

A Life Event and Social Stratification Analysis of Poverty Transitions in Western European Countries

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Introduction

The aim of this paper is to investigate the importance of both life course events and social stratification determinants as predictors of poverty entry. Social background variables like social class, gender or education level are influential indicators of social inequality. Lately though, studies on poverty dynamics have emphasised the importance of life course events as immediate predictors of poverty entry. Life transitions such as leaving the parental home, divorce, the birth of a child, or losing ones job increase an individual's risk of entering poverty. Some authors have suggested that societal change in advanced societies means that individual's life courses have become less predictable and more insecure. This chapter will review the existing literature on life course and social stratification explanations of poverty, as well as the tensions and links between the two explanatory frameworks. In the empirical part, we will assess the importance of the life event approach to poverty in combination with the traditional social stratification approach. Firstly we examine the social stratification context in which life events occur. Secondly, random effects discrete-time hazard models in thirteen European countries show the relative importance of life course events and social stratification determinants as predictors of poverty entry.

Life Course and Longitudinal Analyses of Poverty

It has often been argued that the occurrence of poverty should be studied from a life course perspective. According to this perspective, the experience of a poverty spell is understood as a passage in a person's life trajectory. The focus on dynamic and life course aspects of poverty is not new. One of the pioneering social scientific works on poverty that of Seebohm Rowntree (1902) in the English town York, reported of a life cycle of needs and resources for working class people. He finds that a typical working class life is characterized by five alternating periods of deprivation and comparative wealth. The periods of hardship are: childhood, early middle life with childrearing and old age after work retirement. The periods in between are characterised by relative wealth. Rowntrees is also clearly aware of the longitudinal

implications for the reporting on poverty figures for social policy purposes. He states that *'The proportion of the community who at one period or other of their lives suffer from poverty to the point of physical privation is therefore much greater, and the injurious effects of such a condition are much more widespread than would appear from a consideration of the number who can be shown to be below the poverty line at any given moment'* (Rowntree, 1902, pp. 169-172). Apart from Rowntree's account, until relatively recently, poverty researchers have given relatively little attention to the temporal aspect of poverty experiences. The most established accounts of the longitudinal dimension of poverty have focused on downward careers into long-term poverty or the intergenerational transmissibility of poverty (Leisering & Walker, 1998). Only with the availability of mature socio-economic household panel data and the advancement of longitudinal research techniques in the 1980's, a major upsurge in the attention for poverty mobility over the life course has seen daylight. In the USA, Bane and Ellwood were innovating by taking periods or spells of poverty as the unit of analysis (Bane & Ellwood, 1986). Their results have shown that most of the people who ever become poor, will have only a short stay in poverty, but at the same time the majority of people in poverty at a given time will have long spells of poverty before they escape. Also in Europe, most poverty spells are short, but a substantial share of the ones experiencing poverty go through repeated spells (Fouarge & Layte, 2003; OECD, 2001). Besides studying the duration of poverty spells, socio-economic researchers have also been interested in the typical life course events associated with poverty entry or exit. Di Prete and Mc Manus (2000) point to effects of changes in employment status - from work to no work and opposite - and, especially for women, of partnership changes – union formation or dissolution. In their work on social assistance claimers, Leisering and Leibfried (1999) have studied temporary periods of benefit claiming in the context of biographical life phases of unemployment, child bearing, migrating etc. Other triggering life events occur when a child starts his/her own household and when new persons enter the household (baby, partner, etc) (Jenkins, 1999; Fouarge & Layte, 2003). Risk periods for poverty are among others young adulthood, the retirement phase, being unemployed, lone parenthood, periods of sickness... (Alcock, 1997; Barnes, Heady, & Middleton, 2002; Biewen, 2003; Finnie, 2000; Fouarge & Layte, 2003; Leisering & Leibfried, 1999; OECD, 2001; Whelan, Layte, & Maitre, 2003).

The Social Stratification of Poverty Experiences

Social stratification is the social structures through which different actors have unequal access to valued resources, services and positions in society (Kerbo, 2000). Income and poverty inequality is regarded as one of the most salient inequalities. Research results have shown that poverty is unequally spread over different social classes, gender groups, education levels, ethnicity groups etc.

Traditionally, the social stratification of a society is measured in terms of the distribution and structure of occupational positions in that society. According to the theoretical background, people's occupations are assessed on the basis of their prestige, social status or the social class they belong to. For what concerns the social class inequality in poverty risk, research from the 1960's and 1970's show an income cleavage

between manual and non-manual occupational positions (Dronkers & Jong, 1979; Townsend, 1979; Wright, 1979). More recent research does not report a strict manual/non-manual occupational divide anymore in income terms, especially when distinguishing the different occupational groups within these two broad categories. Several authors confirm the conclusion that low skilled, routine non-manual occupations obtain similar or even lower incomes than people in blue collar occupations, and this pattern is largely similar over different Western European countries (Crouch, 1999; Schooler & Schoenbach, 1994).

