rescue

citizens' resilience in times of crisis

International State of the Art Report

Work Package 2

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PANTEION UNIVERSITY OF SOCIAL AND POLITICAL SCIENCES

University of Hertfordshire UH

Universidad Complutense Madrid

International State of the Art Report

Authors:

Luís Capucha

Alexandre Calado

Pedro Estêvão

In collaboration with:

Markus Promberger
Lars Meier
Tarik Sengül
Attila Aytekin
Hulya Dagdeviran
Matthew Donoghue
Ursula Huws
Monica Tennberg
Terhi Vuojala-Magga
Joonas Vola
Helen Kambouri
Theodosia Marinoudi
Aggeliki Yfanti
Georgia Petraki
Jennifer Dagg
Jane Gray
Kazimiera Wódz
Krystyna Faliszek
Krzysztof Łęcki
Witold Mandrysz
Barbara Słania
Paweł Ćwikła
Monika Gnieciak
María Arnal
Carlos de Castro
Araceli Serrano
Francisco José Tovar

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Introduction

The present report is part of the RESCuE project, an acronym that stands for *Patterns of Resilience during Socioeconomic Crisis among Households*. This project is coordinated by Professor Markus Promberger, from the Institute for Employment Research (IAB), in Germany. It was awarded by the 7th Framework Programme, and funded by the Community Research and Development Information Service (CORDIS).

The RESCuE project involves universities and research centres from 9 different European countries – Portugal, Spain, United Kingdom, Ireland, Germany, Poland, Finland, Greece, Turkey – and, in the context of the ongoing economic and financial crisis in Europe, aims to identify and understand the coping and adjusting mechanisms and strategies of different households at risk, thus learn from the resilience of European citizens, in order to find new sustainable ways of reducing poverty risks and inform and support policy-making.

Since 2008, Europe has experienced turbulent times with an ongoing economic and financial crisis. The counteractive sectorial and macroeconomic interventions pursued since then (e. g. government bailouts of banks and monetary expansion) have transformed the financial crisis into a public debt crisis. This has socialized the debt of distressed financial institutions and privatized the gains associated with these policies (Stiglitz, 2012). The policy prescriptions to solve the sovereign debt crisis in Europe have largely been based on austerity measures, in some countries involving severe cuts in public employment and government spending, including social policy budgets. The deep economic recession and rising unemployment are now threatening the progress towards an enhanced political and economic integration of the European Union and its neighbours and partners.

Affording support for any population that is exposed to socioeconomic risk is a distinctive characteristic of European political ethics. This support is usually provided through social policy and economic development instruments. However, governments and welfare state institutions are not the only mechanisms used to provide social response against the impact of the socioeconomic crisis. Citizens should not be treated as passive social agents who are defenceless when faced with unemployment, poverty and social exclusion.

As a matter of fact, some vulnerable citizens and households can be observed to be developing resilience by performing social, economic and cultural practices that effectively protect them from greater suffering and provide sustainable patterns of coping and adaption. These resilience practices can consist of identity patterns, knowledge, family or community relations, other cultural and social as well as economic resources and conduct, whether formal or informal, tacit or explicit. In turn, welfare states, markets and economic policies at both macro and meso levels form the environment of these resilience patterns, which may be enabling, restrictive, neutral or even practically absent.

This household-level resilience is the main interest of RESCuE project. Socioeconomic resilience of households continues to remain almost a blank spot of scientific investigation, but the results of such research may be crucial for welfare states to develop innovative approaches towards maintaining the inclusive principles of the European social model. Thus, the crisis can be seen as an opportunity for the institutions of welfare states to learn from the resilience of their citizens and find new ways of reducing socioeconomic risks by creating a positive political framework for the development of these practices, and providing assistance to those that do not show the capacity to overcome a difficult situation by their own means.

Therefore, the main objective of RESCuE will be to identify and understand the specific resilience practices of different households at risk and analyze the conditions they require within and around themselves and the institutions, markets and regulations they interact with. This research will be carried out with a comparative focus, involving countries with different welfare state models, rural and urban areas, different types of households and gender, ethnicity and class intersectionalities. The investigation will also cover the respective households' internal and external resources and relations, such as family property, knowledge and practices, intra-family relations, their local embedding in communities, neighbourhoods and networks as well as their interactions with governmental and non-governmental welfare institutions.

The present international report represents the final product of Work Package 2. It consists of the presentation of the state of the art concerning both the socioeconomic situation in Europe following the crisis and the development of the research on resilience within social science.

The main objective of this report is to discuss and develop the concept of resilience, with the goal of providing an innovative and operational approach of this concept within the field of social science. The ultimate aim is to provide theoretical framework capable of encompassing the issues, questions and goals established for this project. There are five specific objectives defined for this report, which provide the theoretical perspective and methodological structure for the data collection and supplementary analysis, namely:

1. Gain an overview of the effects of the crisis on household living conditions;
2. Gain an overview of the effects of the crisis on the welfare state and NGO interventions;
3. Provide a general review of the state of the art and critically assess existing research on resilient cultural, social and economic practices, including identification of gaps in current knowledge;
4. Gain an understanding of the uses of the resilience concept in public and political discourses;
5. Develop a concept of resilience to guide the RESCuE ensuing fieldwork and data analysis.

The methodological strategy followed for the construction of this report was based on two main sources of information: (1) a scientific literature review and (2) the national reports produced by each of the members of the RESCUE sample teams. The literature review guided the development of the conceptual model of the research, namely the construction of an operational concept of resilience, able to guide the fieldwork and analysis of the data collected from households and institutional actors. In turn, the national reports complemented the literature review work. On the one hand, these reports provided national empirical data on the impact of the crisis on the countries sampled, as well as the coping and adaptation strategies developed by families and the policy responses implemented by the Welfare State and the Third Sector. On the other hand, information was collected about the scientific research in each of these countries in the areas of poverty and social exclusion, and socio-economic resilience of families and communities.

National situations in their inner heterogeneity were compared through extensive data analysis, including national poverty reports, scientific literature reviewing, and public and policy discourses about each topic. In effect, the incorporation of these reports benefited from diversification in the appropriation of the general guidelines for the production of each report by each team, with different highlights and angles according to the specificity of each country. This multiplicity resulted in greater richness of the contributions, allowing the identification and clarification of contrasts and the exploration of new angles to approach and analyze the problems and challenges of the research.

Thus, the International Report is structured around five main topics, which will be described in the next paragraphs and related to each specific chapter:

1. Economic and social impacts of the 2008 global financial crisis in Europe;
2. Welfare state and the crisis;
3. Social economy and the crisis;
4. Concepts of Poverty
5. The concept of resilience: a new tool to understand poverty in the context of the crisis.

Chapter 1 of this report will review and describe the socioeconomic situation in the respective countries during the present crisis. Attention will be paid to economic performance since the turn of the century, focusing on the years that followed the 2007-8 global financial crisis. The core of the chapter will be a discussion of the consequences of this crisis in the RESCuE countries in four domains: unemployment and working conditions; income; international migrations; and poverty.

Chapters 2 and 3 will also examine ongoing changes in this political field, focusing on the changing role of the welfare state and social economy institutions. In particular, they will consider the impacts of the crisis on the available resources and on the political orientation of social action. An account will also be given of the introduction of resilience practices and/or discourses on the welfare state and on social economy institutions, mainly regarding their priorities for action and methodology for social intervention.

Chapters 4 and 5 will be dedicated to the theoretical grounding of the concept of social resilience. Chapter 4 will provide a comprehensive overview of the literature and scientific debate on poverty, whereas chapter 5 will make use of that discussion to put forward a concept of resilience anchored in the concept of "poverty ways of life". We will trace the theoretical developments of the concept of resilience, particularly in the social sciences, in order to establish a theoretical perspective and model for the investigation. The main findings of scientific research in the countries of the study sample will also be surveyed with respect to the resilience of families and their coping and adaptation practices in view of the socioeconomic crisis.

Finally, the chapter 6 will present the conclusions of the report, summarizing the main conclusions drawn from the analysis of the collected information, with reference to the objectives set for the report.

Moreover, several additional aspects of great relevance to the RESCuE investigation will be tackled in the report. These concern spatial and community issues in their interrelation with vulnerable and resilient households; the lessons to be learned for social policy, the longitudinal (or process-shaped) nature of resilience; the gender dimension and other intersecting dimensions of social inequality like migration and ethnicity.

Finally, this report will also support the subsequent fieldwork of Work Package 3, by fine-tuning hypotheses and research questions and placing them alongside scientific, socioeconomic, cultural and political developments. It will thus feed the fieldwork by formulating clear general research questions that can be operationalised in sampling, interview guidelines, observation checklists and other research instruments.

1. Economic and Social Impacts of the 2008 global financial crisis in Europe

The idea of crisis is widespread in common discourse. But what does crisis mean in the RESCuE project? And to what extent has it affected families in the RESCuE countries? These are the basic questions that this chapter will seek to answer. To do so, we will start with a brief excursion on economic indicators, emphasizing the 2007-8 global financial crisis and the form of its shockwaves in Europe, taking care to look not only at general trends but also into country-specific manifestations. But economic indicators alone do not capture the vastness of social and demographic consequences stemming from the crisis. Given the focus of RESCuE on resilience, we will give centre stage to work – as both a fundamental source of economic resources for families and as a crucial element in the construction of social identity and life projects - and movement in geographic space – as one of the strategies for coping with the crisis that has visible translation at a statistical level. Thus, identify and discuss some of the transformations in the labour world and international migration patterns that were either triggered or deepened by the crisis. With these changes in mind we will then proceed to trace of the evolution of poverty since 2007.

1.1. Economic crisis and trends of economic growth

The shockwaves of the 2007-8 global financial crash and the subsequent credit crunch hit Europe quickly. Yet not all countries suffered its effects to the same measure or over the same time frame. The outer periphery of the European Union (EU) – Ireland, Portugal, Spain and Greece - would bear the harshest and longest of the recessions that followed the crisis, ones from which they are yet to recover. A second group of countries including traditional industrial powerhouses such as Germany and the UK, as well as Finland and also emerging economies such as Poland and Turkey initially felt the effects of the global crisis but recovered much more quickly – to the extent that, in the two latter countries, the crisis not even seem to be anything other than a short-term downturn, at least when compared to other moments such as the recession of 2002-3.

Yet, they too failed to reach pre-crisis levels of GDP growth consistently and appear to be showing a new trend of slow and fragile economic growth, while displaying increased vulnerability to external shocks.

In large part due to its close economic ties with the United States, where the financial crisis had started, Ireland would be officially declared in recession in August 2008 - the first EU country to do so. By the end of that year, Irish GDP had fallen by 2.2% and would fall a further 6.4% in 2009 and 1.1% in 2010. By then, the drying up of credit in financial markets coupled with the bursting of a real estate bubble had led to a major crisis in the Irish banking system. The Irish Government opted to bail out some of the largest Irish banks and was thus forced to negotiate a Financial Rescue Package with the International Monetary Fund (IMF) and European Central Bank (ECB) in November 2010 with the imposition of an austerity plan. Despite this, not only did economic growth fail to reach anything resembling pre-crisis levels but, by 2013, Ireland was back in recession, with a 0.3% contraction of GDP.

Greece is another country on the frontline of the financial and economic crisis – and arguably the one that has suffered the most from it. As soon as 2008, Greek GDP had declined by 0.2% and would continue to drop sharply in 2009, contracting by a further 3.1%. In the midst of the fallout of successive revisions of public deficit figures and sharp rises in public debt interests, the Greek Government was forced to ask for an IMF-ECB loan in April 2010, which came attached with harsh austerity measures. A second loan coupled with partial debt restructuring was made in February 2012. Yet, the implementation of a series of harsh austerity packages, while incurring in heavy social costs and fostering significant political turmoil - which included, as will be explored further below, a deep transformation of the Greek political party system – did not prevent Greece from plunging into a full-fledged economic depression whose end is yet in sight. Indeed, Greek GDP fell by 7.1% in 2011, 7.0% in 2012 and 3.9% in 2013.

Spain has also been heavily hit by the crisis. High growth rates came to a halt with the bursting of a real estate bubble and a banking crisis that bore some similarities with Ireland's. Though not being subject to a formal external intervention as the other countries in this group, Spain nevertheless proceeded to implement successive austerity measures from 2010 onwards. Yet, stagnation and recession has so far been the only visible result, with Spanish GDP showing negative growth rates for every year after 2008, with the single exception of a negligible 0.1% positive growth rate in 2011.

Table 1 – GDP Growth rate in the RESCuE countries sample (%)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	3.9	2.0	1.3	1.5	2.6	2.2	3.4	3.2	0.4	-4.5	2.0	1.6	-0.4	0.1
Germany	3.1	1.5	0.0	-0.4	1.2	0.7	3.7	3.3	1.1	-5.1	4.0	3.3	0.7	0.4
Ireland	10.6	5.0	5.4	3.7	4.2	6.1	5.5	5.0	-2.2	-6.4	-1.1	2.2	0.2	-0.3
Greece	4.5	4.2	3.4	5.9	4.4	2.3	5.5	3.5	-0.2	-3.1	-4.9	-7.1	-7.0	-3.9
Spain	5.0	3.7	2.7	3.1	3.3	3.6	4.1	3.5	0.9	-3.8	-0.2	0.1	-1.6	-1.2
Poland	4.3	1.2	1.4	3.9	5.3	3.6	6.2	6.8	5.1	1.6	3.9	4.5	2.0	1.6
Portugal	3.9	2.0	0.8	-0.9	1.6	0.8	1.4	2.4	0.0	-2.9	1.9	-1.3	-3.2	-1.4
Finland	5.3	2.3	1.8	2.0	4.1	2.9	4.4	5.3	0.3	-8.5	3.4	2.8	-1.0	-1.4
UK	4.4	2.2	2.3	3.9	3.2	3.2	2.8	3.4	-0.8	-5.2	1.7	1.1	0.3	1.7
Turkey	6.8	-5.7	6.2	5.3	9.4	8.4	6.9	4.7	0.7	-4.8	9.0	8.8*	2.1*	4.0*

Source: Eurostat and World Bank (for Turkey 2011-2013)

Portugal also became a major casualty of the crisis. Unlike Ireland, Spain or Greece, Portugal had experienced slow growth rates for most of the 2000s. This owed much to loss of competitiveness of the Portuguese economy, still struggling from the impacts of the EU opening to international markets in mid-to-low added value production and the lack of the option of currency devaluation following the adoption of the Euro. Yet an initial set of fiscal expansionist policies initially averted the recession and even made for signs of quick recovery: after a drop of 2.3% in 2009, the worst seemed to have passed by 2010, with an actual growth of 1.9% being recorded. However, the sudden shift in EU policies from fiscal expansionism to austerity in mid-2010 and consequent rising debt interest in financial markets forced the Portuguese Government to ask for a financial rescue package from the International Monetary Fund and the European Central Bank in May 2011. This package implied the signing of a Memorandum of Understanding that foresaw the implementation of a wide range of austerity measures. These measures – and particularly their impacts on aggregate demand - halted the Portuguese economic recovery in its tracks, with Portuguese GDP proceeding to fall continuously from 2010 onwards: 1.3% in 2011, 3.2% in 2012 and 1.4% in 2013.

Of the other countries in the RESCuE sample, Finland is perhaps the one in worse economic situation. The immediate impact of the crisis was very hard, with Finnish GDP declining by 8.5% in 2009 alone. Quick recovery ensued, with GDP growing by 3.4% in 2010 and 2.8% in 2011. However, this recovery seems to have been short-lived. With an economy struggling with loss of competitiveness and hit by considerable industrial delocalization phenomena, the Finnish economy has since entered in recession, with GDP reductions of 1.0% in 2012 and 1.2% in the following year.

The UK is not faring much better. Like Ireland, it became one of the first countries in the sample to enter recession after the global crisis - greatly due to the importance of the financial sector in the British economy. British GDP fell by -0.8% immediately in 2008 had proceeded to fall by a further 5.9% in 2009. Despite returning to positive rates from 2010 onwards, it has also showed a pattern of much slower growth than in the pre-crisis years: 1.7% in 2010, 1.1% in 2011, 0.3% in 2012 and 1.7% again in 2013.

Germany presents a somewhat different picture. After falling by 5.1% in 2009, German GDP not only recovered quickly but recorded the highest grow rates of the decade in the two following years – 4.0% in 2010 and 3.3% in 2011 - which suggested at the time that Germany could be seen as a sort of a “winner” of the crisis. A possible explanation for this evolution rests on the competitiveness gains of the German economy at the expense of peripheral and weaker economies. These gains owed much both to the strength of a German exporting sector no longer facing the risk of currency devaluation by Eurozone trading partners and also to the wage compression policies set in place during Chancellor Gerhard Schroeder’s Government in the early 2000s. Yet this recovery was short-lived. By 2012, GDP growth fell considerably by 0.7% and declined even further to 0.3% in 2013, all signs of economic stagnation.

Finally, Turkey and Poland are the countries that more strongly contrast with the general trend of the RESCuE countries regarding economic growth. Turkish GDP did fall by -4.8% in 2009 but, by 2010 and 2011 GDP was growing at 9.0% and 8.8% respectively – by far the largest growth levels in the entire sample. Even if at a somewhat more moderate pace, Turkish GDP continued to grow at the strong rates of 2.1% in 2012 and 4.0% in 2013. This made the notion of economic crisis fall out of the radar in public debates in Turkey, to the point that, when called upon, it will most likely refer to the early 2000s crisis and not the late 2000s one.

