has a clear poverty triggering effect on all

social groups, without exception. The experience of job loss actually leads to a relative reduction of educational and social class inequalities. However, the extent of this effect is limited as it does not influence the rank-ordering of the educational levels in terms of poverty entry risk. The low educated consistently experience the highest poverty entry risk, both before and after job loss, while the professional-managerial classes are largely protected against any poverty risk. Finally, the results for partnership dissolution are mixed. In line with the previous literature, we found that partnership dissolution affects the poverty entry risk of women more strongly. For the educational and social class inequalities the findings did not indicate clear signs of cumulative disadvantage. Notably the long-term unemployed-inactive have the largest poverty entry chance overall.

As a final conclusion, we can state that the findings of this article shed a new light on sociological debates about the structural and biographical approach to poverty. The adopted approach bridges the gap between two seemingly opposed explanations of poverty inequality; namely 'hierarchical' social stratification determinants on the one hand and 'horizontal' life course events on the other. Life course events as well as social stratification determinants are found to be important predictors of poverty entry. Moreover, the likelihood of a life event triggering poverty is mediated by someone's social position in terms of social class, educational level and gender. This integrative approach to the explanation of poverty risk in the life course provides substantial insights about the mechanism of cumulative disadvantage, and opens up a research agenda for the investigation of the interplay between social position and crucial life risks.

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Notes

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[1] Note that the paper does not focus on country differences with respect to the effect of life events and social stratification determinants on poverty entry. The data would not have allowed such a cross-national test due to the number of interactions and hence the complexity of the model. For an account of the cross-national differences in Europe with respect to the extent to which divorce leads to poverty and the extent to which this is a more female problem, see: Uunk (2004) and Andress et al. (2006).

[2] Note that the total net yearly household income in the ECHP is provided with a time lag of one year. Therefore, the total net equivalised yearly household income was recalculated with the income component provided in the subsequent year and the household composition of the current year, allowing for a monthly variation in household composition (See: Debels & Vandecasteele, 2008).

[3] Ganzeboom's and Treiman's conversion tools (1994) have been used to construct the social class typology.

[4] The month of interview varies between and also within countries, but the overall modus was October in every wave of the study.

[5] Also referred to as the household head further in the text.

[6] The STATA software has been used to estimate all models.

[7] Model 1 is a model with only the control variables country, age, age², number of economically active persons in the household, duration of non-poverty spell and number of children under the age of 16 in the household.

[8] Main effects model are tested separately for social stratification determinants and life events referring to the household (model 7), and social stratification determinants referring to the individual with partnership dissolution (model 11).

[9] Note that the social class of the individual's occupation has a comparable effect to the social class of the household head.

[10] i.e. in order to keep the number of parameters in the models limited.

[11] The poverty entry probabilities in the figures are predicted on the basis of the relevant regression model with interaction terms between the event and the social stratification variable (Models 8, 9, 10 or 15).