During the 20th century, education level has become a key factor for life chance. The reason for the increased attention for education, is that it is seen more as an achieved position than social class. For many employers, education level is a clear determinant of merit and a main indicator of a person's abilities and job performance (Teichler, 2001; Van Hoof, 1998). However, plenty of social science studies have shown that the educational level a person attains is in most countries greatly linked to the family background (Blossfeld & Shavit, 1993; Coleman et al., 1966). Theoretically, Pierre Bourdieu argues that cultural capital, often operationalised as education level, can be transformed in economic capital (Pels, 1992). The majority of empirical studies in this area, however, are based on the economic notion of human capital. In this perspective, education is seen as an investment and it is supposed to increase an employee's productivity. Provided that higher productivity leads to higher wages, a higher education level will increase an employee's lifetime earning power (Tachibanaki, 2001).

A last determinant of social position we discuss is gender. In most industrialised countries there is a gender poverty gap, in the sense that the share of women in poverty is larger than the share of men (Casper, McLanahan, & Garfinkel, 1994; Christopher, England, McLanahan, Ross, & Smeeding, 2001). An exception is Sweden, where the gender poverty gap is reversed; women's poverty rates are lower than men's rates. During the second half of the 20th century poverty became rapidly a female problem, and the term 'feminisation of poverty' was introduced (Pearce, 1978). The reasons for the gender poverty gap are sought in three major areas: the labour market, the family structure and the welfare state (Bianchi, 1999; Budowski, Tillmann, & Bergman, 2002; Christopher, England, Smeeding, & Phillips, 2002; McLanahan & Kelly, 1999; Peterson, 1987). The labour market position of women is generally worse than that of men. Even though the labour force participation of women has increased a lot over the past decades, women still earn less than men and are overrepresented in a limited range of low-paid and less influential jobs. Next to that, demographic trends have instigated changes in the family structure. During the past decades the number of single female families has increased. The age difference in mortality between men and women have led to the phenomenon that many women live alone in later age. Also the high divorce rates and the increasing number of children born outside marriage have caused a substantial number of women to be living alone or in single mother families. For many women, their position in the labour market does not allow them to gather a sufficient income and live an independent life. Children bring an extra financial burden in lone parent families, and especially single mothers suffer from high poverty rates (Christopher et al., 2001). Lastly, also the welfare state affects the gender poverty gap, creating differences between countries. In both Sweden and the Netherlands for instance,

the gender poverty gap is especially low. This is attributed to generous social transfers in the Netherlands, and the government's focus on full labour market participation in Sweden (Casper et al., 1994; Christopher et al., 2002; McLanahan & Kelly, 1999)

Is there Tension between the Life Course and Social Stratification Perspectives?

Some authors have argued that in the light of current societal evolutions in industrialised nations, an understanding of the life course dynamics of poverty has meant that the importance of social stratification has diminished. With increasing flexibility and precariousness in the labour market, increasing divorce rates, and the diversification of family forms, more and more people have a life course which deviates from the standard biography (Beck, 1986; Beck & Beck-Gernsheim, 1996). Events like change of job, divorce, unemployment or leaving the parental home can create major breaks in one's biography, entailing social risks like e.g. becoming poor. Because there is a wide range of possible life trajectories, there is also a diversification of the ways into poverty and hence heterogeneity within the population of poor people (Berger, 1994). Authors like Ulrich Beck see the latter as a sign of the weakening of the hierarchical model of social stratification (Beck, 1992). He argues that traditional structures of social inequality are losing their relevance because 'old' vertical inequality is supplemented by new horizontal inequalities, "beyond classes and strata" (Beck 1986:121). In their study on social assistance claimants in Bremen, Leisering and Leibfried see a tendency towards *democratization* of the poverty risk. They think that poverty has become a social risk, not only for marginalised groups in society, but increasingly for a larger section of society. The poverty risk transcends social boundaries, so that many people run the risk of becoming poor, at least temporarily (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.