In turn, Poland is the country in the RESCuE sample that was hit less severely by the 2007-8 global financial crisis. Despite strong speculative pressure on the zloty and high levels of public debt, Polish GDP continued to grow even in 2009, albeit at a slower pace (1.9%), making Poland the only country not to have technically experienced recession in that period. By 2010, Polish GDP growth was back at 3.9% and would even peak at 4.5% in 2011. Although these rates have fallen to 2.0% and 1.6%, they are still well above the EU average, which makes the term “downturn”, rather than “crisis” drawn upon in domestic debates on the economic situation - unlike most of the other RESCuE sample countries.

1.2. Employment and labour conditions

The average unemployment rate in the EU has been on the rise since 2008, coinciding with the beginning of the economic crisis. In 2008, the EU average rate stood at 7.0%, but by 2013, had peaked at 10.8% - the highest since 2000. An analogous trend is detected regarding long-term unemployment – that is, the proportion of the active population that is unemployed for more than 12 months – which, from a minimum of 2.6% in 2008, was reaching 5.1% in 2013.

Yet this general average hides distinct trends within the RESCuE sample. Again, the peripheral countries of the Eurozone – Greece, Ireland, Portugal and Spain - saw the most dramatic increases in total and long-term unemployment rates in the wake of the crisis. But even in countries less penalized by it, such as Poland or Turkey, another trend seems to be taking place: that of jobless growth, as economic recovery fails to generate an equivalent increase in employment. With Finland mired in relatively high levels of unemployment that hark back to the deep Scandinavian recession of the mid-1990s, only Germany is left showing a significant declining trend in this regard since the beginning of the crisis.

Unemployment in the Eurozone periphery peaked after 2008. Between 2007 and 2013, unemployment rates almost doubled in Portugal, tripled in Spain and Ireland and nearly quadrupled in Greece.

In Ireland, 14.7% of the active population was unemployed in 2012, a figure that would fall to 13.1% in 2013 – still an extremely high number, if we consider that the Irish unemployment rate hovered around 4.5% between 2000 and 2007. Likewise, long-term unemployment, which was residual in the wake of the crisis - standing at 1.7% in 2007 - peaked at 9.1% in 2012. The bursting of the housing bubble in the immediate aftermath of the global credit crunch meant that workers from the construction sector – of which a majority was low-skilled and/ or migrant – were the first major casualty in this regard. As the recession went on, unemployment extended to workers in service sectors that are particularly sensitive to declines in aggregate demand, such as retail and hospitality. Furthermore, the crisis introduced a new feature in the Irish labour market: youth unemployment on a massive scale. In 2007, at the eve of the crisis, the unemployment rate for those less than 25 years old in Ireland stood at 9.1%, far below the EU average of 15.7%. By 2012, this proportion had grown to 30.1%, a full 7.4 p.p. above the EU average and the slight drop in 2013 to 26.8% does not suffice to alter this general picture.

Spain too experienced the effects of a massive housing bubble whose collapse greatly affected the construction sector – one of the former mainstays of the Spanish labour market – and later spread to other aggregate demand-sensitive sectors such as tourism. Yet, unlike Ireland, high unemployment had long been a structural trait of the Spanish economy, although it was on the decline in the years leading up to the crisis. In 2000, Spain featured an unemployment rate of 11.9% - the second highest unemployment rate of our sample at the time – which would slowly fall until reaching a minimum of 8.2% just before the triggering of the global financial crisis. However, the years following the global financial crisis not only halted the decreasing trend but also saw unemployment reach new heights. From 8.2% in 2007, Spain's unemployment rate rapidly swelled afterwards, until hitting a massive 26.1% in 2013. Long-term unemployment soon followed the same trend, increasing nearly eightfold between 2007 – when it stood at a near-residual level of 1.7% - and 2013 – when it reached 13.1%.

Table 2 – Unemployment rate in the RESCuE sample countries (yearly average, %)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU Average	8.9	8.6	9.0	9.1	9.3	9.0	8.2	7.2	7.0	9.0	9.6	9.6	10.4	10.8
Germany	8.0	7.9	8.7	9.8	10.5	11.3	10.3	8.7	7.5	7.8	7.1	5.9	5.5	5.3
Ireland	4.2	3.9	4.5	4.6	4.5	4.4	4.5	4.7	6.4	12.0	13.9	14.7	14.7	13.1
Greece	11.2	10.7	10.3	9.7	10.5	9.9	8.9	8.3	7.7	9.5	12.6	17.7	24.3	27.3
Spain	11.9	10.6	11.5	11.5	11.0	9.2	8.5	8.2	11.3	17.9	19.9	21.4	24.8	26.1
Poland	16.1	18.3	20.0	19.8	19.1	17.9	13.9	9.6	7.1	8.1	9.7	9.7	10.1	10.3
Portugal	4.5	4.6	5.7	7.1	7.5	8.6	8.6	8.9	8.5	10.6	12.0	12.9	15.9	16.5
Finland	9.8	9.1	9.1	9.0	8.8	8.4	7.7	6.9	6.4	8.2	8.4	7.8	7.7	8.2
UK	5.4	5.0	5.1	5.0	4.7	4.8	5.4	5.3	5.6	7.6	7.8	8.0	7.9	7.5
Turkey	-	-	-	-	-	9.2	8.7	8.8	9.7	12.5	10.7	8.8	8.1	8.7

Source: Eurostat

Youth and over 50 year-old workers have suffered in particular from the rising unemployment. Youth unemployment in Spain was already massive before the crisis, with the unemployment rate for those less than 25 year old standing at 24.5% in 2007. Yet the situation would get even worse in the following years, with the unemployment rate in this age echelon reaching an astonishing maximum of 55.5% in 2013 – meaning that more than half of the active young Spanish population were without work at the time.

But Greece is arguably the country in the sample in direst straits regarding unemployment. Like Spain, Greece started the decade with a high unemployment rate – 11.2% in 2000 – that slowly fell until reaching a minimum of 7.7% in 2008. But this trend was suddenly and emphatically reversed afterwards, in the context of the debt crisis and successive cycles of austerity measures and economic depression in which Greece plunged after 2010. Unemployment quickly soared, reaching a maximum of 27.3% in 2013 – the highest value in the entire sample.

Long-term unemployment, as usual, followed suit. Already high by EU standards at the eve of the crisis (4.1% in 2007) it rose to a massive 18.4% in 2013 – by far the highest in the sample. Likewise, youth unemployment, already extremely high on the eve of the crisis when compared to the EU standards, reached staggering heights in the following years. Indeed, the unemployment rate among under 25-year-old Greeks rose from 22.1% in 2007 to a staggering 58.3% in 2013.

Table 3 – Long-term unemployment rate in the RESCuE sample countries (yearly average, %)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	-	-	4.1	4.2	4.3	4.1	3.8	3.1	2.6	3.0	3.9	4.2	4.7	5.1
Germany	4.1	3.9	4.2	4.9	5.9	6.0	5.8	4.9	4.0	3.5	3.4	2.8	2.5	2.4
Ireland	1.6	1.3	1.3	1.5	1.6	1.5	1.4	1.4	1.7	3.5	6.8	8.7	9.1	7.9
Greece	6.2	5.5	5.3	5.3	5.6	5.1	4.8	4.1	3.6	3.9	5.7	8.8	14.4	18.4
Spain	4.9	3.8	3.8	3.8	3.5	2.2	1.8	1.7	2.0	4.3	7.3	9.0	11.1	13.1
Poland	7.4	9.2	11	11.1	10.3	10.3	7.8	4.9	2.4	2.5	3.0	3.6	4.1	4.4
Portugal	1.9	1.7	2.0	2.5	3.3	4.1	4.3	4.2	4.0	4.7	6.3	6.2	7.7	9.3
Finland	2.8	2.5	2.3	2.3	2.1	2.2	1.9	1.6	1.2	1.4	2.0	1.7	1.6	1.7
UK	1.4	1.3	1.1	1.1	1.0	1.0	1.2	1.3	1.4	1.9	2.5	2.7	2.7	2.7
Turkey							2.7	2.3	2.3	2.8	2.8	2.1	1.8	1.9

Source: Eurostat

Of the Eurozone periphery countries, Portugal offers a somewhat different shade to this trend, as unemployment was already growing at a steady pace from the situation of near full employment of the late 1990s. Indeed, the unemployment rate had risen from a mere 4.5% in 2000 – the second lowest rate in the sample at the time – to 8.9% in 2007. This was undoubtedly due to the stagnation of the Portuguese economy in the early 2000s, whose reasons were alluded above. Nevertheless, the crisis did accelerate the trend: by 2010, the Portuguese unemployment rate was at 10.6% and would peak in 2013 at 16.1%.

Long-term unemployment followed the same trend. Nearly residual in 2001 (when it stood at 1.7%), it crept into a plateau slightly above 4.0% between 2005 and 2008. However, it quickly grew after 2008, reaching 9.3% in 2013. Likewise, youth unemployment, started the 2000s at 10.5%, before rising to a plateau around 19.5% between 2004 and 2008 and shooting upwards to 37.7% in 2012 and 2013.

Table 4 – Unemployment rate for under 25 year-olds in the RESCuE sample countries (yearly average, %)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	17.7	17.4	18.0	18.7	19.1	18.9	17.6	15.7	15.8	20.1	21.1	21.4	23.0	23.4
Germany	8.7	8.4	9.9	11.6	13.8	15.6	13.8	11.9	10.6	11.2	9.9	8.6	8.1	7.9
Ireland	6.7	7.2	8.4	8.7	8.7	8.6	8.7	9.1	13.3	24.0	27.6	29.1	30.4	26.8
Greece	29.1	28.0	26.8	26.8	26.9	26.0	25.2	22.9	22.1	25.8	32.9	44.4	55.3	58.3
Spain	23.2	21.1	22.2	22.7	22.0	19.6	17.9	18.1	24.5	37.7	41.5	46.2	52.9	55.5
Poland	35.1	39.5	42.5	41.9	39.6	36.9	29.8	21.6	17.2	20.6	23.7	25.8	26.5	27.3
Portugal	10.5	11.5	14.3	17.8	18.9	19.8	20.1	20.4	20.2	24.8	27.7	30.1	37.7	37.7
Finland	21.4	19.8	21.0	21.8	20.7	20.1	18.7	16.5	16.5	21.5	21.4	20.1	19.0	19.9
UK	12.2	11.7	12.0	12.2	12.1	12.8	14.0	14.3	15.0	19.1	19.6	21.1	21.0	20.5
Turkey						17.4	16.4	17.2	18.4	22.7	19.7	16.8	15.7	17.0

Source: Eurostat

While the crisis led these four countries to a trend of growth of unemployment (albeit in different magnitudes and with some country-specific traces) related to austerity and economic recession, other countries such as Finland, the UK, Poland and Turkey are good illustrations of another facet of the European economy post-2007-8 global crisis: that of jobless growth.

Interestingly enough, a country such as Finland which is rarely paired with the above peripheral countries, actually bears some similarities with them regarding the evolution of unemployment – albeit considerably toned down both in absolute volume and range of fluctuation. Owing still to effects of the Scandinavian recession of the mid-1990s, and despite a return of economic growth in the latter years of that decade, Finnish unemployment rates began the 2000s at a somewhat higher level than the European average (standing at 9.8% in 2000 against an EU average of 8.9%). Moreover, and despite high growth rates recorded after 2003, the reduction of unemployment in Finland progressed very slowly afterwards, reaching a minimum of 6.4% in 2008. This has been partly attributed to a lag in employment policies, which have been slow to adapt to a set of changes in the Finnish economic structure – and specifically to the phenomenon of relocation of traditional industrial production to other countries. Particularly with unemployed men, focus has been on competing for dwindling industrial workplaces instead of reconversion to other sectors, such as tourism or care.

The crisis accentuated these problems and, by 2009, these gains had almost been wiped out, with unemployment rising to 8.2%. Yet again, even as the Finnish economy appeared to recover in 2010 and 2011, unemployment reduction was minimal and, by the latter year, it stood at 7.8%. And, as the country plunged back into recession afterwards, the unemployment rate would rise again to 8.2% by 2013.

Unlike Ireland, Portugal, Greece and Spain, however, long-term unemployment has stayed at nearly residual levels throughout the period in analysis. In fact, it has not exceeded 2.0% since 2005 and was, in 2013, the lowest in the entire sample. Likewise, youth unemployment, although currently higher than in the years immediately before the crisis – it stood at 16.5% in 2007 - has not experienced anything like the post-financial crisis hike felt in Ireland, Spain, Greece or Portugal, as it stood at 19.9% in 2013. This is undoubtedly related to the lower magnitude of the increase in general unemployment, although some characteristics specific to Finland – such as the high education level of the workforce – should also play their role in this outcome.

In the UK, recovery from the 2007-8 global crisis in terms of employment has also been next to non-existent, with unemployment failing to return to pre-crisis levels. Unemployment jumped from 5.6% to 7.6% between 2008 and 2009 – meaning that, at the height of the global crisis, about 1 million people lost their jobs. As in other countries, this was acutely felt in construction activities, the sector which had been creating jobs at the fastest rate before the crisis. In this period, construction alone accounted for a sixth of job losses in Britain. Since then, and despite the country leaving recession in 2010 – albeit featuring low growth rates since – the UK's unemployment has failed to return to pre-crisis levels. By 2013, it still stood at 7.5%.

The crisis also saw a reversal in the evolution of long-term unemployment. Having been on the decline since the mid-1990s, long-term unemployment rate stood at just 1.3% in 2007. In the years after that, it would proceed to double, reaching 2.7% in 2011, 2012 and 2013. Youth unemployment also rose significantly. By 2013, 20.5% of British under the age of 25 years old were unemployed, representing a 6.2 p.p. increase in relation to 2007.

An even more clear-cut case of jobless growth is provided by Poland. Having had a peak unemployment rate of 20.0% during the early 2000s recession, the Polish unemployment rate fell extremely rapidly after the ascension of the country to the EU in 2004, reaching a minimum of 7.1% in 2008. As discussed above, Poland was actually the only country that did not record negative growth rates during or after the 2007-8 global crisis. Yet, despite this, unemployment began to creep back after 2008, standing at 10.3% in 2013. Long-term unemployment which had dropped to 2.5% by 2005, also began steadily growing from then on, standing at 4.4% in 2013. The same trend can be discerned regarding youth unemployment. In 2008, 17.2% of under 25 year-old active Poles were unemployed, a proportion that had risen to 27.3% by 2013.

Turkey also presents a good example of jobless growth. Recovery in terms of GDP was quick in Turkey after the 2007-8 shock. Yet unemployment has more or less stagnated from 2011 onwards, despite very high growth rates. While it is true that, in this latter year, it stood at 8.8%, - thus returning to pre-crisis levels – it did not fall significantly afterwards, standing stationary at 8.7% in 2013. Furthermore, this rate has to be regarded cautiously, in view of the importance of informal economic activities in Turkey. This results in a low rate of declared participation in the workforce – which the Turkish Statistical Institute estimates at 51.0% - and consequent underestimation of situations of unemployment.

Finally, we are left with the one single exception to this general picture of either stagnation or increased unemployment of the RESCuE sample: Germany. Germany had actually experienced an unemployment hike during and immediately after the early 2000s recession, which reached a maximum of 11.3% in 2005. Two years later, in the eve of the crisis, the unemployment rate was on the decline but still above EU average, standing at 8.7%. And the global crisis did not affect this trend, with unemployment rate proceeding to fall continuously after the crisis, reaching 5.3% in 2013 – a figure corresponding to less than half the EU average.

Long-term unemployment fell along the same line. After peaking in 2005 at 6.0%, the long-term unemployment rate in Germany then started to fall, with the global crisis having little noticeable impact on the trend. By 2013, it stood at 2.4% - again, less than half the EU average. Youth unemployment followed a similar path, showing a continuous decline since 2005 – when it stood at 15.6%. By 2013, only 7.9% of active Germans of 24 years of age or younger were unemployed - an exceptionally low figure, representing about a third of the EU average.

Rising unemployment tells an important part of the story of the transformations in the labour market of the RESCuE countries before and after the global financial crisis. But it is by no means an exhaustive account of this story. In order to fully assess the impact of economic recession on the labour market, one has to take into account the specific realities of each of country. Here, we focus on two indicators that come to the forefront in the discussion of resilience: part-time employment and self-employment.

Regarding part-time employment, one can see how RESCuE countries differ among one another both regarding the starting point and their trajectory in the past decade. In 2007, on the eve of the crisis, three countries stood above or very close to the EU average of 17.5% of employed persons having part-time jobs: Germany with 25.7%, the United Kingdom with 24.2%. and Ireland with 17.3%. At the other end of the scale, we had Greece with 5.4%, Turkey with 7.9%, Poland with 8.5% and Portugal with 8.8%. Finland with 13.3%, and Spain with 11.8% occupy a somewhat middle position.

