

Poverty trap: Some jobs are no protection against destitution

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Many working people in Europe are at risk of economic hardship, prompting EU researchers to seek policy answers.

For Lineke Smit, poverty in Europe is brought home to her almost every day at work.

She is a member of the Netherlands branch of the European Anti-Poverty Network (EAPN), a non-governmental organization seeking to curb [social exclusion](#) across the continent.

Working poor

"If you haven't lived through poverty, you can't know what it's like and how deeply it touches you," Smit said.

Being in work is no guarantee of staying out of poverty.

Smit was part of a research project that received EU funding to examine the phenomenon of "in-work poverty" and make policy recommendations to combat it. Called [Working, Yet Poor](#), or WorkYP, the project ended in January 2023 after three years.

Smit helped give a voice to people enduring poverty through EAPN, which lobbies at the EU and national levels for people facing social exclusion and increasingly enables direct participation by them. Along with other national representatives, she relayed people's economic hardships to the researchers.

Smit described a woman bringing up four children and working in home care. The woman was divorced, alimony payments were frequently late and her job didn't involve enough hours to make ends meet.

Smit said it's a familiar story of long-term stress and spiraling health troubles—a daily grind that leaves no chance for better education to improve income potential or for a social life.

"There is a lot of talk about the working poor, but also a lot of denial," she said. "It is often seen as an individual problem."

Warning signs

By definition, in-work poverty describes employed people who live in a household with a [disposable income](#) that's less than 60% of the national median wage.

In 2017, almost 10% of the EU's working population—or roughly 20.5 million people—faced the risk of poverty, according to a [report](#) by the European Social Policy Network.

Warning signs include poorly heated homes, mounting debts and an inability to pay for modern-living basics—from healthy meals and new clothes when needed to an internet connection and occasional social events. Another warning sign is a lack of money to cover unexpected expenses.

To get a clearer picture of in-work poverty and devise ways to tackle it, WorkYP analyzed seven European countries with different social and legal systems: Belgium, Germany, Italy, Luxembourg, the Netherlands, Poland and Sweden.

The researchers pinpointed four main types of employment most often linked to in-work poverty: low-wage jobs, self-employment, flexible-work contracts and casual, zero-hour contracts—also known as gig-economy contracts.

In these four groups, as many as 20% to 25% of people are likely to face in-work poverty.

Hunt for answers

No single policy measure can tackle the phenomenon because it is deeply rooted in particular pockets of society, according to Dr. Luca Ratti, an associate professor of European and comparative labor law at the University of Luxembourg.

"Poverty is not a phenomenon that affects people horizontally across the labor market," said Ratti, who led WorkYP. "It is clustered within specific groups of workers and we name these as vulnerable and underrepresented people."

One of the project's findings was that family benefits have a direct effect on reducing in-work poverty—more so than minimum wages. That's because the bigger the family, the more resources it has to withstand economic downturns, according to Ratti.

The project produced [recommendations](#) for combating in-work poverty in all EU countries. The proposed measures range from adapting social-security systems so they take account of non-standard work to ensuring adequate wages.

While Europeans rank among the [wealthiest people](#) in the world, second only to inhabitants of North America, more than [20%](#) of the EU population is at risk of poverty or social exclusion. One fifth of Europe's children face poverty.

Vulnerable groups were made even more so as a result of the economic slump triggered by the COVID-19 pandemic in 2020 and the subsequent surge in inflation tied to higher energy and food prices.

"We find huge differences in standards of living and poverty across the Member States, mainly between the east and south of Europe on one

hand and the west and north on the other," said Rune Halvorsen, a professor of social policy at Oslo Metropolitan University in Norway.

The European Commission has set a target of reducing the number of people living in poverty by at least 15 million—including at least 5 million children—by 2030. The goal is enshrined in the [European Pillar of Social Rights Action Plan](#) from March 2021.

New European legislation on [adequate minimum wages](#) is also part of the EU answer.

200 individual cases

Halvorsen led an EU-funded research project that drew lessons from 200 people facing economic hardship in seven European countries: Estonia, Germany, Hungary, Italy, Norway, Spain and the U.K.

Called [EUROSHIP](#), the project wrapped up in July 2023 after three and a half years.

It focused on three groups: young adults moving from education to employment; workers on insecure contracts and with families to care for; and elderly, disabled people with health troubles.

In speaking to people living with poverty, the researchers found an absence of the work-life balance that most others broadly achieve. The participants, whose identities the project is obliged to keep anonymous, had little time, money or energy for anything beyond doing their jobs or raising their families.

The phenomenon was particularly marked for ethnic-minority mothers of migrant background, especially single ones. Social support can ease severe deprivation but rarely erase it, according to EUROSHIP.

Halvorsen and Ratti said the new European law on minimum wages highlights the role that the EU can play in an area where policy responsibility still lies overwhelmingly with national governments.

Opportunities ahead

Halvorsen said that the EU should widen its focus to help people outside the labor market by seeking to ensure a minimum income.

He said that minimum-income schemes in many European countries are falling behind average-income growth, diminishing their value.

For example, in Hungary the minimum-income protection is less than 40% of the median income and even in relatively wealthy Norway recipients of minimum-income benefits face an appreciable risk of poverty, according to Halvorsen.

"The EU can provide an additional layer of security and protection for its citizens," he said.

Ratti said policymakers across Europe need the insights provided by EU research in the field.

"Political discussions tend to oversimplify answers," he said. "There must be an overall strategy from a national perspective, but also from a European perspective."

Ratti suggested the EU and its Member States should consider further measures to help people in poverty including 'targeted' social-security transfers, universal-income support and continuous reskilling.

He said future research must tackle how people fall into in-work [poverty](#) and how they get out of it, saying the credibility of social-welfare

regimes in Europe is at stake.

"It's really the test bed for the efficacy of public policies," Ratti said.

More information:

- [Working, Yet Poor](#)
- [EUROSHIP](#)

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