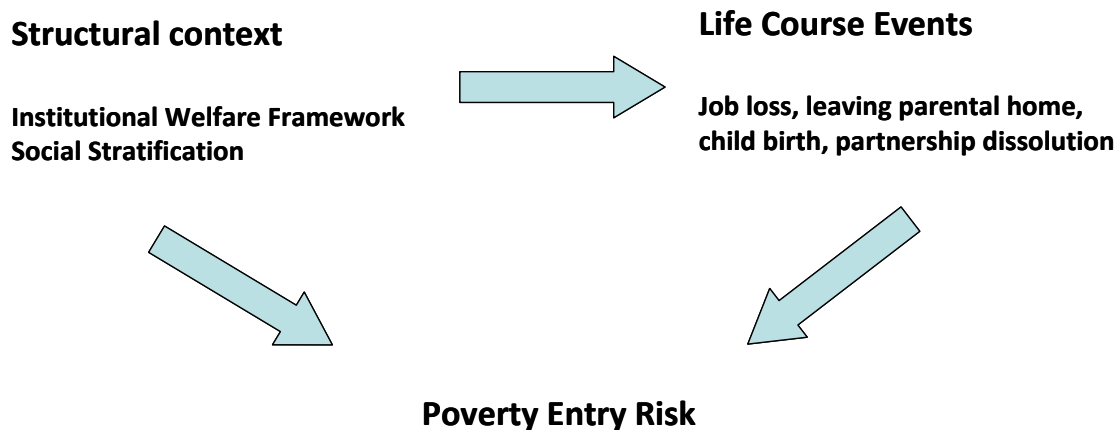
However, not all authors see a tension between modern day life courses and social structure. Mayer and Tuma (1990) describe the life course as an element of social structure that is a product of individual action and organisational processes as well as institutional and historical forces. It refers to socially patterned trajectories, not to individual biographies. Also empirically, some authors have disapproved of the disappearing influence of social stratification. Layte and Whelan (2002) have disapproved of the validity of the democratisation and biographisation aspects of poverty. They have shown that traditional social stratification variables, such as social class, education and employment status are still important predictors of poverty duration outcomes. The inequality in poverty risk between manual working class and non-manual class didn't diminish when data from 1989 were compared to figures from 1995.

Other authors have tried to study structural and life course perspectives of inequality simultaneously. There is a research stream focusing on the question whether structural inequalities persist, diminish or even worsen over a person's lifetime. O'Rand (1996) speaks of stratification over the life course whenever a process of cumulating advantages or disadvantages over the life time leads to increasing

differentiation and inequality when cohorts grow older. Several researchers have found that for instance wage inequality and occupational status inequality widen over the lifecourse (Maume, 2004; Mayer & Blossfeld, 1990; Miech, Eaton, & Liang, 2003). In the context of poverty dynamics, Walker (1998a, 1998b) claims that it is necessary to investigate structural factors next to poverty triggering life events. His argumentation starts from the finding that poverty inducing events are widespread but they relatively rarely result in poverty. The probability that a certain event triggers a spell of poverty depends also on personal characteristics and a wide range of structural factors. In the rest of this chapter, we will examine some empirical evidence of the social stratification context in which poverty triggering life events occur and the importance of social stratification in combination with life events as poverty triggers.

Research Questions

In this paper, the focus is on the interrelationship between social stratification and critical life events in its effect on the poverty risk. Household composition changes and household employment situation changes have found to be predictors of poverty dynamics. In the existing literature, less attention has been focused on the structural context in which these life course events lead to poverty entry. Not everyone is at an equal risk of experiencing these events and not all persons experiencing the triggering events do consequently experience a movement into poverty. Thereby, I follow the argument of Walker (1994, 1998), who claims that for a good understanding of the processes leading to poverty, it is necessary to investigate the effect of both the structural context as well as the effect of poverty-triggering life events. According to Walker's perspective, researchers should understand the structural context in which poverty-triggering life events occur as well as investigating, which structural factors mediate the process by which a life event becomes a poverty trigger (Walker, 1998). The following theoretical model is used:



In order to better grasp the effect of social stratification determinants and life events on poverty risks, we ask two questions¹:

1. What is the risk of experiencing one of the risky life events? This risk differs according to national context and the individual's position in the social stratification structure. The specific labour market and welfare constellation of a country as well as the economic cycle can influence the risk of certain events to occur. Think for instance about unemployment, which is expected to be less likely in countries with an extensive low wage labour market and minimal unemployment protection, but more likely in a recession for instance. Also people from different social positions will be more or less likely to experience a certain life event. We can for instance expect that unemployment will be more likely to occur among certain occupational groups in decline, for instance in the manufacturing sector. The focus of this chapter is more on the social stratification context and less on the welfare state context. Both factors will however be taken into account.
2. In a second question, we will look at the importance of social stratification and life events as explanatory determinants of the poverty risk in different European countries. As we have seen above, several authors have observed a tension between two explanatory frameworks and we will assess whether social stratification determinants are still relevant poverty triggers in the context of a life course explanation of poverty. We will examine whether one paradigm of poverty explanations can be seen as dominant.

The life course events under study are on the one hand changes in household composition (union formation and dissolution, birth of a child) and on the other hand changes in the household employment situation (a household member loses a job, a household member acquires a new job). Social background variables in this study are: social class, gender and education level.