By 2013, EU average part-time employment rate had grown, a trend followed in all of the RESCuE countries except Poland. In our sample, part-time employment growth ranges from 0.6 p.p. in Finland and 0.8 p.p. in Germany to 2.1 p.p. in Portugal, 4.0 p.p. in Turkey, 4.3 p.p. in Spain and 6.2 p.p. in Greece.

Now, the increase in part-time employment can have different readings. At a macroeconomic level, it can follow the implementation of classic Keynesian measures of reduction in working hours as a reaction to sudden drops in aggregate demand to help prevent unemployment. A good illustration is the case of the German responses in the industrial sector to the immediate shockwaves of the 2007-8 crisis. These included a reduction in working hours up to a full day per week, with the loss in revenue by the workers being partly compensated by Social Security transfers. Aside these forms of macroeconomic risk-sharing, part-time employment may also, in some circumstances, be regarded as a transitional stage to full integration in the labour market. Conceivable examples of this include youth part-time employment while at school and/or during university holidays or as a part of training and the reduction of working hours for parents during the early childhood of their children.

Table 5 – Part-time employment as a percentage of the total employment in the RESCuE Sample

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28			15.6	16.0	16.7	17.2	17.5	17.5	17.5	18.1	18.5	18.8	19.2	19.5
Germany	19.1	19.9	20.3	21.2	21.9	23.4	25.2	25.4	25.1	25.3	25.5	25.7	25.7	26.2
Ireland	16.6	16.4	16.3	16.7	16.6	16.8	16.6	17.3	18.1	21.0	22.2	23.1	23.5	23.5
Greece	4.4	3.9	4.2	3.9	4.5	4.8	5.5	5.4	5.4	5.8	6.2	6.6	7.6	8.2
Spain	8.0	8.0	8.0	8.2	8.8	12.2	11.8	11.6	11.8	12.6	13.1	13.7	14.6	15.9
Poland	9.3	9.2	9.6	9.3	9.6	9.8	8.9	8.5	7.7	7.7	7.7	7.3	7.2	7.1
Portugal	8.1	8.2	8.4	8.8	8.1	8.2	8.1	8.8	8.6	8.4	8.4	10.1	11.0	10.9
Finland	11.9	11.6	12.1	12.5	12.8	13.3	13.5	13.4	12.7	13.3	13.9	14.1	14.1	14.0
UK	24.4	24.4	24.5	25.0	25.1	24.2	24.3	24.2	24.2	25.0	25.7	25.5	25.9	25.5
Turkey							7.2	7.9	8.7	10.6	11.1	11.3	11.5	11.9

Source: Eurostat

However, in other countries and situations, the increasing proportion of part-time jobs suggests instead the fast growth of precarious and hitherto atypical labour relations. The UK is a good case in point. The share of temporary and part-time contracts in Britain rose by nearly 10% after the crisis. Extremely precarious labour relations such as "zero-hour contracts" – where the employer does not have to guarantee any specific weekly number of working hours to the employee - experienced a sharp rise after 2008. By 2013, a total of 208,000 workers were under zero-hour contracts, representing 0.7 of the total workforce – although this is likely to be a severe underestimation. Younger workers and those of specific economic sectors such as healthcare, hospitality, administration and retail are particularly targeted.

In the peripheral countries of the EU, this problem is even more evident. In Greece and Portugal, for instance, deregulation of labour markets was a key point in the Memorandum of Understanding that accompanied the IMF and EU financial intervention during the debt crisis. In the Greek case, this seems to have resulted in a fully-fledged phenomenon of conversion of full-time and permanent contracts into part-time and ad-hoc ones in the private sector, with firms frequently firing employees, and at re-hiring them afterwards at lower wages and on a more precarious basis.

Another indicator of relevance is that of self-employment. As shown in Table 6, the RESCuE countries differ widely in this regard. Taking 2010 as a reference year, three main groups can be identified in the sample. The first is composed of countries where self-employment as a percentage of total employment is clearly above the EU average of 16.8%: Turkey with 39.1%; Greece with 35.5%; Portugal with 22.9%; and Poland with 22.8%. The second group features two countries that hover around the average: Ireland, with 17.4%; and Spain, with 16.9%. Finally, one can point to three RESCuE countries where self-employment was lower than the average in 2010: the UK with 13.9%; Finland with 13.5%; and Germany with 11.6%.

In public discourse, entrepreneurship and the creation of one's own business are often touted as effective individual answers to economic crisis situations. However, these claims should be met with caution and a realistic discussion on the question of self-employment.

Firstly, one should take into account that a self-employed worker is placed in a category that can harbour very different situations. To be sure, it does comprise young entrepreneurs in technological start-ups or micro-business units set up by former workers who became unemployed. However, it can also include a wide range of precarious situations, such as free-lance teachers or industry workers working at home and paid by-the-piece. In short, it encompasses many situations where there is no formal permanent link between the worker and the institution – public or private – for which he works.

Table 6 – Self-employment as a percentage of total employment

	2000	2008	2010	2011
EU 27	18.3	16.5	16.8	16.6
Finland	13.7	12.8	13.5	13.4
Germany	11.0	11.7	11.6	
Greece	42.0	35.1	35.5	36.3
Ireland	18.8	17.3	17.4	16.9
Poland	27.4	22.9	22.8	
Portugal	26.0	24.1	22.9	21.3
Spain	20.2	17.7	16.9	16.6
Turkey	51.4	39.0	39.1	38.3
UK	12.8	13.4	13.9	

Source: OECD

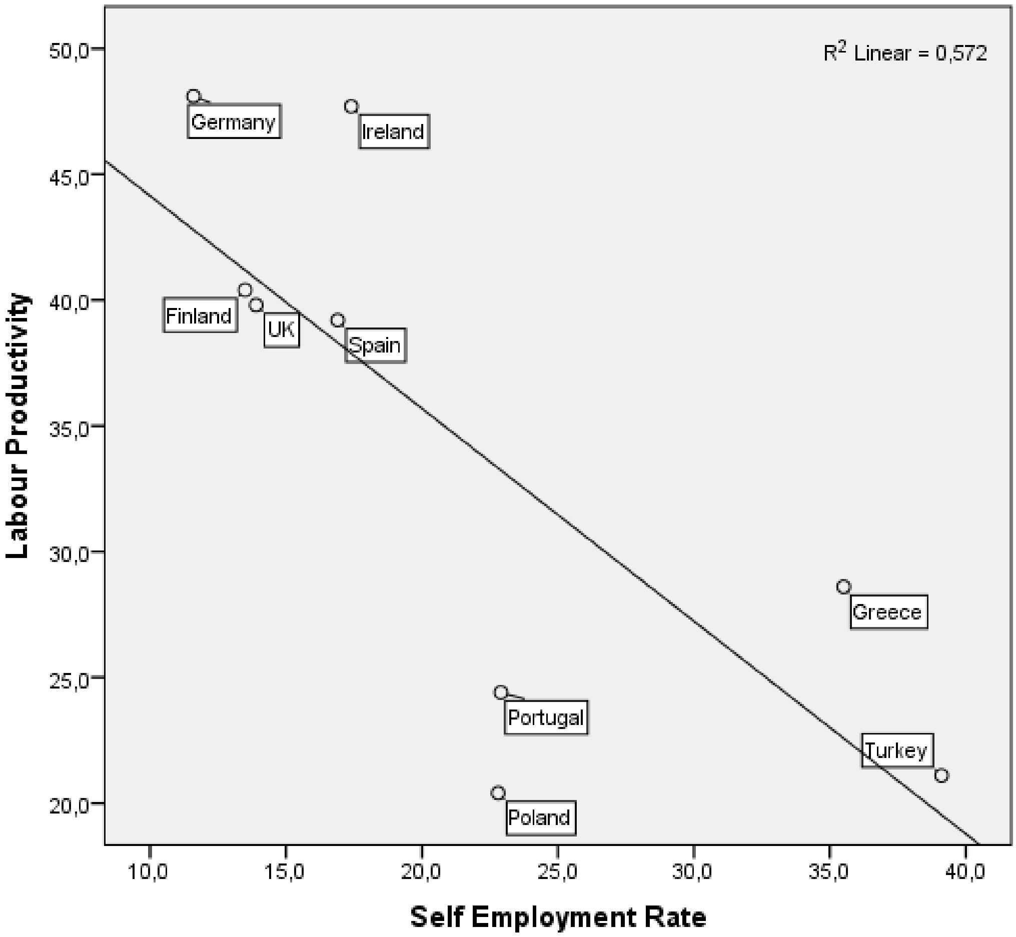
The German case is emphatic in this regard. Studies of the German labour market emphasize that non-standard labour rose considerably since the mid-2000s, to the point that, by 2012, it comprised a quarter of the active population. There is also evidence linking self-employment to lower wages and deteriorated working conditions in Germany, with the number of self-employed persons receiving basic supplementary income having grown from 72,000 to 127,000 between 2007 and 2011.

Non-standard labour is also an increasingly important feature of other labour markets. In Turkey, where a switch from an import-substitute to an export-oriented economy has taken place since the 1980s, strong economic growth heavily depends on sectors that make widespread use of informal labour, as a means to adapt to fluctuations in demand. This particularly affects women and youth – to the point of including child labour – and translates into work at home and other forms of employment on a non-contract basis and without access to social security benefits.

Another case worth mentioning is that of Portugal. Here, 76.4% of self-employed workers were *isolated* self-employed - that is, they were not employers. Moreover, 9.3% of these isolated self-employed were estimated by the Portuguese National Statistical Institute as actually being in situation commonly referred to as “dependent self-employment” or “false independent work”. In these latter cases, workers perform regular functions at employer institutions but do not have a permanent contract and receive their wages against a receipt, just as if they were an independent professional. This exempts employers from defining a fixed set of working hours, from paying their share in social security contributions – which, in these cases, is entirely borne by the worker – and also from legal compensation to workers in case of lay-off. Moreover, being formally independent, these workers do not have access to regular social protection measures, such as unemployment benefit and paid sickness leave.

Secondly, two trends of evolution can be detected regarding self-employment in the RESCuE sample. In countries such as Finland, Germany and the United Kingdom, self-employment rates have shown little variation since the early 2000s. However, a trend of decline is noticeable in countries such as Portugal, Spain, Poland, Turkey and Greece.

Figure 1 – Labour productivity (GDP per hour worked) and self-employment rate in the RESCuE countries in 2010



Data source: OECD

This is not surprising, given the range of situations covered by the category of self-employment. On the one hand, precarious workers are in a more vulnerable position and are likely to be the first to lose their jobs in an economic downturn. On the other hand, small and micro business are just as vulnerable as other firms (if not more) to the collapse of aggregate demand derived from recessions – a fact that also illustrates the limits of self-creation of jobs in the context of economic crisis

Thirdly, as can be seen in Figure 1, an inverse relationship can be detected between the self-employment rate and productivity. Indeed, it is the four countries that feature highest in self-employment rates – Portugal, Poland, Greece and Turkey – that show the lowest levels of productivity.

Indeed, there is a case for pondering whether excessive levels of self-employment actually hamper economic development. On the one hand, economic fabrics over-relying on micro and small businesses face problems such as capital pulverization, low technological incorporation, lack of organizational differentiation and means of organizational development. On the other hand, precariousness in itself incentivizes short-term reactions to economic downturn such as lay-offs and high worker turnover while discouraging structural changes in firms, including investment in training or technological and organizational modernization.

Although with variable intensity in the RESCuE sample, unemployment growth and increasing labour precariousness seem to be key features in the transformation of labour markets that was already taking place in the period leading up to the 2007-8 global credit crisis. It is thus important to assess how these changes are reflected in household income.

1.3. Income and inequality

Addressing the themes of poverty and resilience, the problem of income inequality is a crucial one.[1] Apart from showing the wide asymmetries between the RESCuE countries with regard to median income – ranging from 5 057 euros per equivalent adult per year in Poland to 19 592 in Germany in 2012[2] - Table 7 highlights the evolution and, particularly, the years of decline in nominal annual median income. As would be expected in view of the timeline of the crisis, these are concentrated from 2008 onwards. It should be noted, however, that that these reductions do not occur at the same time. The UK was the first country where median income started to decline. By 2009, annual median net income per equivalent adult in Britain was 4 873 euros/year lower than in 2007, representing a staggering drop of 23.1%. Despite a slow recovery in the following years, median income was still to recover pre-crisis levels by 2012, standing at only 89.1% of that recorded in 2007. In Ireland, income also experienced a

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[1] Income inequality is one of the main forms of inequalities, which cover a broad range of forms and domains. Poverty is one of them and income inequality is one of main factors of poverty, although the two concepts cannot be equalized. Therefore, the eradication of poverty does not imply absolutely equalitarian societies, while there can be societies with levels of income inequality rather high but where most people access the necessary means for a fair living.

[2] Eurostat does not present values for this indicator for Turkey in recent years. The only year for which data is available for Turkey is 2006. Median net income for Turkey in this latter year stood at 2 372 euros per equivalent adult – the lowest in the RESCuE sample at the time.

harsh contraction. Between 2008 and 2012, annual median income fell by 3 367 euros per equivalent adult – a reduction of 15.1% - and was still falling by 2012.

Table 7 - Median Equivalised Net Income in the RESCuE countries per year (in Euros)

	2000	2001	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU27					12 637	12 916	13 879	14 456	14 610	14 736	14 874	15 338
Germany	15 339	15 758			16 395	15 646	17 774	18 304	18 586	18 795	19 043	19 592
Ireland	12 119	14 255	17 079	18 075	18 798	19 757	22 065	22 995	22 445	20 512	19 726	19 078
Greece	6 923	7 107	8 207	8 857	9 400	9 833	10 080	10 800	11 530	11 963	10 985	9 460
Spain	8 236	9 027		10 200	10 417	11 111	11 644	12 624	12 856	12 666	12 115	11 970
Poland					2 531	3 111	3 502	4 154	5 090	4 402	5 032	5 057
Portugal	5 662	5 982		6 921	7 200	7 311	7 576	8 152	8 267	8 678	8 410	8 323
Finland	14 208	14 861		16 679	17 481	18 304	18 703	19 794	20 962	21 349	21 826	22 699
UK	15 441	17 720			18 546	19 403	21 139	18 766	16 266	17 106	17 136	19 007
Turkey						2 372						

Source: Eurostat

Note: Years of negative growth in red; maximum in the period in green

By 2010, the degradation of general income levels also began to hit Spain. By 2012, median annual income was still falling, being 886 euros less than in 2009 – that is, a 6.9% drop in relation to 2012. Poland too recorded a decline in median net annual income in the same year. The Polish case is very interesting in this regard. Despite Poland escaping negative GDP growth throughout the global crisis period and actually enjoying a healthy 3.9% growth rate in 2010, Polish median income dropped by 688 euros – representing 13.5% - in that year alone. Median income in Poland did recover in the following two years, yet by 2012, it had still not surpassed 2009 levels. This contrasted heavily with the fast growth rate recorded between 2005 and 2009, a period during which Polish median income effectively doubled, rising from 2 531 to 5 090 euros/year per equivalent adult.

In 2011, two further countries slid into a declining trend. In Portugal, median income fell by 268 euros in 2011 and a further 87 euros in 2012 – representing a total reduction of 4.1% in relation to 2010. Greece's case is considerably more emphatic, with the magnitude of the contraction matched only by the UK. In 2011, median income fell by 978 euros/year and a further 1 525 euros in 2012. This meant that, by 2012, median income in Greece was 9 460 euros/year per equivalent adult – that is, a mere 79.1% of that of 2010.

Germany and Finland are the only countries in the RESCuE sample that do not follow this declining trend. Indeed, Finnish median net income never stopped increasing in the period covered by Table 7 and, by 2012 stood at 22 699 euros/year per equivalent adult – representing growth of 21.4% in relation to 2007. Median income growth in Germany is less dramatic, but still remarkable. Between 2007 and 2012, median income grew 1 818 euros/year per equivalent adult – representing an increase of 10.2% in the period.

A point of discussion arising from the analysis of this data concerns the relationship between median income and economic growth. Indeed, reductions in median income do not always match decline in economic performance either in start or duration. In some countries, such as Ireland and the UK, the GDP contraction was almost immediately accompanied by a drop in household income. In others, such as Portugal or Greece this effect occurred much later, with negative GDP growth rates only taking their toll from 2011 onwards. By contrast, in others such as Poland, income declines occurred even without negative GDP growth.

This discrepancy between these two indicators is a sign of the operation of "buffers" mediating the relationship of the business cycle with the evolution of family income. Two of these buffers will be further explored in the next chapters: welfare state regimes and social economy institutional landscape. But another important buffer is precisely labour market regulation. Indeed, different types of regulation models of labour relations – including the importance of collective bargaining instances, the predominant labour contract forms or the regulation of lay-offs – can play a major role in either accelerating, delaying, mitigating or magnifying the effects of upturns and downturns in economic performance.

An interesting example in this regard is provided by Germany. Even if German nominal median income has continued growing since 2000s (with the exception of 2006), the actual share of national wealth going to the working classes has been declining over the past 20 years. This is very much tied to wage compression policies – by pegging salary increases to inflation (which has been very low for the most part of the last twenty years) and not to productivity – but also to the growth of precarious and non-standard forms of work, which are not covered by traditional collective negotiation and labour protection structures.

Thus, in order to fully grasp the consequences of recent transformations in the labour market, it is also important to consider how wealth distribution has evolved within the RESCuE sample. When looking at the S80/S20 ratio – which compares the income of the first quintile with that of the last quintile - one verifies how heterogeneous the RESCuE countries are in this regard too. Placing these countries on a continuum, closer to an equal distribution pole are countries such as Finland (where the income of the top quintile was only 3.7 times that of the bottom quintile in 2012) or Germany (where the analogous ratio was 4.3). In contrast, Spain (where the income of the top quintile in 2012 was 7.2 times that of the bottom quintile), Greece (where it is 6.6 times) and Portugal (5.8 times) are closer to a wealth concentration pole.

Table 8 – S80/S20 income quintile ratio in the RESCuE sample.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU28											5.0	5.1	5.1
Germany	3.5	3.6				3.8	4.1	4.9	4.8	4.5	4.5	4.5	4.3
Ireland	4.7	4.5		4.9	4.9	5.0	4.9	4.8	4.4	4.2	4.7	4.6	
Greece	5.8	5.7		6.4	5.9	5.8	6.1	6.0	5.9	5.8	5.6	6.0	6.6
Spain	5.4	5.5	5.1	5.1	5.2	5.5	5.5	5.5	5.7	6.4	7.2	7.1	7.2
Poland	4.7	4.7				6.6	5.6	5.3	5.1	5.0	5.0	5.0	4.9
Portugal	6.4	6.5	7.3	7.4	7.0	7.0	6.7	6.5	6.1	6.0	5.6	5.7	5.8
Finland	3.3	3.7	3.7	3.6	3.5	3.6	3.6	3.7	3.8	3.7	3.6	3.7	3.7
UK	5.2	5.4	5.5	5.3		5.9	5.4	5.3	5.6	5.3	5.4	5.3	5.4
Turkey			10.8	9.9			11.3						

Source: Eurostat

But heterogeneity between countries is also visible when considering the evolution of the S80/S20 ratio since 2000. Spain stands out as a case in which the crisis was very quickly reflected in a rapid increase in inequality. While the income of the top 20% was 5.5 times that of the lowest 20% in 2007, by 2010 the same ratio had increased to 7.2 times – and would remain thereabouts for the next two years. Greece, already one of the countries in the sample with a higher S80/S20 ratio before the crisis, also saw a fast increase in inequality, particularly after 2010 – about the same time that median income began to fall.

Portugal is also an interesting case in this regard. Portugal entered the new millennium as the country with the highest inequality level in the RESCuE Sample as measured by this indicator, and the indicator peaked in 2003 – when the income of the top 20% was 7.3 times that of the bottom 20%. From thereon, the S80/S20 would start a slow decline reaching a minimum of 5.6 in 2010. Like Greece, however this trend would reverse in 2011 and 2012, at the same time when the median wage began to fall.

For other RESCuE countries, the impact of the crisis on this indicator is far less visible. Germany does feature a considerably higher S80/S20 ratio in 2012 than in 2000. The income of the top 20% of the German population was 4.3 greater than that of the bottom 20%, which is consistent with a long-term trend of rising inequality. However, most of the growth occurred in the years immediately before the crisis – peaking at 4.9 in 2007 - and the S80/S20 ratio has actually receded since. Poland follows a similar trend. In 2012 the S80/S20 ratio stood at 4.9 - just 0.2 above the level of 2000 - after having peaked at 6.5 in 2000. In Ireland too, although general variation in the period is lower than either in Germany or Poland, with the S80/S20 peaking at around 5.0 in the years just before the crisis (2005-2007).

In the other countries, the variation during this period is practically unnoticeable. The UK, though being fourth country in the sample with the highest S80/S20 ratio, has seen it floating in narrow band between 5.6 and 5.3 since 2006. Finally, in Finland, we also find a narrow interval for the same period, but between 3.3 and 3.7.

Analysis of this data thus puts forward two further transformations in late capitalist economies. The first is that the relatively high economic growth rates of the mid-2000s were accompanied by a surge in inequality – which suggests that the wealth gains in this period tended to be geared towards the top tiers of income distribution. This seems to be the case in countries such as Ireland, Poland and Germany, whose maximum points for the S80/S20 ratio in this period are located in the immediate pre-crisis years of 2005, 2006 and 2007. The above further hints at the possibility that economic growth is not only no longer necessarily associated with job creation – at least in equivalent measure – but also not accompanied by redistribution of wealth – both crucial features of European welfare state-framed capitalism after World War II.

The second transformation concerns countries that were already plagued by high rates of inequality before the crisis. In these countries, the years after 2008 witnessed either a further deepening of inequality levels – such as in Spain and Greece – or a stopping and then reversal of a declining trend – such as Portugal. Incidentally, both the hike in inequality in Greece and the reversal of the decreasing trend in Portugal coincide with the enforcement of EU-IMF-ECB monitored austerity programmes from 2010 onwards. This highlights not only how public policies can have just as powerful effects over living conditions as the economic crisis itself but also how new political economy arrangements may be forming, which hinge more on the lowering or stagnating salaries and on increasing inequality than on redistribution – as was characteristic of post-war welfare-state capitalism. These topics will be further developed on chapter 2.

1.4. Migration flows

The 2007-8 global financial crisis and subsequent European economic recession also had significant effects on the migration movements to and from the RESCuE countries. This is not surprising given the strong economic element usually present in migratory phenomena, as migration flows consistently flow from economically depressed regions towards more affluent ones. Nevertheless, it is still striking to see up to what point and how quickly the general migration panorama was to change in some of the RESCuE countries. Indeed, data regarding migrations point to the crisis as a watershed point marking the reversal of some hitherto established trends and the deepening of others.

Before tackling the evolution of emigration and immigration per se, we will start by considering net migration, that is, roughly the difference between immigration and emigration, in the RESCuE sample. This is due to the fact that a more synthetic indicator allows for a clearer analysis of the magnitude and timing of the changes in migration patterns brought on by the crisis.

Between 2000 and 2007, only two of the RESCuE countries, Poland and Turkey, recorded years of negative net migration – with Turkey very close to break-even. By contrast, this number increased to seven for the period between 2008 and 2012, with only Finland and the UK escaping yearly negative net migration at some point in this period – and in 2012, the UK itself actually recorded its lowest positive value since 2000.

However, even when considering those RESCuE countries whose migration patterns were affected during the crisis, the situation is by no means uniform. Indeed, although Germany features net negative migration in consecutive years at the peak of the global crisis – 2008 and 2009 – it recovered very quickly, with the cumulative loss of those years being completely covered in a single year – 2010. By 2012, Germany boasted a net migration gain of 3 919 thousand, which not only represented its highest figure for this indicator in the 21st century but also accounted for 45.3% of total net migration across the entire European Union for that year.

Table 9 – Demographic balance in the RESCuE countries, in thousands

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU28	10 319	6 851	16 073	17 986	16 821	15 533	13 076	15 590	12 000	6 860	7 530	7 126	8 995
Germany	1 679	2 748	2 188	1 422	818	816	258	452	-536	-107	1 302	2 818	3 919
Ireland	318	393	337	322	495	634	950	744	167	-191	-258	-338	-350
Greece	294	338	307	400	353	359	251	364	-19	-168	-658	43	-442
Spain	3 898	5 108	7 409	6 615	6 653	6 339	6 628	7 764	4 360	1 368	755	665	-1 426
Poland	-197	-167	-179	-138	-94	-129	-361	-205	-149	-12	-21	-43	-66
Portugal	671	562	418	247	143	154	171	218	94	154	38	-243	-373
Finland	24	61	53	58	67	92	106	139	154	146	138	166	176
UK	1 439	1 729	1 993	2 080	2 554	2 984	2 766	3 008	2 560	2 373	2 667	2 172	1 568
Turkey	582	25	-10	-30	10	-10	-30	945	1 225	1 489	2 884	1 352	-19

Source: Eurostat. Negative balance years in red

In the case of Turkey, the change brought on by the crisis was also one of a vast increase in net migration gains. After a period between 2002 and 2006 where net migration was close to zero, migration gains picked up after 2007, reaching a maximum of 2 884 thousand in 2010. However, it should be pointed out that net migration was again back to near-zero levels by 2012, which might be tributary of a new trend.

Poland's case also bears some similarities with these two, albeit here regarding the rate of net migration loss and not of any gain. Poland has featured negative net migration for every year since 2000. However, the rate of loss has actually diminished with the crisis. Peaking at 361 thousand individuals in 2006, net migration loss was down to 12 thousand by 2009 – the country's lowest for the period in analysis. Although the population loss did increase in the following years, the figure of 66 thousand in 2012 was still well below that of any of the pre-crisis years considered.

These cases contrast heavily with those of the peripheral countries of Ireland, Spain, Greece and Portugal, where the crisis seems to have been directly reflected in high rates of migration loss. Net migration loss in Greece started in 2008 and, by 2010, was amounting to 658 thousand. Despite a small gain of 43 thousand in 2011, 2012 saw another significant fall in net migration in Greece, totalling 442 thousand individuals.

Other countries progressively joined this declining trend. Ireland's net migration balance became negative in 2008 and has stayed so ever since. Net migration losses totalled 338 thousand in 2011 and 350 thousand in 2012 – considerable figures for a country whose population in the latter year added to merely 4.6 million inhabitants. Portugal followed suit in 2011, with a net loss of 243 thousand individuals, a figure that jumped to 373 thousand in 2012. Finally, Spain presented its first negative net migration of the century in 2012, with net losses totalling 1 426 thousand individuals.

Looking now specifically at emigration numbers, a phenomenon of revival of mass emigration is clearly identifiable in the countries that where hardest hit by the crisis. Portugal, Ireland and Spain started the 2000s with historically low levels of emigration, but this would emphatically change during the following years. Emigration would start to slowly pick up in the mid-2000s and accelerate to very high levels as the crisis unfolded. In Ireland, total emigration would go from a minimum of 258 thousand persons in 2001 to 480 thousand in 2007 and then hit a period maximum of 894 thousand individuals/year in 2012. A comparable hike is visible in Spain's case. Starting from a minimum of 366 thousand individuals in 2002, emigration from Spain would grow to 2 271 thousand in 2007 and then hike to 4 466 thousand in 2012. Portugal too follows the same trend, albeit with the caveat that total emigration was in 2010 still below that of 2007 and would only rise sharply afterwards. Still, after a historical low of 89 thousand individuals in 2003, emigration would pick up to 268 thousands in 2007 and rise to 520 thousand in 2012. As to Greece, lack of data prevents identification of longer term trends, although it should be mentioned that emigration levels are very high relative to the population and were rising steadily between 2010 – when total emigration stood at 1 200 thousand individuals – and 2012 – when it reached 1 544 thousand.

Table 10 - Total emigration from the RESCuE countries, in thousands (data not available for Turkey)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Germany	6 740	6 065	6 233	6 263	6 976	6 284	6 391	6 369	7 379	2 866	2 525	2 490	2 400
Ireland	263	258	284	272	287	344	444	480	659	697	781	871	894
Greece											1 200	1 260	1 544
Spain			366	643	551	680	1 423	2 271	2 884	3 801	4 034	4 090	4 466
Poland	270	234	245	208	189	222	469	355	743	2 293	2 181	2 658	2 756
Portugal	107	98	93	89	107	108	127	268	204	169	238	440	520
Finland	143	132	129	121	137	124	121	124	137	122	119	127	138
UK	2 776	2 514	3 059	3 140	3 104	3 284	3 695	3 176	4 272	3 682	3 393	3 507	3 212

Source: Eurostat. Maximum for the period highlighted in red, minimum in green

Poland displays a very similar emigration trend, which might seem surprising, given that Poland escaped the economic recession that befell most of the RESCuE countries after 2007. Indeed, after a minimum of 189 thousand persons in 2004, total emigration would reach 355 thousand in 2007 and then shoot up to 2 756 thousand in 2012. However, it should be taken into account that Poland's accession to European Union only took place in 2004. Thus, the increase in emigration may have been more as a consequence of the seizing of opportunities brought about by the progressive dismantling of barriers to Polish citizens taking up residence and working in other EU members than as a response to sudden degradation in economic situation.

Meanwhile, Germany followed the exact opposite trend. After peaking in 2008 with 7 379 thousand leaving the country that year, emigration from Germany dropped dramatically afterwards and reached a minimum in the period of 2 400 thousand persons/year. Finland is the exception to this background of strong changes, maintaining a relatively stable emigration flow throughout this entire period.

The effect of the crisis on immigration is also clearly discernible in some of the RESCuE countries. In Ireland, after growing continuously between 2000 and 2006, immigration fell from 1 224 thousand in 2007 to 544 in 2012. Spain followed a similar trend: the peak in immigration was reached in 2007, with 9 583 thousand, and then immigration quickly fell as the crisis unfolded, to a minimum of 3 041 thousand in 2012.

In Portugal too, the effect of the crisis is clearly visible. Although in Portugal's case, a steady trend of decline in immigration was already in place in the pre-crisis years, it accelerated afterwards from 463 thousand in 2007, to a period minimum of 146 thousand in 2012.

Germany also experienced an abrupt fall in immigration at the height of the global crisis, with the total number of immigrants falling from 6 821 thousand in 2008 to 3 462 thousand in 2009. Total immigration started to recover in 2010, but by 2012, it was still to reach pre-crisis levels.

Table 11 – Total immigration to the RESCuE countries, in thousands

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU27										17311	18113	17506	16939
Germany	8412	8792	8425	7690	7802	7074	6619	6808	6821	3462	4041	4894	5922
Ireland	574	649	617	589	781	1020	1394	1224	826	506	523	532	544
Greece											1191	1108	1101
Spain	3625	4148	4833	6723	6846	7193	8408	9583	5991	3930	3607	3713	3041
Poland	73	66	66	70	95	94	108	150	479	1892	1551	1571	2175
Portugal	577	748	793	724	579	492	388	463	297	323	276	197	146
Finland	169	190	181	178	203	214	225	260	291	267	256	295	313
UK	3644	3722	3859	4315	5181	4965	5290	5267	5902	5665	5910	5660	4980
Turkey										225	299	273	

Source: Eurostat

However, in other countries, such effects are barely, if at all, noticeable. The UK, despite being hit by a harsh recession early in the crisis and having showed weaker economic growth ever since, has witnessed its immigration levels fluctuating within a band from 4 900 to 5 900 thousand per year since 2004 – that is, a constant strong trend, that was not significantly affected by the crisis.

More striking is the case of Greece. Although we only have information for Greece since 2010, the data not only shows a very high level of immigration relative to population size – 1 101 thousand individuals in 2012 alone – but also practically no variation between years, despite the Greek economic and social crisis being fully fledged by then. One possible explanation is the geographic position of Greece, which makes it a gateway to the EU for migration flows stemming from both the Southern shore of the Mediterranean and from the Balkans – flows that kept flowing despite the crisis. Available data for immigration into Turkey is also patchy. However, the three available years – 2009, 2010 and 2011 – do not hint at a significant variation in immigration levels[3].

In turn, a surge in immigration actually took place in Poland as the crisis unfolded elsewhere. From a mere 150 thousand in 2007, immigration in Poland rocketed to 2 175 thousand in 2012. This surge is likely to be linked both to the very mild expression of the global crisis over economic activity in Poland but also to its new status as a EU member – facilitating both EU-originated investment in Poland and positioning the country as a gateway to the EU for neighbouring countries, such as Russia, Belarus or Ukraine.

In Finland, a gradual growth of immigration was already taking place before the crisis, rising from 169 thousand persons in 2000 to 260 thousand in 2007. Despite faltering economic growth, this immigration trend was little affected by the crisis and, by 2012, had increased further to 313 thousand.

In short, the crisis marked a turning point regarding migration in several of the RESCuE countries, even if the direction of the new trends is far from uniform. Countries such as Portugal, Ireland and Spain – and probably Greece - witnessed the resurgence of emigration as a response to the worsening of each country's economic situation. Yet emigration also increased drastically in Poland, a country spared from economic recession. This means that RESCuE will pay special attention on how families engage in strategies involving emigration and how they tackle the tensions caused by separation of family members - both for those who stay and for the emigrants themselves at their destination countries.

In turn, accentuated declines in immigration have been recorded in peripheral countries due to economic recession, which raises questions for RESCuE fieldwork on how long-established immigrants - but also the remaining new immigrants – are coping with the deterioration of the economic situation. But it must be taken into account that, at the same time, there has been growth in immigration to other RESCuE countries such as

[3] This is likely to change for data referring to 2012 onwards, given the flow of refugees fleeing civil war in neighbouring Syria. Indeed, UN Data puts Turkey in 2013 as only second to Germany in total refugee population in the RESCuE sample, with 267 063 individuals. Of these, 93% are of Syrian nationality.

Poland and Finland – which raises the topic of how new immigrants respond to economic difficulties when in the presence of less consolidated immigrant networks.

Finally, RESCuE fieldwork has to take into account the specific challenges for immigrants in countries such as Greece – where immigration levels kept going at a high level due to the country's strategic position in international migration routes stemming from the Southern shore of the Mediterranean and from the Middle East but in a context of severe economic depression – and Turkey – where new flows of immigration are likely being set in motion not only due to economic performance but are also the result of fleeing from war and general turmoil in neighbouring countries.