Data and Method

The analyses for this paper are performed on the European Community Household Panel Survey (ECHP). The ECHP-Panel comprises 8 waves and in the first wave, i.e. in 1994, a sample of 60.500 nationally representative households – i.e. approximately 130.000 adults aged 16 years and over – were interviewed in the (former) 12 member states. The questionnaire covers a broad range of socio-economic variables, such as individual and household income situation, employment aspects, training and education issues, household composition... (CIRCA, 1998-2005). The ECHP-dataset is particularly useful for my purpose because of its longitudinal approach. The panel structure makes it possible to link individual life course events like for instance poverty entry, leaving the parental home, child birth in the household or union dissolution. Although the ECHP panel covers 8 years, in this study only the first 7 waves will be used, i.e. from 1994 till 2000. The reason is the time lag in annual income measurement in the ECHP-survey. The annual income components refer to the previous wave, and as such annual income

¹ Note that a further question refers to the mediating effects of someone's social position on the likelihood that a life event triggers poverty. For an analysis of this question, see: Vandecasteele (2011).

is not available for the last wave². For this study, 13 European countries will be included in the analyses: United Kingdom, Germany, Denmark, the Netherlands, Belgium, France, Ireland, Italy, Greece, Spain, Portugal, Austria and Finland. For Germany and the United Kingdom, respectively the integrated SOEP-dataset and the BHPS-data are used. National variation in poverty dynamics and social stratification can be linked to the type welfare regime. For this purpose, Esping-Andersen's welfare regime typology (1990) will be used, complemented with a Southern European regime (Arts & Gelissen, 2002). In this study, the following countries are considered to belong to the Conservative welfare regime: Germany, Belgium, France and Austria. The Social Democratic regime consists of Denmark, the Netherlands and Finland whereas the Liberal regime is represented by Ireland and United Kingdom. Finally, the Southern European regime consists of Italy, Greece, Spain and Portugal.

The *life course events* under study are on the one hand changes in a person's household composition (childbirth, union dissolution, young adult leaves parental home) and on the other hand changes in the household employment situation, when a household member loses his/her job. The life event childbirth occurs when there are new born children in the household in year T. Under union dissolution, we understand both marital break-up and break-up of a cohabitational union. Union dissolution in an individual's household occurs when there was a partnership-dissolution between last year (T-1) and the current year (T), among the people belonging to the same household during last year (T-1). Another life event occurs for a young adult of maximum 35 years old when he/she has left the parental home between T-1 and T. Jobloss in the household is an employment related life course event. It occurs when one or more household members have lost their job between last year and the current year. **Social background variables** in this study are: education level, social class and gender of the main breadwinner in the household. Education level has three categories: high education level, i.e. recognised third level education (ISCED 5-7), average education level, i.e. second stage of secondary education (ISCED 3) and low education level, i.e. less than second stage of secondary education (ISCED 0-2). The social class variable is based on the Erikson, Goldthorpe & Portocarero typology. Ganzeboom's and Treiman's conversion tools have been used to construct the typology on the basis of ISCO88 codes, supervisory status and self-employment status. Where information on ISCO88 is missing, the main activity status of a person is imputed. The following classification is obtained:

- I. Higher professional
- II. Lower professional
- III. Routine nonmanual occupation
- V-VI. Manual supervisors & skilled manual
- VII. Semi-unskilled manual & farmers
- I and IV. Self-employed
- Long-term unemployed or inactive

The **poverty** threshold is set at 60% of the median equivalised household income in a certain year and a certain country. Movements below the poverty line are seen as a poverty entry.

² For a discussion of the problems with the time lag, see: Debels & Vandecasteele (2008)

The research technique chosen for in these analyses is the random effects discrete-time hazard model. Logit models are presented for the effect of life events and social stratification determinants on the outcome variable poverty entry. I will model the conditional probability of becoming poor during time interval T, given that the person is currently in a period of non poverty. And therefore, the analyses are performed on a subsample of persons 'at risk' of poverty (i.e. the ones that did not yet enter poverty before year T). It is possible to write the model 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 log odds 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 . The individual-specific part μ_i represents unobserved (or unobservable) person-specific poverty risk factors that are not included as coefficients in the equation. μ_i is assumed to be normally distributed and to be independent of the x_{it} . The technique of random effects discrete-time hazard analysis is chosen because it has a number of advantages. (1) The technique corrects for bias resulting from omitted variables at the individual level, also known as unobserved heterogeneity. (2) Repeated events per individual can be taken into account. A Hausman test is performed to check the assumption of independence between the random part μ_i and the x_{it} variables. The coefficients of the random effects model and the fixed effects model are not significantly different from each other and we conclude that the model assumption is met.

The Occurrence of Life Events by Welfare Regime and Social Stratifiers

In this chapter, the relative and combined effect of both life course events and social stratification determinants on the risk of poverty entry is assessed. However, in order to get a complete picture of these effects, it is interesting to first explore how the occurrence of life course events is spread over the different social groups. It is namely the case that the poverty triggering effect of the life course events under study will depend on: (1) the person's risk of experiencing the life course event and (2) the chance that the life course events leads to poverty entry for that person. If certain social stratification groups have a higher chance of experiencing the negative life course events, then their poverty risk will be higher.

In the tables 1 till 4 the risk of experiencing the four different life course events is given for the different social stratification groups and welfare regimes.