1.5. Poverty

The problem of poverty measurement has always been fraught with difficulties. Independently of the specific concept of poverty adopted it is all but impossible to avoid facing a large array of methodological questions (Atkinson et al., 2002) such as:

- What is the most suitable unit to measure poverty, the individuals or the households? If the option measuring poverty at the household level, are all the members of the household taken equally into consideration, or should adult-equivalent scales be applied?
- What kind of resources should there be considered for measuring: monetary resources or also goods and services available? If, on the one hand, the monetary approach is preferable for some reason, what is to be measured: income or expenses? If, on the other hand, goods and services are measured, what are the different kinds to be considered? Do they all have the same weight in measuring? Is it feasible and interesting to combine monetary and other assets at the same time?
- When the concept of relative poverty is in use, what is the best statistic indicator, average or median? And at what level should the poverty threshold be placed?
- What can we learn from measuring different aspects like incidence, intensity and relative privation of poverty?

- If a concept of absolute poverty is in use, are all the goods and services – corresponding to different basic needs – equally important? What is the level of goods and services to be satisfied to maintain physical efficiency and not to be considered poor? To be considered poor, is it necessary to be short of access to all the items of certain basic needs basket, or just a limited number of them?
- How to address the issue of multidimensionality of poverty? What are the items to consider in measuring multidimensional poverty, and at what level should basic needs be satisfied?
- If the chosen concept of poverty is a subjective one, whose subjectivity should be tackled, the poor's one, or the general population? What is the best question: what does it mean to be poor, or do you consider yourself as poor, or who do you consider being poor?

In short, there is no way to state, in a definitive way, what are the better procedures for measuring poverty. It always depends on the objectives of measuring and the aspects of the complex phenomena that are to be measured. Obviously, different options lead to different results. The validity of each option – assuming that the methods for gathering data have been rigorous – will always depend on the objectives and perspectives of the research.[4]

Having the problem of the measurement of poverty in mind we will turn to discussion of the evolution of absolute and relative poverty indicators, assuming that the our goal here is above all to grasp the magnitude of effects the European economic crisis on poverty. Indeed, economic depression compounding a trend of deterioration of working conditions and wages necessarily has effects on poverty. The extent of these effects can be clearly grasped through material deprivation rates, which increased after 2007 in six of the nine RESCuE countries. The exceptions are Poland, which, as will be further explored below, shows an entirely different trend regarding the evolution of poverty, and Finland, where rates are the lowest in the sample.[5]

[4] The discussion on the different traditions in poverty research and their objectives will be further developed in chapter 4.
[5] The case of Turkey will not be discussed at length in this section, as data on poverty for the country is very scarce in the Eurostat database.

Of these six countries, four actually show their peak in the last year for which there is available data: Ireland with 7.8% of its population in material deprivation in 2011, representing an increase of 2.3 p.p. in relation to 2007; Greece with 19.5% in 2012 and an increase of 8.3 p.p. in the same period; Spain with 5.8% also representing an increase of 2.3 p.p.; and the UK where a material deprivation rate of 7.8% in 2012 represents a 3.6 p.p. increase regarding 2007. This may be related to the different cycles of policy approach to the crisis – expansionism between 2008 and 2009 and austerity afterwards – that will be further explored in chapter 2.

Table 12- Material Deprivation – Economic Strains and Durables Dimension (4 or more items)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU28								8.4	8.9	9.9
Germany			4.6	5.1	4.8	5.5	5.4	4.5	5.3	4.9
Ireland	5.6	4.8	5.1	4.8	4.5	5.5	6.1	5.7	7.8	
Greece	16.9	14.1	12.8	11.5	11.5	11.2	11	11.6	15.2	19.5
Spain		4.8	4.1	4.1	3.5	3.6	4.5	4.9	4.5	5.8
Poland			33.8	27.6	22.3	17.7	15	14.2	13	13.5
Portugal		9.9	9.3	9.1	9.6	9.7	9.1	9	8.3	8.6
Finland		3.8	3.8	3.3	3.6	3.5	2.8	2.8	3.2	2.9
UK			5.3	4.5	4.2	4.5	3.3	4.8	5.1	7.8
Turkey				67.5						

Source: Eurostat. Maximum for the period in red.

In turn, Germany and Portugal differ from these other four RESCuE countries. Germany recorded its highest material deprivation rate (5.5%) in 2008, in the immediate wake of the crisis. In Germany's case, this could be explained by the rapid recovery of the German economy. However, there is no clear trend afterwards, with the total reductions in the two following years being almost wiped out in 2011. The Portuguese case is even more atypical, as the slight declining trend that preceded the crisis seemed to have been only temporarily halted in 2007-8, before resuming its path in the following years – a development that could be tied to the effective institutional networks in fighting extreme poverty which later phases of the RESCuE project will explore. Yet, even here material deprivation was again on the rise by 2012.

Increases in relative poverty can also be clearly seen in the countries that experienced more prolonged or recurrent periods of recession. Even considering the general fall in income in several of these countries – which brings down the median on which the rate is calculated – Ireland, Greece, Spain, Portugal and the UK record their maximum poverty rate before social transfers in 2011 and 2012. In Ireland, poverty rates before social transfers jumped by 10.4 p.p. between 2007 and 2011, reaching 50.5% in 2011. In Greece, the increase between 2007 and 2012 amounted to 7.9 p.p., reaching 49.8% in the latter year. Equivalent hikes can be seen in Spain (7.6 p.p. to 46.2%), Portugal (5.4 p.p. to 45.4%) and the UK (3.7 p.p. to 45.4%).

By contrast, no considerable differences can be identified for Germany and Finland – although, in the Finnish case, a steady rising tendency can be observed since 2009. Only Poland shows a decreasing trend since 2005, which is not entirely surprising given the country's economic performance in the period, which saw Polish crossing the crisis years relatively unscathed.

This panorama becomes somewhat more complex when social transfers are brought into the equation. Nevertheless, it is immediately evident how the welfare state acts as a buffer to economic crisis, as fluctuations in poverty rates are much less pronounced. Yet a glimpse is also given of how different countries, different approaches to the crisis and different welfare state regimes can mitigate or enhance the impact of the crisis. To be sure, Greece and Spain continue to show considerable hikes in the poverty rate even after social transfers: Spain rising 1.8 p.p. in 2012 and Greece 2.5 p.p. to 23.1% in the same time frame.

Table 13- At-risk-of-poverty rate before social transfers (poverty threshold: 60% of median income)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU28											43.5	44.1	44,1
Germany	39.0	39.0				43.3	46.2	43.2	43.5	43.5	43.9	44.6	43,3
Ireland	37.0	36.0		36.7	38.9	39.6	40.1	40.1	41.8	46.2	50.1	50.5	
Greece	39.0	39.0		40.9	39.7	39.2	40.5	41.9	41.5	42.0	42.8	44.9	49,8
Spain	37.0	37.0	40.0	40.0	41.3	39.1	39.1	38.6	39.0	39.8	43.6	45.4	46,2
Poland	47.0	48.0				50.8	49.1	47.1	44.1	42.6	43.3	43.4	42,7
Portugal	38.0	37.0			41.3	40.8	40.2	40.0	41.5	41.5	43.4	42.5	45,4
Finland	32.0	40.0	40.0	40.0	41.5	40.4	40.6	41.1	39.5	38.6	40.7	41.3	41,3
UK	41.0	42.0	42.0	43.0		42.7	42.0	41.7	40.7	43.2	44.1	43.4	45,4
Turkey			30.0	30.0			39.0						

Source: Eurostat. Maximum for the period in red.

In other countries, however, the impact takes a more nuanced shape. In Portugal, where a series of policy measures targeting poverty among the elderly and children had been put in place since the late 1990s, it is the halting of a declining trend after 2007 that constitutes the more visible impact of the crisis. In turn, the poverty rate after social transfers in Ireland was actually 2.0 p.p. lower in 2011 than in 2007. This was not only due to a steep decline in income but also to the Irish government's decision to maintain social expenditure levels in the first years after the crisis. [6] A similar trend could be observed for the UK. Finally, Finland and Germany seemed to be already under a steady increase of poverty rates in the pre-crisis years, which the crisis itself did not change significantly.

But risk of poverty is not homogeneous among the population, as specific groups are more vulnerable to it. This can be immediately assessed by how at-risk-of-poverty rates have evolved differently for different groups during the crisis years.

Starting with age groups, the most striking elements are the decline of the at-risk-of-poverty rate for over 64 year-olds during the crisis and the corresponding rise among 18-64 year-olds. In the first case, and with the exception of Poland, declines in at-risk-of-poverty rates range between 1.2 p.p. in Germany and 17.1 p.p. in Ireland. The counterpart to this is a rise in the corresponding rates in the same countries, ranging between 0.4 p.p. in the UK and 5.5 in Spain.

Table 14- At-risk-of-poverty rate after social transfers (threshold: 60% of median income)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU28											16.5	16.9	17.0
Germany	10.0	11.0				12.2	12.5	15.2	15.2	15.5	15.6	15.8	16.1
Ireland	20.0	21.0		20.5	20.9	19.7	18.5	17.2	15.5	15	15.2	15.2	
Greece	20.0	20.0		20.7	19.9	19.6	20.5	20.3	20.1	19.7	20.1	21.4	23.1
Spain	18.0	19.0	19.0	19.0	20.1	20.1	20.3	19.7	20.8	20.1	21.4	22.2	22.2
Poland	16.0	16.0				20.5	19.1	17.3	16.9	17.1	17.6	17.7	17.1
Portugal	21.0	20.0	20.0	19.0	20.4	19.4	18.5	18.1	18.5	17.9	17.9	18.0	17.9
Finland	11.0	11.0	11.0	11.0	11.0	11.7	12.6	13.0	13.6	13.8	13.1	13.7	13.2
UK	19.0	18.0	18.0	18.0		19.0	19.0	18.6	18.7	17.3	17.1	16.2	16.2
Turkey			25.0	26.0			26.5						

Source: Eurostat. Maximum for the period in red.

[6] Interestingly, in these and other countries (such as Greece) poverty rates lowered during the two immediate years after the credit crunch (2008 and 2009) corresponding to an expansionist phase of the EU approach to the crisis. See chapter 2 for more on this subject.

Considering that these age groups greatly overlap with those of the population in active age and retired population, two effects can be discerned here: on the one hand, the welfare state acting as a buffer for crisis impacts on the elderly population, through redistribution mechanisms such as pensions; on the other hand, unemployment and deterioration of labour conditions taking their toll on the active population. This is particularly evident in RESCuE countries where the crisis was more prolonged and income most declined. In Spain, at-risk-of-poverty rate for over 64 year-olds fell by 11.3 p.p. with a corresponding rise by 5.5 p.p. in rates for people aged between 18 and 64. A similar trend can be identified for Greece (-5.7 and 5.1 p.p. respectively), Ireland (-17.3 p.p. and 0.7 p.p.) and Portugal (-8.1 p.p. and 1.7 p.p.). In other words, and given the general decline of median income in these countries, the decline in poverty rates among the elderly population may owe less to an actual increase in their living standards and more to the falling into poverty of large numbers of people in active age.

When extending the analysis to household types, one is immediately confronted with the fact that households composed of a single adult show much higher than average at-risk-of-poverty rates – especially those that also include children.[7] Indeed, at-risk-of-poverty rates were much higher than average for the latter case in all the RESCuE countries for which data is available, with differences ranging from 42.2 p.p. in Greece and 22.7 p.p. in Germany to 8.8 p.p. in Finland. This in itself points to the particular vulnerability of single-parent families in relation to poverty. This is stressed in countries that faced more severely profound economic crises such as Greece and Spain, which witnessed an even greater exposure of these households to poverty. Indeed, Greek at-risk-of-poverty rates for households with a single adult with dependent children increased by a staggering 31.8 p.p. and Spanish ones by 4.7 p.p. between 2007 and 2012. Germany too experienced an increase of 4.3 p.p. in at-risk-of-poverty rates in this period – although the quick recovery of the German economy from the crisis points also to the workings of other factors.

[7] Eurostat does not specify at-risk-of-poverty rates for households composed of a single adult individual without children.

Table 15 – At-risk-of-poverty rate after social transfers by age group: values in 2012 and difference in relation to 2007 (threshold: 60% of median income

	< 18		18-64		> 64		Total
	2012	**Δ 2012-07**	2012	**Δ 2012-07**	2012	**Δ 2012-07**	
Germany	15.2	***+1.1***	16.6	***+1.4***	15.0	***-1.2***	16.1
Ireland*	17.1	***-2.1***	15.1	***+0.7***	11.0	***-17.3***	15.2
Greece	26.9	***+3.6***	23.8	***+5.1***	17.2	***-5.7***	23.1
Spain	29.9	***+3.7***	21.9	***+5.5***	14.8	***-11.3***	22.2
Poland	21.5	***-2.7***	16.5	***-0.7***	14.0	***+6.2***	17.1
Portugal	21.7	***+0.8***	16.9	***+1.7***	17.4	***-8.1***	17.9
Finland	11.1	***+0.2***	12.4	***+0.9***	18.4	***-3.2***	13.2
UK	18.5	***-4.5***	15.5	***+0.4***	16.1	***-10.4***	16.2

Source: Eurostat. Values for Ireland relative to 2011

However, it should be noted that the latter trend is not uniform in the RESCuE sample. In fact, in the UK, Ireland and Portugal – all countries severely hit by the economic crisis – as well as Poland – which was more or less spared from it – at-risk-of-poverty rates among single adult households with dependent children actually fell between 2007 and 2012. In the UK this rate showed a considerable reduction of 12.8 p.p. Poland recorded a small but still strong decline of 4.3 p.p., while in Portugal, the rate decreased by 3.1 p.p. Again, and particularly in Ireland and Portugal, these facts may be linked to two phenomena: on the one hand, they may be a sign of the buffer effect of the welfare state among more vulnerable population; on the other hand, we are not so much witnessing an actual increase in the situation of single-parent families but a combination of a declining median income – which acts as a reference for calculating at-risk-of-poverty ratios and the sharper degradation of the situation of other groups in the population.

This idea of a softer decline into poverty for single-parent families gains weight when contrasting the situation of households with two adults with dependent children. Ireland and Portugal offer the starkest contrast in this regard, with the poverty rate among these households actually increasing by 0.6 p.p. 2.7 p.p. – contrasting with the decline among single adult households. But even in other countries, this gap can be observed. In Spain, the increase in the poverty rate is even slightly higher than the one for single adult households, standing at 5.0 p.p. The UK actually recorded a slight drop in the poverty rate for these households (-0.5 p.p.), but much lower than its counterpart for single adult families. Even in Poland, the decline of 1.6 p.p. is considerably smaller than that for single adult families.

Table 16 - At-risk-of-poverty rate after social transfers by type of household: values in 2012 and difference in relation to 2007 (threshold: 60% of median income)

	1 Adult		1 Adult w/child.		2+ Adults w/o child.		2+ Adults w/child.		Total
	2012	**Δ 2007-12**	2012	**Δ 2007-12**	2012	**Δ 2007-12**	2012	**Δ 2007-12**	
Germany	32.4	**+5.1**	38.8	**+4.3**	10.4	**-1.8**	9.9	**+0.3**	16.1
Ireland*	24.7	**-20.2**	32.9	**-6.5**	11.0	**0.0**	13.4	**+0.6**	15.2
Greece	22.2	**-5.1**	66.0	**+31.8**	18.0	**+1.6**	27.0	**+4.7**	23.1
Spain	19.9	**-9.5**	36.9	**+4.7**	15.5	**+1.4**	27.3	**+5.0**	22.2
Poland	24.4	**+8.8**	26.7	**-4.3**	11.4	**+1.7**	19.0	**-1.6**	17.1
Portugal	24.2	**-8.8**	30.5	**-3.1**	13.5	**-2.8**	19.6	**+2.7**	17.9
Finland	33.3	**+1.4**	22	**+0.1**	6.8	**-0.9**	8.1	**0.0**	13.2
UK	24.1	**-3.7**	29.5	**-12.8**	11.9	**-2.3**	15.5	**-0.5**	16.2

Source: Eurostat. Values for Ireland relative to 2011

By contrast, Germany, Finland and Greece do not follow this trend - although the latter two stand out as odd cases: Finland due to the very short fluctuations in at-risk-of-poverty rates across the different types of household, whereas Greece because the enormous increase in rates for households with a single adult with dependent children dwarfs what would otherwise be a significant increase.

In sum, although a general trend for increase in absolute and relative poverty can be identified as a consequence of the 2007-8 economic crisis – particularly in countries where the crisis has been more prolonged – developments are by no means homogeneous across the RESCuE sample. While almost all the indicators for Spain and Greece point to a significant increase in poverty, Portugal or Ireland present more nuanced cases. Although still showing strong signs of the population's increasing exposure to poverty, these signs are not entirely consistent – a fact that ought to be further explored in fieldwork.

Germany also shows a mixed picture regarding the evolution of poverty, with the rapid economic recovery not being reflected in a strong reduction of poverty – which poses questions, given the recent slowdown of the German economy. In the end, only Poland seems to be relatively unaffected by the crisis and displays a general trend towards poverty reduction – although, in the Polish case, one should take into account the high levels of poverty with which Poland began the period in analysis and also the fact that the country is still reaping the economic benefits stemming from its relatively recent entrance into the EU.

At the same time, the available data indicates that not all groups within the population are subject to the same risk of poverty. This offers further room for considering not only the effects of different welfare state configurations but also of different policy responses to the crisis – two aspects that will be developed in the following stages of the project.

1.6. Conclusion

The shockwaves in Europe of the 2007-8 global financial crash and the subsequent credit crunch were far-reaching. Not all countries suffered its effects to the same measure or over the same time frame, with deep recession in some countries (such as Greece, Ireland, Spain or Portugal) sharing the ground with much faster recoveries (such as Germany, the UK, Turkey or Finland) and even a country were no recession took place (Poland). Yet a few general phenomena with high impact for households – some of them predating the crisis but aggravated by it – can be identified. These include rising long-term and total unemployment – with the notable exception of Germany – as well as an increased degradation of working conditions. Coupled with cuts in social transfers in the context of austerity measures, this has led to significant drops in household income from pre-crisis levels in most of the RESCuE countries (with Germany and Finland are an exception in this regard). As consequence, an overall trend of increase in absolute and relative poverty can be detected in the countries of RESCuE sample that suffered the more prolongued recessions – more clearly in Spain and Greece and more nuanced in Portugal and Ireland – countries that also suffered a return in force of emigration. Moreover, despite not featuring an increase in poverty per se, a case can also be made for reduction in poverty not accompanying economic recovery rates in Germany. Yet there are also dissonant cases in the RESCuE sample in this regard, with poverty rates in the UK and Poland receding after the eclosion of the crisis – though in the latter case the lack of an effective recession may help explaining the situation. But aside from cross-country comparison, it is also important to stress that not all groups within the population are subject to the same risk of poverty – something that offers further room for considering not only the effects of different welfare state configurations but also of different policy responses to the crisis.

2. The Welfare State and the Crisis

Economic crises take place within institutional contexts which amplify or mitigate their effects on other areas of social life. As already alluded to in chapter 1, the welfare state plays a powerful role in how families respond to the crisis. In this chapter, we will try to further pursue this topic by providing an overview of the evolution of welfare state intervention in the RESCuE sample, focusing on social transfers, public services, education and health. Prior to this, we will present a brief reconstruction of the European Union's response to the crisis, given that eight of the nine RESCuE are EU members – which is to say that the EU heavily influenced responses to the crisis in most of these countries. We will then proceed to discuss if and how concerns with broad notions of resilience are present in public policies for tackling the crisis, which are these versions of resilience and how they are shaping these policies.

2.1. Main impacts of the crisis in economic and social policies

Given that eight of the nine RESCuE countries are European Union members and five of them are Eurozone members, it should be not come as a surprise that national economic and social policy responses to the 2007-8 global financial crisis and its aftershocks were heavily influenced by the EU. As it turned out, however, EU action did not stem from a single coherent approach for tackling the crisis, but rather resulted in a hesitant and improvised course with several u-turns along the way. Indeed, it is possible to identify three very distinct phases in the European approach to crisis between 2008 and 2010 alone – with the last one still remaining in place today[8]: a *financial* phase, an *expansionist* phase and an *austerity* phase (Costa, et al., 2014; Pedroso, 2014).

[8] A recent sign that this third phase might be coming to an end – or at least turn into a more attenuated austerity phase – is the recent intention of the European Commission to launch a 300 billion Euro programme to fund heavy infrastructure investment across the EU and help kick-start economic growth. This intention was unveiled by Jean-Claude Junker, the new President of the European Commission, on November 24th, 2014. However, at time of writing, schedule and details for the programme were still under discussion.

Part of this improvised character of European policy is understandable, given the complexity and magnitude of the crisis – whose unfolding resembled in many aspects that of the Great Depression of the 1930s (Krugman, 2009). The crisis did have an immediate trigger that occurred well outside Europe – namely the bursting of a housing bubble in the United States. Yet the increasing global integration of financial markets and the policy trend favouring financial deregulation taking place since the 1980s that had allowed and fuelled such bubble also paved the way for its consequences to be amplified manifold (Stiglitz, 2010; Crouch, 2011).

In spite of this, the EU was at first slow to recognize the ramifications of the global crisis and the magnitude of the threat for European economies. Despite the credit crisis already being in full swing in the US, the European Council's meeting conclusions of March 2008 dedicated only two and a half pages midway into the document to the overseas "financial turmoil" and still presented it as a problem where "primary responsibility is with the private sector" with the EU authorities just needing to "stand ready to take regulatory and supervisory action where necessary" (European Council, 2008 p. 16).

By October 2008, however, and against the backdrop of events such as the collapse of a financial player of the stature of Lehman Brothers, the looming bankruptcy of the Icelandic state and with Hungary under financial speculators' assault, the European Union finally sprang into action. That month's European Council meeting presentations opened with a vow from the Council "to take coordinated and thorough action to restore the smooth running of the financial system" which translated into a pledge "to support the major financial institutions, to avoid bankruptcies and to protect savers' deposits" (European Council, 2008 pp. 1-2).

While the urgency in tone was in stark contrast with the previous document, the approach to the crisis – as is evident in the formulation used – remained strictly *financial* in nature for the time being. A significant number of measures – some of them unheard of before – were set in motion, but still targeted the financial sector exclusively. Among these, the most important was the setting up by the European Central Bank of extended credit lines. These credit lines allowed financial institutions to obtain funding at very low interest rates in a context where interbank loans had practically dried up.

The counterpart to these measures at a national level was pressing national governments to stand in and compensate for the losses of “major financial institutions”, to prevent their collapse and a possible “domino effect” on national and European financial systems. As such, late 2008 and 2009 witnessed a series of public financial assistance programmes and even outright nationalizations in several of the RESCuE countries targeting ailing banks and building societies. These included Barclays, Northern Rock, the Royal Bank of Scotland and Lloyds in Britain, the Anglo Irish Bank, the Allied Irish Bank and the Bank of Ireland in Ireland; the Hypo Real Estate in Germany; Bankia in Spain; and Banco Português de Negócios in Portugal.

Consequently, a large share of national public resources began to be diverted to the financial sector. According to Chung and Thewissen (2011), state assistance funnelled into British financial institutions in 2008 alone amounted to 500 billion Pounds (close to 575 billion Euros) – that is, around 60% more than the total British social expenditure for the same year.[9] Other problems too were in the making during this phase. For smaller economies such as Ireland’s, the massive public intervention levels needed to sustain a crisis-ridden financial sector meant in practice an overnight conversion of large swathes of private debt into a crippling sovereign debt (Barry, et al., 2013).

While almost unconditional support for the financial sector continued to be a pillar of EU policy in the years to follow, a new phase in the EU approach to the crisis would soon take shape. With the abrupt stalling of economic activity in Europe becoming noticeable in end-of-the-year statistical indicators (as well as in the bleak forecasts for 2009), the impacts of the financial crisis on the real economy and the design of policies to restore economic growth finally moved to the top of the European agenda. The European Council at its December 2008 meeting now recognized that “the Euro area, and indeed the Union as a whole are threatened by recession” and pledged that “Europe will act in a united, strong, rapid and decisive manner to avoid a recessionary spiral and sustain economic activity”. Not only that, but social policy was now called on as an active tool for countering recession, with the meetings’ conclusions emphasizing that “Member

[9] According to OECD, total social expenditure in the UK in 2008 stood at 314 billion Pounds (around 361 billion Euros).

State's social protection and inclusion also have a vital part to play" in that endeavour (European Council, 2008 p. 4).

EU action was reflected in the creation of a "European Economic Recovery Programme" (EERP), launched by the European Commission in late November 2008. The EERP aimed not only to stimulate aggregate demand but also to "lessen the human cost of the economic downturn and its impact on the most vulnerable" (European Commission, 2008 p. 3). To do so, the EERP called on a budgetary expansion corresponding to 1.5% of EU GDP (close to 200 billion Euros), of which 85% would be borne by member states – a value that would be successively increased to 3.3% (close to 400 billion Euros) in the following January (European Council, 2009 p. 3) and to 5% of GDP (close to 600 billion Euros) by June (European Council, 2009 p. 5). These funds were to be allocated to four major areas: social protection and employment support; credit to small and medium enterprises; infrastructure modernization; and R&D, innovation and education.

Working in this framework, the governments of several RESCuE countries proceeded to set in place counter-cyclical policy measures. In the UK, the government announced a 20 billion Pound (23 billion Euros) stimulus package, comprising investment in infrastructure, support to the manufacturing sector and measures of tax relief for business – such as lowering of VAT.

In Germany, the "Job Security by Economic Growth" initiative was put forward in 2008 and would see an extended version in the following year. Like the British programme, this initiative also included investments in infrastructures (roads and railway system) and tax reliefs for business, but extended into education and training (with programmes for older age and/or low-qualified workers) and included increased family allowances and creative social policy measures such as the extension of the short-time working benefit from 12 to 18 months – allowing firms to reduce working hours with only a slight lowering of wages instead of recurring to lay-offs.

In Portugal, an "Initiative for Investment and Employment" was set in place in early 2009, comprising investment in infrastructures (modernization of public schools, energy and communications infrastructure), setting up of credit lines and tax relief schemes for small and medium enterprises, reduced social security contributions for firms hiring long-term unemployed and the expansion of vocational training offers in the public education system for low-skilled unemployed.

Even in countries where new investment programmes were not implemented, such as Spain, reaction by drastic curbing of public spending was avoided and previous social and investment programmes were fully kept in place. As late as December 2009, and while recognizing that "the economic situation is starting to show signs of stabilization", the Council still urged that "policies in support of the economy should… remain in place and only be withdrawn when recovery is fully secure." (European Council, 2009 p. 3)

Despite this, the expansionist response to the crisis would suddenly come to an end. With the looming bankruptcy of the Greek state and increased speculative pressure on the Euro, the European council of March 2010 would mark yet another radical turn in EU strategy – this time with the course firmly set on austerity. Priorities were reversed and deficit and sovereign debt reduction now took centre stage. "Restoring macroeconomic stability and returning public finances on a sustainable path" were to be regarded as the "prerequisites for growth and jobs". Meanwhile, "structural reforms" were now presented as "essential for a strong and sustainable recovery and preserving the sustainability of our social model" (European Council, 2010 p. 1).

This trend would be confirmed in June 2010. Even though subscribing to the Europe 2020 strategy's goal of "improving education levels and promoting social inclusion in particular through the reduction of poverty", the Council started the document by reaffirming "our collective determination to ensure fiscal sustainability, *including by accelerating plans for fiscal consolidation where warranted*"[10] (European Council, 2010 p. 1). By October, the Council was fully focussed on improving economic governance as the essential approach both to the ongoing and future crisis. The principles of this new approach were to "increase fiscal discipline, broaden economic surveillance and deepen coordination" (European Council, 2010 p. 1).

These principles would translate, among others, into two strong EU-wide commitments that further pushed austerity to the top of the policy agenda: the revision of the Stability and Growth Pact, worked on from October 2010 and put in practice in April 2011; and

[10] Our italics.

the new Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG), signed in March 2012.

Changes on the Stability and Growth Pact included: imposing mandatory budget restrictions for countries with a debt-to-GDP ratio above 60%[11] (Regulation 1175/2011/EU); increasing the scope of Excessive Deficit Procedures, which were now to be triggered – and the inherent financial penalties applied – not only when the annual budget deficit of a member state was over 3.0% of GDP but also in situations where the debt-to-GDP ratio was not reducing fast enough (Regulation 1177/2011/EU); and the introduction of a new figure, the Excessive Imbalance Procedure, covering the overstepping of thresholds in other economic financial statistical indicators – such as the evolution of private sector credit flow, export market shares, or non-price competitiveness (Regulation 1176/2011/EU).

The TSCG would extend these principles even further. Surplus or at least balanced budgets were to be seen as the norm (TSCG art. 3, §1 cl. a), which meant the lowering of the admissible threshold for deficits to 0.5% for countries with a debt-to-GDP ratio over 60% (art. 3, §1 cl. b) and 1.0% for all others (art. 3, §1 cl. d). Unlike the Growth and Stability Pact, the TSCG called for these limits to be enshrined in national legislation in a permanent and binding form, with the text going so far as to suggest that transposition should be given constitutional status (art. 3, §2). Furthermore, violation of the TSCG limits would imply not only financial penalties as in the regular Excessive Deficit Procedures, but also the enforced adoption of an "economic partnership programme" composed of a detailed set of "structural reforms" to be implemented and stay in place until such thing as "a durable correction of excessive deficit" was achieved (art. 5, §1).

These developments took place at the same time and as a response to a new stage in the crisis – a stage in which the conversion of private debt into sovereign debt in previous phases played a major part. From 2010 onwards, peripheral Eurozone countries began to fall prey one after the other to mounting interests on their sovereign debt. Three of the RESCuE countries – Greece, Ireland and Portugal - were pressed to

[11] According to Eurostat, no less than 6 out of the 8 EU members of the RESCuE sample had a debt-to-GDP ratio over 60% in 2011 – and were thus within the scope of this regulation: Spain (69.2%); Germany (77.6%); the UK (81.9%); Ireland and Portugal (both at 111.1%); and Greece (171.3%).

call for international loans in order to avoid bankruptcy and an eventual collapse of the Euro. These loans, to be lent by the International Monetary Fund and the European Central Bank, were contingent on the adoption of heavy austerity programmes. The loans themselves were structured in scheduled tranches, with their approval being dependent on the results, and regular and close inspections of the programmes by representatives of both these institutions and the European Commission. Even though not suffering this fate, other RESCuE countries such as Spain were the target of heavy pressure to adopt austerity packages.

Given the change and the emphasis of EU policy on financial restraint and the nature of international intervention in the countries more severely hit by the debt crisis, it is of little wonder that austerity became the hallmark of public policy in several of the countries of the RESCuE sample after 2010. As such, one has to consider the crisis as a *double crisis*, in which families in various RESCuE countries are caught in a sort of pincer movement between economic crisis – with rising unemployment and wage reduction – on the one side, and welfare state retrenchment - stemming from austerity policies – on the other.

To assess the extent of welfare state retrenchment during the ongoing austerity phase of approach to the economic crisis, we will start by analysing the evolution of expenditure in key areas of the welfare state: social protection, health and education. We will then move on to taxation as another element which has direct impact on the available resources of households for dealing with the crisis.

Looking at social expenditure levels, one can detect clear signs of both the expansionist and austerity -phases that were described above.[12] Four of the RESCuE countries – Greece, Spain, Poland and the UK – reached maximum social expenditure per inhabitant in 2009, at the height of the expansionist phase, with a further one - Portugal – reaching it in 2010. [13] This was reflected in measures such as increasing child allowance (in

[12] We decided on the analysis of social expenditure per inhabitant instead of the more common social expenditure as a ratio of GDP. This avoids the distortion effect on comparisons brought about by the heavy GDP fluctuation in most RESCuE countries during the crisis years.

[13] Turkey also reached a maximum for the period in 2010, although the lack of comparable data for 2011 and 2012 does not allow conclusions to be drawn on any austerity trend took place afterwards.

Portugal and the UK) and prolonging unemployment benefit coverage (Portugal) or simply resisting the urge to roll back existing social policies (as in Spain).

Table 17 - Social expenditure in Euros per inhabitant (2005 constant prices)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU 28									6332	6750	6772	6700	6724
Germany	7976	8025	8212	8237	8121	8071	7994	7977	8093	8752	8801	8662	8862
Ireland	4280	4838	5854	6164	6427	6738	7105	7369	7949	9403	10300	10788	11639
Greece	3249	3509	3601	3740	3919	4325	4488	4644	4924	5179	4980	4707	4485
Spain	3683	3743	3900	4036	4126	4285	4393	4529	4702	5196	5127	5079	4852
Poland	1076	1158	1173	1213	1253	1282	1346	1369	1490	1632	1622	1576	1507
Portugal	2979	3164	3335	3358	3490	3598	3637	3612	3642	4024	4069	3890	3769
Finland	6740	6907	7140	7518	7826	8011	8202	8317	8527	9034	9196	9174	9395
UK	6902	7241	7210	7512	7777	7976	8100	7998	8139	8500	8390	8317	8466
Turkey	387	386	427	493	553	589	632	712	735	818	820		

Source: Eurostat. Maximum for the period in green, years of annual decline in red.

Yet Greece, Spain, Poland and Portugal have also seen social expenditure in a continuous decline since, while UK, despite halting the slide in 2012, was still by then at a level below 2009 – which is consistent with a turn towards austerity. Cuts in social expenditure have been typically achieved not only directly through lowering the amount of transfers (as with pensions in Greece) and release of public servants in the sector (as with social workers in Spain) but through more indirect measures such as lowering the maximum threshold for accessing transfers (as with child allowance and minimum guaranteed income in Portugal) and increasing the obligations and sanctions for those who benefit from them (such as with unemployment benefit in the UK).