Table 1– Incidence of job loss (N= 67323) according to characteristics of household head and welfare regime (EHP, 1994-2001, initial sample persons, percentages, pooled-country analysis)

	Social-Democratic	Conservative	Liberal	Southern
High education	3.02	3.44	2.12	4.46
Low education	3.74	5.22	2.98	6.71
Couple household	3.68	4.51	2.33	6.07
Single male	2.18	2.83	2.04	5.1
Single female	1.6	3.11	2.63	4.56
Professional	3.15	3.41	2.29	4.25
Routine non-manual	5.19	5.32	2.66	7.76
Manual	4.49	6.71	3.42	8.78

Table 1 shows that job loss in a time frame before the current recession was most prevalent in the Southern European countries, followed by the countries of the Conservative welfare state. The incidence of job loss differs according to the education level of the household head, with households with low educated household heads having a higher risk of job loss. This effect is particularly strong in the Conservative and Southern welfare regimes. Overall, couple households have the highest likelihood of experiencing job loss, except in the Liberal regime where single female households experience the highest job loss risk. Note also the particularly low job loss risk among single females in the social-democratic welfare state, which is particularly suited to keep single women and single mothers in the labour market and hence protect them from poverty. As for the social class differences, we find that the manual class has the highest job loss risk in the conservative, liberal and Southern welfare regime, while the routine non-manual class faces the largest risk in the Social-Democratic regime.

Table 2– Incidence of leaving the parental home (N= 9148) according to characteristics of household head and welfare regime (EHP, 1994-2001, initial sample persons, percentages, pooled-country analysis)

	Social-Democratic	Conservative	Liberal	Southern
High education	0.74	1.39	1.27	2.01
Low education	0.69	1.92	1.49	2.01
Couple household	0.67	1.5	1.09	1.62
Single male	0.47	0.52	1.12	2.74
Single female	0.66	1.97	2.23	2.46
Professional	0.58	1.36	1.29	1.85
Routine non-manual	0.93	1.69	1.69	2.03
Manual	0.81	2.07	1.43	1.92

In Table 2 we look at the event of leaving the parental home for non-study purposes. Firstly we see that this event occurs most frequently in the Southern European countries and least likely in the Social-Democratic countries. Previous research has shown that young people wait much longer to leave the parental home in Southern European countries, while students generally move out before finishing their studies in Scandinavian countries. Furthermore, for this event we do not find strong differences between the social stratification groups. We see that leaving the parental home after studying is more frequent for young people where their parents belong to the routine non-manual and manual classes. This can be

expected as many of them will enter the labour market at younger ages and therefore not move out before finishing studying.

Table 3– Incidence of partnership dissolution (N= 1294) according to characteristics of household head and welfare regime (EHP, 1994-2001, initial sample persons, percentages, pooled-country analysis)

	Social-Democratic	Conservative	Liberal	Southern
High education	1.06	0.88	1.37	0.63
Low education	0.83	0.63	1.15	0.5
Professional	0.97	0.88	1.23	0.63
Routine non-manual	1.55	1	1.81	0.73
Manual	0.73	0.69	1.12	0.42

The occurrence of partnership dissolution shows a fairly similar picture over the different welfare regimes. Compared to job loss and leaving the parental home, this event has a relatively small likelihood and it seems somewhat more prevalent in the Liberal welfare regime, while being least likely to occur in Southern European countries. The educational and social class differences in risk of partnership dissolution show a similar picture in the four different welfare regimes. Firstly, there are no large differences according to education level. Furthermore, the routine non-manual class has the highest risk of experiencing partnership dissolution in the four regimes under study.

Table 4 Incidence of child birth (N= 16806) according to characteristics of household head and welfare regime (EHP, 1994-2001, initial sample persons, percentages, pooled-country analysis)

	Social-Democratic	Conservative	Liberal	Southern
High education	4.91	3.44	3.63	3.78
Low education	2.72	2.54	2.58	2.32
Couple household	4.43	3.74	3.67	2.8
Single male	0.52	0.29	0.61	0.44
Single female	0.37	0.71	0.88	0.48
Professional	4.41	3.77	3.72	3.52
Routine non-manual	4	3.13	2.91	2.73
Manual	3.98	3.92	3.45	3.23

The findings with respect to child birth in Table 4 show the largest child birth rates in the Social Democratic countries and the lowest in the Conservative and Southern countries. The differentiation according to education level and social class is very similar among the countries. The higher educated are most likely to have a child birth in most countries. Furthermore, while in the Conservative welfare regime the manual classes are most likely to have a child birth, this is the professional class in the three other regimes.

The Relative Importance of Life Course Events and Social Stratification Determinants as Predictors of Poverty Entry in European countries

In this paragraph, the effects of life course events and social stratification determinants on poverty entry are studied in different European countries. 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.

Table 5 presents odds ratios for the different predictors of poverty entry in 13 European countries. Generally, it can be stated that both social stratification determinants and life course events are important predictors of poverty entry. This means that the risk of poverty entry is indeed influenced by the experience of risky events during the life course. But this does not mean that the risk of poverty entry is not stratified according to traditional social stratification determinants. In what follows, the most important findings will be elaborated on.