In three other countries, the effects of the different phases of EU approach to the economic crisis are not so evidently noticeable, although there is room for discerning some of their effects. In Finland, the highest annual growth of social expenditure per inhabitant was recorded in 2009. Additionally, one can identify the only - albeit slight - annual drop in 2011, which might be related to the onset of the EU austerity phase. Indeed, Finland has also seen cuts in child benefit and unemployment benefit. Even so, this reduction was short-lived, as Finnish social expenditure was already on the rise by the following year. Germany shows a very similar trend. After a clear hike in annual growth in 2009, social expenditure dropped in 2011, but only to pick up in 2012 – when it reached the maximum since 2000.

In Ireland, the kicking-in of an expansionist phase is also clearly noticeable, as the highest annual increase since 2000 also took place in 2009 – a year in which Ireland actually had the highest level of social expenditure in the RESCuE sample. However, social expenditure continued to grow from then onwards, with no clear indication of the austerity phase in this regard. This might be seen as surprising, given that Ireland was under an austerity programme following an international bailout in 2010. However, it should be taken into account that the counterpart to this was a heavy increase in household taxation. This case will be addressed further below.

Table 18 – Growth in Total Annual Public Expenditure in Education

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU28	505460	517734	534765	555913	586669	610557	630539	635930	662028	663029
Germany	91205	93557	95203	97985	99420	106533	108626	111524	121365	125557
Ireland	4750	5099	5865	6378	6957	7873	8399	8807	9148	9196
Greece	7248	7529	8606	9253						
Spain	36035	37502	39573	41992	46423	50919	54453	55644	55368	53775
Poland	20400	20658	22573	24031	24551	25431	27253	27596	30686	31155
Portugal	9028	9214	8945	9825	10023	10611	10112	11582	11728	10814
Finland	7594	7809	8427	8486	8772	9144	9633	9770	10244	10583
UK	71821	75266	79208	85659	90297	91062	90946	92442	97363	96615
Turkey	13774	14706	18074		20860					40213

Source: Eurostat. Maximum for the period in green, years of negative growth in red.

Another key area of action of the welfare state is education, given its impact on social mobility and as means of intergenerational reproduction of poverty. It should be noted, however, that education was less targeted than other state spending areas in the austerity phase. On the contrary, policy measures such as the Europe 2020 strategy actually emphasized the importance of investment in education, R&D and innovation – even if more from a point of view of their contribution to increasing competitiveness of European countries than that of a social policy. [14]

Data on spending in education from the Eurostat and OECD databases is significantly outdated for our purposes, with the most recent information available pertaining to 2011 – which prevents a full assessment of the evolution of spending during the

[14] One of the five targets of the Europe 2020 Strategy is precisely education - having 40% of 30-34 years old with a higher education degree and lowering early school leaving in the EU to levels below 10% by 2020. Another relevant target was the increase of R&D investment to 3.0% of GDP by the same reference date.

austerity phase. Furthermore, information is patchy for two of the RESCuE countries: Greece, for which data is lacking after 2005; and Turkey, for which there is not a close comparison term for the 2011 values.

Table 19 – Growth Rate of Public Expenditure in Education

	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU28	2.4%	3.2%	3.8%	5.2%	3.9%	3.2%	0.8%	3.9%	0.2%
Germany	2.5%	1,7%	2.8%	1.4%	6,7%	1.9%	2.6%	8.1%	3.3%
Ireland	6.8%	13.1%	8.0%	8.3%	11.6%	6.3%	4.6%	3,7%	0.5%
Greece	3,7%	12.5%	7.0%						
Spain	3.9%	5.2%	5.8%	9.5%	8.8%	6.5%	2.1%	-0.5%	-3.0%
Poland	1.2%	8.5%	6.1%	2.1%	3.5%	6,7%	1.2%	10.1%	1.5%
Portugal	2.0%	-3.0%	9.0%	2.0%	5.5%	-4.9%	12,7%	1.2%	-8.5%
Finland	2.8%	7.3%	0,7%	3.3%	4.1%	5.1%	1.4%	4.6%	3.2%
UK	4.6%	5.0%	7.5%	5.1%	0.8%	-0.1%	1.6%	5.1%	-0.8%
Turkey	6.3%	18.6%							

Source: Own calculations from Eurostat Data

The available information does hint at some influence of the different EU policy phases on education spending. Taking into account the average growth rate after 2000, effects of austerity can be detected in Spain in 2010 and 2011 and in Portugal in 2011 and to a lesser extent in the UK when public expenditure in education started to decline in relation to previous years. And, although never becoming negative, the rate of growth of expenditure in education in Ireland slowed down significantly in 2011. By contrast, traces of an expansionist phase are also identifiable in Spain in 2008, Portugal in 2009, Poland in 2008 and Finland in 2008.

Yet there are also many situations to which the two-cycle trend does not apply – and which are more frequent than in the case of social expenditure. For Germany, 2008 and 2009 (which should correspond to the more expansionist phase) actually feature lower growth rates than both 2007 (that is, immediate pre-crisis levels) and 2010 and 2011 (the beginning of the EU policies' austerity phase). Likewise, Finland's education spending growth rate for 2010 is one of the highest since 2003 and even that of 2011 is close to the average for the same period. Poland too features its highest growth of the decade precisely in 2010. Although the scarceness of more up-to-date data warrants caution, these data are consistent with the well-known prevalence of national education policies in relation to the EU – unlike the case of financial and economic policies. Major rollback in investment education seem to be restricted to Portugal – which included the effective shutdown of the adult education system and the end of programmes for re-equipment of schools - and Spain – where, transfer of responsibilities from the central state to the autonomous regions seems to have resulted in the hiring of less teachers and cuts in grants for books and school meals.[15]

In turn, data on public expenditure on health is available for only five countries of the RESCuE sample. There is little trace of an increase in health expenditure corresponding to the expansionist phase– which is not surprising given that, unlike education and even social transfers, spending on health was not specifically encouraged by the EU during the expansionist phase of dealing with the crisis. As such, the pattern that is most visible is that of austerity. Indeed, one can see a downward trend in Greece and Spain after 2009 and in Portugal in 2011 – in the latter two cases with increases in co-payment for health services - but also relative stagnation in Poland. In Germany and Finland, expenditure in health per inhabitant shows an almost uniform growth trend since 2003, on which the crisis years show little impact.

Table 20 - Expenditure in Health per inhabitant by the General Government in some of the RESCuE countries (in Euros, current prices)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Germany	2155	2107	2160	2213	2293	2389	2532	2626	2672	2739
Greece							1439	1256	1237	1082
Spain	1032	1104	1186	1288	1376	1492	1577	1567	1523	1443
Poland	207	215	257	289	339	439	392	436	436	439
Portugal	879	942	1004	974	1016	1039	1103	1119	1026	
Finland	1572	1671	1778	1857	1926	2054	2090	2108	2227	2306

Source: Eurostat. Maximum for the period in green, years of annual decline in red.

Families' capacity of coping with the effects of economic crisis are not only affected by the evolution of social transfers and the quality of public services but also by taxation policies. Indeed, changes in taxations can have a direct impact on family income and the regressive or progressive nature of these changes can influence inequality levels. Whether during the expansionist or the austerity phases of the EU approach to the crisis, changes in taxation played an important part in the policies that were implemented. Here we will consider the evolution during the crisis of taxes on labour and capital and

[15] And, likely, Greece.

also VAT as an example of an important indirect regressive tax. The year of 2007 will be taken as a reference for pre-crisis taxation levels.

The crisis period crisis was marked by a general increase in the weight of labour taxes in total taxation. Of the eight RESCuE countries considered in this analysis[16], no less than seven recorded such an increase, which varied between 1.5 p.p. in Germany and 2.2 p.p. in Finland, on the one hand, and 7.3 p.p. in Spain and 8.6 p.p. in Ireland. Only in the UK is a slight -0.4 p.p. decrease on labour taxes observed. This increase took different forms such as direct creation of new taxes - as an extra income levy in Ireland being an example - but also through tinkering with tax calculation procedures due to failure to adjust income tax breaks to inflation (as happened in Finland), reducing the number of tax brackets and thus decreasing its progressive character and enlarging the tax base by reducing the lowering of the thresholds of exemption (as occurred with income tax in Portugal).

Table 21 – Taxes over Labour as a % of total taxation

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Δ 2012-2007
Germany	60.3	59.3	58.0	56.8	55.0	56.1	57.4	57.1	56.0	56.6	1.5
Ireland	33.7	34.4	33.8	32.5	34.1	38.1	41.5	41.0	43.0	42.7	8.6
Greece	39.6	39.9	40.0	38.8	39.0	39.4	39.6	39.3	36.5	41.9	2.8
Spain	47.3	46.2	45.0	44.5	45.7	51.6	55.5	54.0	55.0	53.0	7.3
Poland	41.1	39.7	39.0	39.7	37.3	37.1	38.6	37.9	38.4	40.4	3.1
Portugal	38.0	38.3	38.0	37.9	38.0	38.4	41.9	41.8	41.7	41.4	3.4
Finland	52.2	51.6	52.1	51.7	51.1	52.7	55.1	53.2	52.3	53.2	2.2
UK	38.9	39.0	39.4	38.8	39.3	38.0	40.0	40.1	39.1	38.9	-0.4
EU28	50.9	50.2	49.6	48.8	48.6	49.9	52.0	51.3	50.9	51.0	2.4

Source: Eurostat

By contrast, taxation on capital and business income follows an almost symmetrical tendency, with its proportion in total taxation decreasing between 1.6 p.p. in Germany and 2.3 p.p. in Portugal, on the one hand, and 7.3 and 7.6 in Spain and Greece respectively, on the other hand.

These contrasting trends are partially understandable during the years of receding economic activity, as there tends to be temporary gap between the drop in business revenues and declines in wages – and thus the share of labour in taxation will raise due

[16] Comparable data on taxation is unavailable for Turkey.

to a decline in overall tax volume. Despite this, it is interesting that the trend is also detected in countries which recovered quickly or did not enter recession at all. In Germany, strong economic growth in 2010 and 2011 did have some repercussion in decreasing capital and increasing labour shares in taxation; yet, by 2012, both had actually returned to pre-crisis levels. In Poland, the decline in capital share and increase in labour share in taxation is observable even though the country never experienced negative economic growth in this period.

Table 22 – Taxes over Capital as % of total Taxation

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Δ 2012-2007
Germany	12.7	14.0	15.3	16.8	17.5	16.3	14.1	14.6	15.8	15.9	-1.6
Ireland	28.6	28.3	28.8	31.8	29.9	25.2	22.3	22.2	22.2	22.5	-7.3
Greece	24.7	24.2	24.9	24.7	24.5	24.6	24.9	21.9	25.0	21.8	-2.7
Spain	25.9	27.0	28.3	29.8	30.5	25.2	23.7	21.2	20.9	22.9	-7.6
Poland	22.9	23.7	24.1	23.8	25.6	25.2	24.8	23.3	22.9	23.7	-1.9
Portugal	23.8	21.8	20.9	21.1	23.5	24.1	22.7	20.9	21.6	21.1	-2.3
Finland	16.1	17.0	16.9	17.4	19.1	17.5	13.9	15.7	15.4	14.3	-4.7
UK	27.8	28.3	29.6	31.5	30.8	33.6	30.2	28.3	27.7	27.4	-3.4
EU28	20.5	21.2	21.9	23.2	23.6	22.6	20.4	20.1	20.4	20.8	-2.8

Source: Eurostat

Likewise, even in countries where the recession was more prolonged, the shares of capital and labour in taxation failed to change their respective trends even in moments of positive economic growth – such as Spain and Portugal in 2010, Finland in 2009 and 2010 or the UK between 2010 and 2012. In Ireland, labour share in taxation continued to increase while the capital share remained close to stagnation despite significant economic growth in 2010.

More detailed analysis of taxation patterns, which is beyond the scope of the RESCuE project, would be required for more solid conclusions on this matter. In spite of this, there seems to be a case for arguing that the crisis resulted in an increased contribution of labour – and thus of household wages - towards general taxation in most of the RESCuE countries. This is consistent with measures taken in both the expansionist and austerity phases – as well as long-term trends predating the crisis (Piketty, 2013; Streek, 2013).

Another important element to consider regarding taxation is consumption taxes, of which VAT is arguably the more important from our research point of view. Indeed, by virtue of being applied to almost all goods and services at flat rates, VAT has an inherent regressive nature. Thus, changes in VAT rates have an effective impact on household purchasing power – the more so the less well-off they are, as, in these cases, a bigger share of disposable income is necessarily directed towards consumption.

Table 23 - VAT as a % of total taxation

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Δ 2012-2007
Germany	16.3	16.4	16.4	16.5	18.1	18.3	19.0	19.0	18.9	18.6	0.5
Ireland	24.2	24.3	24.8	24.1	24.0	24.6	22.7	22.7	21.3	21.7	-2.3
Greece	21.8	21.7	21.5	22.5	22.9	22.7	21.1	23.2	22.2	21.0	-1.9
Spain	17.7	17.7	18.1	17.8	16.1	15.5	13.5	17.4	17.1	17.0	0.9
Poland	22.2	22.8	23.5	24.1	23.9	23.4	23.4	24.5	24.9	22.5	-1.4
Portugal	24.4	25.4	26.8	26.6	25.8	25.6	22.9	24.8	25.1	26.2	0.4
Finland	19.4	19.6	19.8	19.9	19.5	19.5	20.2	20.1	20.7	20.8	1.3
UK	19.6	19.3	18.5	18.0	18.1	16.9	16.4	18.4	20.3	20.5	2.5
UE28	17.6	17.7	17.8	17.7	17.9	17.7	17.4	18.3	18.4	18.1	0.2

Source: Eurostat

The data shows that the share of VAT in total taxation increased between 2007 and 2012 in five of the eight countries for which there is available data - Portugal (0.4 p.p.), Germany (0.5 p.p.), Spain (0.9 p.p.), Finland (1.3 p.p.) and the UK (2.5 p.p.) – while decreasing on the three others – Ireland (-2.3 p.p.), Greece (-1.9 p.p.) and Poland (-1.4 p.p.). However, to fully assess the relevance of this variation, it is also necessary to take into account also how household consumption evolved in the period.

By 2012, consumption was yet to return to pre-crisis levels in five of the RESCuE countries. Of these, the Greek case stands out, with a collapse of 19.7 p.p. in household consumption during this period. Considerable – even if lighter by comparison - were the declines in household consumption in Spain (8.1 p.p.), Portugal (7.2 p.p.), Ireland (6.8 p.p.) and the UK (2.6 p.p.). The cases of Greece and Ireland can thus be brought into new light, as the actual decline of importance of VAT in overall taxation was much milder than the collapse of consumption. Also remarkable are the cases of Portugal and Spain, where the share of VAT in overall taxation grew even as household consumption were falling significantly during the crisis years. This points, at least for these countries, to effective loss of purchasing power, particularly by more vulnerable families.

Table 24 – Final Consumption Expenditure of Households in the RESCuE countries (2007 = 100)

	2007	2008	2009	2010	2011	2012
EU28	100.0	100.4	98.7	99.8	100.0	99.3
Germany	100.0	100.8	100.8	101.9	104.2	105.0
Ireland	100.0	99.8	94.4	94.9	93.5	93.2
Greece	100.0	104.7	102.7	96.1	88.5	80.3
Spain	100.0	99.4	95.6	95.7	94.5	91.9
Poland	100.0	105.7	107.9	111.3	114.3	115.7
Portugal	100.0	101.3	98.8	101.4	98.0	92.8
Finland	100.0	102.1	98.7	101.9	104.8	105.1
UK	100.0	99.1	95.6	96.5	96.0	97.4
Turkey	100.0	99.7	97.4	103.9		

Source: Own calculations from Eurostat Data

In sum, in the RESCuE countries where the austerity cycle was more pronounced, one can see what might be dubbed a pincer movement, where cuts in social transfers and increasing taxation compound the effects of increased unemployment and deterioration of working conditions. How this movement resulted in practice and how vulnerable households dealt with it should be one of the elements to be taken into account during the fieldwork phase.

2.2. Integration of resilience concerns in policy making and institutional intervention

The mainstreaming of the notion of resilience on the concerns and design of public policies in the countries included in the RESCuE sample is still in its infancy. This condition is not surprising considering the novelty of the concept in economic and sociological approaches. Despite the general trend of no explicit references to resilience we found heterogeneity among the sampled countries. This diversity appears to be due, on the one hand, to the expansion and development of the concept in its respective scientific academia, and on the other hand, the trend of economic and social policies that have been implemented recently in each country.

The most distinct case in the context of the RESCuE sample is the United Kingdom, where we found evidence of an effective integration of concerns related to resilience in a diverse range of areas of public intervention. In this country the scientific research focused on issues of resilience has a high degree of consolidation and application, particularly in the areas of emergency readiness and disaster prevention/recovery, concentrated on the ability of communities to develop resilience mechanisms to mitigate the effects of disasters and improve the quality of responses. This concept has also crept into other areas such as: (1) the resilience of computer systems and cyberspace from hackers and (2) reducing the risk of flooding or natural disasters in coastal areas. With regard to economic resilience, the debate has been centred on the financial system and the development of its resilience to shocks or crises. There is no evidence for a specific discussion focusing on household resilience (Home Office, 2011; Gov.UK, 2014; HM Treasury, 2012; DFID, 2012).