There is a clear effect of gender, which interacts with partnership status. Couple households with a male household head have the smallest risk of becoming poor. In almost all countries under study, single female households, single male households and couple households with a female household head have higher odds of becoming poor, compared with the reference category of couples with a male household head. It is striking that especially single female households are vulnerable to the risk of poverty entry. In the pooled European model, the poverty entry odds ratio of persons in a single female household is higher than the odds ratio of persons in a couple household with female head, and this is also the case in the majority of separate country models. So, especially single women (and their children) have a high likelihood of being confronted with the risk of poverty. This result confirms findings from previous research (Christopher et al., 2001). In almost half of the countries under study, living in a single household also affects the risk of poverty entry for men. In the United Kingdom, Ireland, Germany, France, the Netherlands, Finland and Denmark, persons in a single male household have a higher poverty risk, compared with couple households with a male household head. This effect could not be found in any of the Southern European countries under study. On the contrary, in Italy, Spain and Greece the risk of poverty entry for persons in a single male household are significantly smaller than for the reference category of male-headed couple households. The reason for the latter effect is probably related to the Southern European tendency to live in larger household units. Particularly young people are less likely to live in single households than in the rest of Europe as they live much longer in the parental household. In this context, Aasve, Billari, Mazzuco and Ongaro (2002) found that young people in Southern Europe tend to wait for financial security before leaving the parental home.

The effect of education level of the household head is clear and one-dimensional. In all countries under study, people living in a household with a middle educated household head have significantly higher odds of becoming poor compared with the reference category where the household head is high educated. This effect is even stronger for people in a household with a low educated household head. For the pooled European analysis, the poverty entry odds of people with a low educated household head are 4.59 times higher than the poverty entry odds of persons with a high educated household head.

Table 5 - Logit results of the country models for the effect of social stratification determinants and life events on poverty entry, selected odds ratios (Random effects models)

	EU	UK	IRE	GER	FR	BE	AU
Gender of household head							
Couple with male household head (Ref)							
Single male household	1.24 ***	1.37 *	1.48 **	2.30 ***	1.38 *	0.74	0.69
Single female household	2.16 ***	2.79 ***	2.17 ***	3.18 ***	2.21 ***	1.30 *	2.31 ***
Couple with female household head	1.65 ***	2.05 ***	1.39 **	1.93 ***	1.02	1.47 **	2.77 ***
Other	0.92 **	1.89 ***	0.95	1.27	1.95 ***	0.93	1.51 **
Education level household head							
High education level (Ref.)							
Average education level	2.05 ***	1.35 *	3.10 ***	1.87 ***	2.27 ***	3.32 ***	1.84 **
Low education level	4.59 ***	2.28 ***	5.29 ***	4.56 ***	4.02 ***	5.36 ***	4.99 ***
Social class							
Routine nonmanual (Ref)							
Higher professional-managerial	0.32 ***	0.15 ***	0.35 ***	0.28 ***	0.26 ***	0.37 ***	0.39 ***
Lower professional-managerial	0.44 ***	0.28 ***	0.49 ***	0.42 ***	0.45 ***	0.31 ***	0.53 ***
Skilled manual	0.96	0.27 ***	0.82	0.76 **	1.40 **	0.70	0.83
Unskilled manual	0.93 *	0.50 ***	0.97	0.89	0.99	0.54 **	0.94
Self-employed	2.15 ***	0.76	1.85 ***	1.16	2.59 ***	2.35 ***	2.97 ***
Long-term unemployed-inactive	2.60 ***	1.31	4.41 ***	3.11 ***	3.00 ***	3.04 ***	3.28 ***
Life events							
Job loss in the household	2.11 ***	1.77 ***	1.65 ***	2.95 ***	1.47 ***	1.73 ***	1.49 ***
Leaving parental home	3.50 ***	6.08 ***	1.33	4.45 ***	4.82 ***	1.80	2.06 **
Partnership dissolution	1.91 ***	2.06 ***	3.17 ***	3.06 ***	2.69 ***	2.25 ***	1.27
Childbirth in the household	1.24 ***	1.58 **	1.05	1.54 **	0.98	1.14	1.07
Control variables							
Age household head	0.95 ***	0.93 ***	1.00	1.05 ***	0.95 ***	0.94 ***	0.93 ***
Age ² household head	1.00 ***	1.00 ***	1.00	1.00 ***	1.00 *	1.00 *	1.00 ***
Nr of ec. active persons in household							
1 (Ref=0)	1.07 *	0.39 ***	0.51 ***	0.97	0.96	1.34 *	1.03
2	0.63 ***	0.11 ***	0.33 ***	0.59 ***	0.41 ***	0.35 ***	0.51 ***
3 or more	0.59 ***	0.08 ***	0.22 ***	0.36 ***	0.55 ***	0.39 ***	0.20 ***
Number of children in the household							
1 (Ref=0)	1.95 ***	1.78 ***	2.18 ***	1.75 ***	2.32 ***	1.39 *	2.00 ***
2	2.70 ***	3.26 ***	3.30 ***	2.00 ***	4.13 ***	1.51 **	3.62 ***
3 or more	5.27 ***	6.56 ***	6.40 ***	4.44 ***	7.45 ***	3.18 ***	6.65 ***
Variance composition							
Individual level standard deviation	1.430	1.254	1.040	1.220	1.727	1.361	1.509
Intra class correlation	0.383	0.324	0.248	0.311	0.475	0.360	0.409
N individuals	128356	7334	7947	12051	12117	5775	6835
N time points	470413	29980	26231	50318	47277	19038	23376
Log likelihood	-101783,13	- 5008,89	- 5992,25	-7543,33	-9175,77	- 3810,45	-4172,52

* p = 0,05 ** p = 0,01 *** p = 0,001

(*) Controlled for country

	NL	FIN	DK	IT	SP	PT	GR
Gender of household head							
Couple with male household head (Ref)							
Single male household	1.36 *	2.37 ***	2.39 ***	0.72 **	0.66 ***	0.81	0.61 **
Single female household	1.88 ***	3.76 ***	2.68 ***	1.33 **	1.67 ***	2.21 ***	1.39 ***
Couple with female household head	2.85 ***	1.46 ***	2.40 ***	1.73 ***	1.31 **	2.76 ***	1.56 ***
Other	3.49 ***	1.33	2.47 *	0.60 ***	0.40 ***	1.07	1.22 **
Education level household head							
High education level (Ref.)							
Average education level	2.76 ***	1.48 ***	1.90 ***	1.76 ***	2.23 ***	1.01 ***	1.71 ***
Low education level	4.35 ***	2.44 ***	3.08 ***	4.97 ***	5.00 ***	2.67 ***	5.93 ***
Social class							
Routine nonmanual (Ref)							
Higher professional-managerial	0.29 ***	0.39 ***	0.29 ***	0.49 ***	0.27 ***	0.46 **	0.33 ***
Lower professional-managerial	0.37 ***	0.55 ***	0.46 ***	0.42 ***	0.52 ***	0.34 ***	0.52 ***
Skilled manual	0.98	1.00	0.42 ***	1.02	0.97	1.55 ***	1.28 *
Unskilled manual	0.96	0.98	0.48 ***	1.05	1.27 **	1.39 **	0.70 **
Self-employed	3.67 ***	1.70 ***	2.59 ***	1.57 ***	2.42 ***	3.11 ***	2.78 ***
Long-term unemployed-inactive	1.44 *	3.61 ***	1.65 **	1.84 ***	3.33 ***	2.40 ***	2.39 ***
Life events							
Job loss in the household	1.90 ***	2.33 ***	1.48 **	2.37 ***	2.02 ***	1.91 ***	2.06 ***
Leaving parental home	6.61 ***	5.86 ***	6.60 ***	2.06 ***	1.93 ***	0.85	1.46
Partnership dissolution	2.47 **	2.71 ***	1.16	1.53 *	1.10	1.86 ***	1.14
Childbirth in the household	0.99	0.78	0.42 **	1.74 ***	1.62 ***	1.21	1.18
Control variables							
Age household head	0.91 ***	0.91 ***	0.84 ***	0.99	0.94 ***	0.88 ***	0.92 ***
Age ² household head	1.00 ***	1.00 ***	1.00 ***	1.00	1.00 ***	1.00 ***	1.00 ***
Nr of ec. active persons in household							
1 (Ref =0)	0.59 ***	0.91	0.47 ***	1.69 ***	1.66 ***	1.08	1.14
2	0.23 ***	0.92	0.18 ***	0.97	1.57 ***	0.63 ***	0.92
3 or more	0.84	1.21	0.18 ***	1.40 ***	1.44 ***	0.27 ***	0.93
Number of children in the household							
1 (Ref =0)	3.52 ***	1.76 ***	0.97	2.10 ***	2.58 ***	1.50 ***	1.62 ***
2	4.03 ***	1.84 ***	0.81	3.02 ***	3.32 ***	3.45 ***	1.80 ***
3 or more	7.93 ***	3.49 ***	3.22 ***	6.31 ***	6.83 ***	6.94 ***	3.64 ***
Variance composition							
Individual level standard deviation	1.211	1.136	1.272	1.562	1.358	1.457	1.315
Intra class correlation	0.308	0.282	0.330	0.426	0.359	0.392	0.344
N individuals	9858	7544	5178	16550	15674	10264	11229
N time points	35424	21147	17768	64344	56850	38834	39826
Log likelihood	-5592,50	-4724,90	-3192,86	-15501,37	-14182,22	-9180,66	-11112,57

* p = 0,05 ** p = 0,01 *** p = 0,001

(*) Controlled for country

For what concerns the social class stratification of poverty risks, we see that the higher and lower professional classes in all countries have a lower odds of poverty entry, compared with the routine nonmanual class. The self-employed and long-term unemployed-inactive generally have higher risks of poverty entry, compared with the reference category of routine nonmanual, except in the United Kingdom where the effects are not significant. For the poverty entry odds of the manual classes, the effect differs between countries. In France and Portugal, there is a clear difference between manual and nonmanual classes in the sense that manual classes have higher poverty entry odds than the nonmanual classes. Also in Spain and Greece we find that at least one of the manual classes have higher poverty entry risks than the routine nonmanual class. Yet, with the exception of France and these Southern European countries, the traditional manual/nonmanual divide is not found in the data. In a large share of the other countries under study, the odds of poverty entry for the skilled and unskilled manual classes do not differ significantly from the routine nonmanual class. In the United Kingdom, Germany, Belgium and Denmark, the skilled and/or unskilled manual classes even have significantly lower odds of poverty entry, compared with the routine nonmanual class. The results so far indicate that, with the exception of France and some Southern European countries, the manual/nonmanual divide is not very meaningful with respect to poverty risks. It is more opportune to state that, within the nonmanual classes, there is a distinction between on the one hand the professional classes for whom the poverty risk is clearly low, and on the other hand the routine nonmanual class which shows a relatively higher vulnerability to poverty. Overall, 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 nonmanual classes, and (3) the professional-managerial class, which is at low risk of poverty entry. The finding that the risk of poverty entry of manual and routine-nonmanual classes is mostly similar can be seen as a sign of a widening of the risk of poverty entry over a broad middle group of manual and nonmanual occupational groups.

Furthermore, the effect of certain life course events on poverty entry is studied. Overall, experiencing the events 'job loss in the household', 'leaving the parental home' or 'partnership dissolution' does lead to an increase in the odds of an individual's poverty entry in the majority of the countries under study. The effect of leaving the parental home is in most countries relatively large. The odds ratios of the effect of this event are generally higher than for the other life course events. The poverty-triggering effect of childbirth on the other hand, is relatively small and only present in the United Kingdom, Germany, Italy and Spain. In all three of the Social Democratic welfare regimes, the odds for poverty entry after childbirth are smaller than one – although only significantly so in Denmark. These findings show that childbirth is definitely not a poverty trigger in the Social Democratic countries under study. It appears that the Social Democratic welfare state is very effective in protecting families with new-born children.

Conclusion

The purpose of this paper was to assess the structuring effect of life course events and traditional social stratification determinants in the prediction of poverty entry chances. Therefore, we first investigated the social stratification context in which critical life events occur. In a second step, the relative importance of the life event approach to poverty entry versus the social stratification perspective was assessed in a statistical model predicting the poverty entry risk.

We have seen that some of the life course events are more likely to occur for certain social groups and in certain institutional contexts. This is the case for instance for job loss, which poses the highest risk in the Southern European countries and the Conservative welfare regime, as well as for the low educated and the routine non-manual as well as manual classes. Also leaving the parental home after studying occurs more frequently for the routine non-manual and manual classes, because young people from professional backgrounds generally study longer and move out of the parental home before finishing their education. For other events, such as partnership dissolution, there are no particularly strong differences according to social position. Childbirth on the other hand occurs most frequently for the higher educated and the professional social class, except in the Conservative welfare regime. There are thus no indications that the life events under study are only limited to the lower social strata.

Random effects models in 13 different European countries showed that both life course events and social stratification determinants are fruitful predictors of one's poverty entry chance. Transitions in a person's life course like job loss in the household, leaving the parental home and union dissolution do have an important effect on the poverty entry chance in the majority of countries. Especially the effect of leaving the parental home is substantial. Childbirth on the other hand only affects poverty entry odds in a part of the countries under study. The poverty triggering effect of these life course events shows the importance of the life course perspective on poverty experiences. According to some authors, contemporary poverty is largely related to risky events and transitions during the life course, and traditional hierarchical social stratification determinants lose their impact. But the analysis has shown that next to life course events also gender, education and social class were found to be important poverty entry predictors in this paper. This shows that the poverty entry hazard is not 'democratic', and is related to both life course events and traditional social stratification determinants. Generally speaking, single female households and people living in a household with a lower educated household head have a high poverty entry chance. Also people with an unemployed or self-employed household head are especially vulnerable to the poverty entry risk in the greater part of the countries under study. With respect to the effect of social class on the poverty entry hazard, results differ between the countries. France and a number of southern European countries show the typical manual/nonmanual distinction whereby the nonmanual classes, including the routine nonmanual class, have significantly lower poverty entry odds than the manual classes. In the majority of other countries the higher and lower professional classes have a significantly lower poverty entry risk than the routine nonmanual class, but there are no differences in the poverty entry risk between the routine nonmanual and manual classes. This finding

suggests that there is a considerable middle group in society who have similar poverty entry chances and for whom social class divisions are thus less important in predicting poverty entry chances. We could say that there are signs of a broadening of the poverty entry risk in the large group of manual and lower nonmanual classes.

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