Resilience in Germany, although not explicitly mentioned, begins to be approached in social policy debates, particularly in the areas of education and training. The effects of the insertion of resilience processes and practices in political speeches are still not impressive, yet they are beginning to be felt in certain areas. The area where this trend is most visible is the promotion of self-employment programmes for freelance workers and micro-enterprises, aiming at strengthening social cohesion in disadvantaged territories. Funded through partnerships between the national government and the European Union, they provide advantages in terms of tax laws and financial (through credit) and consultancy support. These programmes are framed by a political discourse that encourages citizens "to help themselves". Evidence of impacts on sustainable economic promotion and poverty reduction are not yet known.

It can also be identified by the appropriation of the concept of resilience to the development of individualist policies for solving social and economic problems – such as the increase in poverty and rising unemployment – in the countries most affected by the crisis, as are the cases of Greece, Portugal and Spain, which all show very similar processes.

In none of these countries did we found evidence of formal integration of the notion of resilience in the design of public policies. However, there is a growing trend of instrumental appropriation of the concept by government members, even if not explicitly mentioned, to justify the retreat of the welfare state and legitimize a series of austerity measures. More specifically, resilience (or equivalent words) is presented as a guiding concept for the purpose of individual accountability to overcome the worsening of living conditions, thus breaking with a supposed dependence on the welfare state. In these discourses resilience essentially assumes contours of its heroic perspective and has been implemented in one main area - the redefinition of the meaning of activation policies.

The logic of activation policies that has dominated the employment policies of the last 20 years approached unemployment and poverty not as an individual's fault but as a consequence of the interplay of factors such as lack of formal education, social prejudice and discrimination of informal activities and precariousness in labour relations. Accordingly, activation policies were aimed at eliminating the factors that contribute to unemployment both at an individual and institutional level. However, we can identify an ideological trend in social and employment policies to redefine the meaning of activation policies. This trend has its genesis in the discourse of European Union employment programmes and in the links between public policies and resilience. These have come to influence the design of policies in Spain and Portugal, particularly in terms of employment policies, the regulation of benefits to the unemployed and the public acceptance of anti-poverty and other basic benefits. The orientation of these policies essentially aims at the depreciation of the value of work and the approaches to combat unemployment based on social grants, promoting the "contemporary tendency to make the fight against dependence, emphasis on autonomy and the promotion of individual responsibility cornerstones of the new culture of work "(Serrano et al., 2012: 48). In other words, resilience is invoked as a kind of test of character and abilities of individuals and families to be autonomous and not dependent on the welfare state, thus promoting individualistic solutions in their relationship with the market. The reversal of the direction of activation policies has been found primarily through two ideas: (a) the promotion of entrepreneurship and (b) the promotion of workfare.

The promotion of entrepreneurship is supported by the ideological assumption that the perpetuation of unemployment is mainly due to the lack of willingness of people to take the risk of creating their own business, opting instead to maintain a passive attitude and take a “free-ride” on the efforts of job-creators. This approach promotes a perspective that the young and the unemployed must be proactive in creating their own employment, providing the funding through programmes designed for this purpose, following the argument that "they generate sustainable jobs and have demonstrated a stronger resilience to the crisis than the general economy" (European Commission, 2013: 5). Entrepreneurism is thus envisaged as a solution to the crisis, either via the funding of programmes or by means of political influence in intervened countries. This influence was embodied in Portugal with the creation of a Secretariat of State for Entrepreneurship and the establishment of the National Council for Entrepreneurship and Innovation. The coalition government also launched the Strategic Programme for Entrepreneurship and Innovation, which includes measures such as a Passport for Entrepreneurship and the National Network of Mentors, which primarily consists of consulting and microcredit programmes for young graduates seeking to start a business. In Spain there are also embodiments of this investment, with the creation of the Entrepreneurship Action Plan 2020.

The promotion of workfare is based on the need to develop a culture of active unemployment, breaking with a view where the unemployed passively cope with their situation, relying on subsidies of the welfare state. With the introduction of workfare, welfare beneficiaries shall be subject to compliance with a diverse set of activities in order to be able to continue to receive their benefits. These activities are compulsory, consisting of small jobs to improve society and the local environment. The goal of these activities is to contribute positively to society and to increase the possibilities for future employment. Critics argue that these policies create the obligation for taxpayers - who cashed in their taxes to have these benefits – to disqualified and unpaid work, in most cases not comparable to the jobs previously held, consequently simultaneously devaluing the work (substituting professionals for unpaid workers) and the workers (making the beneficiaries work in lesser jobs).

There is evidence that resilience is part of the governmental rhetoric about institutional investment to legitimize these policies. Participation in workfare activities is thus presented as a way of building the resilience of individuals, to the extent that it enables beneficiaries to develop new skills, increase their autonomy in relation to the welfare state and enhance their self-esteem. This positive characterization of workfare cannot be dissociated from the rhetoric on the regulation of labour that arises from austerity policies based, firstly, on the need for lower salaries and, secondly, the need of precarious work and workers in order to adjust to the need for increased productivity.

As we tried to demonstrate, currently the notion of resilience is being used primarily as a rhetorical tool, legitimizing a framework of measures to be implemented in certain countries that share the fact that they are under the financial intervention of European Union institutions. In fact, this rhetoric tends to cover and spin a tendency of a change in the logic and goals of activation policies, related to a retreat of the Welfare State. The integration of resilience in policy-making is made after the diagnosis and design of these policies and merely has a rhetorical status, not considering the concerns and evidence arising from the study and analysis of the resilience processes of individuals and families.

The RESCuE sample also includes a set of four countries - Finland, Poland, Turkey and Ireland - where there is no evidence of the introduction of resilience, either as a concept or as a concern, in institutional discourse or the design of public policies, particularly those seeking to respond to the negative effects of the economic and financial crisis. In this set of countries, the case of Ireland shows some promise, since there is an effective integration of concerns related to the impact of public policies on poverty rates and living conditions. Since the late 1990s the assessment of the impact of public policies in reducing poverty and inequality has been defined as part of public policy, placing the emphasis on its results and effects. Currently these assessments are known as Impact Assessment of Poverty.

2.3. Conclusion

The EU has heavily influenced the economic and social policy responses to the crisis of most of the RESCuE countries. Often mirroring the EU's own turns in policy, such responses followed successive phases of strictly financial, expansionist and austeritarian policy responces – thus posing several challenges for vulnerable households, given the importance of social transfers and social services in fending off poverty. This is more clearly seen in the evolution of social expenditure which at first expanded and then contracted in countries such as Spain, Greece, Portugal, Poland and the UK and, more mildly, in Finland and Germany. Less evident, though, is the situation in other welfare state intervention areas other than social protection, such as education and health. Here, the situation is very heterogenous, with traces of austerity-like evolution being found only in some of the RESCuE countries – such as Spain, Portugal and Greece.

Another challenge for households is the evolution of taxation. The crisis seems to have further stressed the twin trend of increasing share of labour taxes and a reducing capital taxes in all RESCuE countries. By the same token, the weight of consumption taxation – by definition regressive in nature – in total taxation has increased in most of the RESCuE countries, with only Poland, Ireland and Greece escaping the trend.

In a more specific note, it is worth pointing out that explicit concerns with household resilience in the design of public policies in the countries included in the RESCuE sample seem to very sparse up to now. Still, it is possible to detect situations where a ideas akin to resilience might have influenced some policy measures in Germany, Portugal, Spain, the UK and Greece. The actual results of such measures will be a topic of attention during the following phases of the RESCUE project.

3. Social Economy

The social economy, also known as the third sector or civil society, is broadly defined as the sector of activity that includes the non-profit and charitable organizations, which are not owned by the State. Thus, social economy encompasses every organized economic activity, no matter if bottom-up or top-down, regardless of being formal or informal, which has the intention to contribute to the solving or alleviation of social problems (Tarkowska, 2009). Another salient characteristic of social economy, which is of interest in this report, is that most of its activities make use of resources provided by the welfare state in one way or another, be it subsidies, premises, tax reduction or the permission to make use of certain employment arrangements.

In the context of economic and financial crisis in Europe, the role of the welfare state is under debate, with financial constraints and sustainability issues being of primary relevance in the future of social politics and the "welfare-mix". Thus, the present context makes it more pertinent to understand the role, capabilities and limitations of the social economy to have a continuous and sustainable impact in reducing the levels of poverty and social exclusion.

The current chapter aims to evaluate the impacts of the current crisis and subsequent policies of economic and financial recovery on the social economy's intervention. The goal is not to make a comprehensive presentation of all the specific contexts of third sector organizations in each country included in the sample. Instead, the aim is to highlight exemplary cases of general trends or particular cases, which allow our contemporary state of the art to understand the changes that the crisis brought to this sector of activity, specifically in what relates to the relationship with the State regarding social aid and support. Thus, this discussion is structured in two focus points:

1. The changes that the crisis brought to the institutional relationship between public institutions and organizations of the social economy;
2. The main impacts of the crisis in the organizations of the social economy in their response capability.

3.1. Impacts of the crisis on relations between the third sector and public institutions

In the first part of this chapter we will analyze the observed changes in the institutional and policy framework for the Third Sector. More specifically, we want to understand, firstly, if the crisis has influenced the redefinition of the relationship and institutional framework of the Third Sector; and, secondly, if the Third Sector has been called to respond to the increasing needs and cover the gap left by the retreat of state intervention in fighting poverty.

Following the evidence taken from the analysis of the evolution of poverty indicators in Europe, previously developed in this report, the crisis resulted in increased levels of poverty and social exclusion. This process began in 2008, but with the implementation of austerity packages from 2010 onwards, which particularly affected the countries of southern Europe, poverty levels have increased exponentially. Also, the implementation of these policy packages was accompanied by a trend of retreat by welfare states in social action.

From the evidence collected, the retreat of the welfare state is a consequence of two factors: firstly, the overall reduction of direct state investment for fighting poverty and social exclusion as well as the social benefits targeting the unemployed and other needy groups; and, secondly, reduction of the degree of coverage of social welfare state, which arises from a change in philosophy for public intervention to a logic of “safety net”, where the focus of social action are situations of first need, in which social economy organizations are designated as the primary agents for social action.

This trend has been observed in the countries most affected by austerity programmes, such as Portugal, Spain and Greece, but also in Turkey and in the UK. The UK case is particularly illustrative of the trends noted above. With the onset of economic recession, the role of the Third Sector has increased. Underlying this process is a series of "meetings of recession" among this sector agencies and government officials to respond to the effects of the recession, leading to the creation of the Action Plan for the Third Sector. This plan establishes the role of the Third Sector, which should assume functions of the welfare state. However, the relationship between the state and the third sector remains in question, inasmuch as the latter has been subject to severe financial pressures, thus generating a difficult balance between the new role that is supposed to take on and cost-cutting needs. One of the paradoxical aspects of this process is the inability to finance this transfer of responsibilities and resources because of the recession itself. Example of this was the failure to fund the project of creating a bank that promised an annual investment of £10 billion to initiatives under the "Big Society".

In Greece the crisis led to initiatives from the political power to foster and support the creation of social economy organizations. Thus, a new legal framework has recently been approved that encourages social entrepreneurship, with these organizations assuming a key role. As we indicated in the previous part, multiple initiatives of charity and welfare have emerged in Greece and have shown a greater ability to reach populations and provide people with immediate answers.

The Portuguese case of transferring powers and responsibilities of social action from the State to the Third Sector is particularly useful to understand the ideological motivation of this process. Indeed, the implementation of the austerity programme was anticipated and supported by invoking the necessity of the State to reduce its role in social action. Immediate and long-term constraints on public budgets are being forward as justifications for reducing the coverage of state social benefits - namely, by reducing the reimbursement of medicines, introducting of user fees in health, and with the review of the eligibility criteria of most social benefits – and giving to the lower and disadvantaged segments of the population in state intervention.

The definition of short-term priorities is discursively associated with the need to ensure the long-term sustainability of the system, which according to this perspective will only be possible by limiting the action of the Welfare State to cases of absolute emergency and through the social action of private organizations. This option to intervene by funding private organizations is argued by the need to reduce the size of the State. The evidence that this is an option essentially ideological in nature is that the total costs of the State related to social action outweigh the costs before the crisis today. What is actually at issue in the debate in Portugal is who should be funded for intervention in social action, promoting the transfer of a model of direct intervention by the State complemented by the Third Sector to a model based on the Third Sector supplemented by the State, and who are the beneficiaries of it, limiting public intervention to situations of social emergency. The main instrument that governments have to influence the Third Sector, in pursuit of this new policy framework, consists of their control over the funding and management of organizations and programmes.

At this point we want to focus on the changes that have been influenced by public and European institutions, in order to promote the introduction of efficiency and business criteria for social economy organizations.

The Irish case is a good illustration of this tendency. As a result of the crisis, a political claim of greater transparency of accounts and public financing has gained prominent. The Third Sector has been no exception in this process, with public funding starting to be associated with the introduction of criteria of efficiency in investment and control of salaries paid to management. This claim was proven in the “Rehab controversy", in which the government denounced the high premiums paid to members of the management board.

In Portugal and Spain this process had as its focal point the organizations’ needs to manage their resources more efficiently and ability to empower themselves financially. Governments are starting to endorse the message to these organizations that they have to be more entrepreneurial, pressing them to generate their own revenues. This is paving the way for the integration of management professionals for the Third Sector, appropriating the business methods of profit-driven business.

However, it is not clear that the optimal management for a market enterprise is the same as for a Third Sector organization. The application of efficiency criteria emulated from profit-oriented private companies puts in question the survival of certain services and facilities, which has consequences on what constitutes the mission of social economy, justifying the public investment in these organizations. This trend was noted in the Irish case, where it is stated that the process of greater accountability of the recipients of public funds has also been used to legitimize the decrease in public investment, especially in organizations with a commercial component, leaving them exclusively market dependent.

The collected information suggests that we are witnessing a trend of commercialization of social action, that is still sparse and at an early stage, in which the Third Sector's organizations fill the gap left by the retreat of the Welfare State. However, in Spain it has been argued that these organizations have some difficulty in carrying out this role, in that this kind of organization is more oriented to daily action and field intervention, not having accumulated experience or critical mass for medium and long-term strategic planning. In Portugal, the Third Sector also has proved to be unable to respond effectively to the level and extent of deterioration of the living conditions of families in the wake of the crisis, which forecasts a scenario of saturation of the responses in this type of intervention. These limitations are gaining the recognition of institutions and actors in the field, who understand that the greatest strength of action that they have is collective and involves changing the model for intervention currently in force. Two paths are suggested: (1) recognition that the crisis has exposed the limits of intervention of the Social Economy, with a greater role of the Welfare State being necessary and urgent; and (2) the need to adjust the resources and funding (financial and human) in order to enable the social economy to successfully fulfil its new responsibilities.

3.2. Impacts of the crisis on third sector intervention Institutions

The countries where the crisis most affected the working capability of social economy were, unsurprisingly, the ones most affected by the crisis in the first phase, and consequently subject to austerity policies, in a second phase. This group of countries is composed by Spain, Portugal, Greece and Ireland. In the United Kingdom we can also find similar dynamics and trends.

The information collected from empirical data allows us to state two conclusions. Firstly, that the transformations that have occurred in the intervention in social economy are heavily interrelated. Secondly, that the transformation trends seem to follow a pattern of concerted action, with disparate dynamics between countries in the sample not being observed. More specifically, we can distinguish five areas of transformation, which we will develop next.

The most immediate effect of the crisis was the increase of poverty and the interruption or reversal of the trajectories of people already in processes of social inclusion, which generated the rising demand in Third Sector organizations. This trend is particularly evident in the cases of Spain, Portugal and Greece. The increased demand has tested the limits of coverage and intervention of Third Sector organizations, and has also determined the redefinition of priorities and needs on which their work is based, by focusing primarily on social emergencies.

Despite the general increase in population needs, we found evidence of an overall reduction of contributions to Third Sector organizations[17], either by direct state funding or through private donations. This tendency was observed in most countries sampled. The reduction of public funding is associated with the introduction of austerity measures, namely in Spain, Portugal, Ireland and Greece, being accompanied by tax increases, which constituted a double financial strangulation for these organizations. Nevertheless, this trend is not exclusive of these countries, and the cases of the UK and Germany should also be highlighted. The common line in this process is the restructuring of the funding model, which changed from a comprehensive model, focused on organizations, to a model based on the acquisition of certain services and the fulfilment of specific objectives, approaching a market logic.

Regarding the contributions of private donations (whether individuals or collective entities), the data points to a general reduction in the cases of Spain and United Kingdom. In several of the countries included in the sample, especially the cases of Portugal and Greece, these contributions did not represent a significant amount when compared to public funding.

The impacts of reduced funding differ according to the specific reality of each country. Both in the UK and in Spain the most obvious consequence has been the increasing

[17] It should be underlined that we refer to an overall tendency, which does not mean that in every country considered the situation is the same. In fact, in Portugal, government transfers to the Third Sector have not diminished. The tendency is quite the opposite. While the relative overall State investment in social aid has diminished, social transfers to third sector institutions have increased, which shows a tendency of the Welfare State to give the Third Sector a more prominent role in fighting poverty.

mortality rate of Third Sector organizations. However, while in the UK the smaller organizations were the most affected by the lesser resources available, in Spain smaller organizations have shown greater resilience in the face of austerity policies, because of their more established structure of volunteer work. In the Irish case we highlight the closure of various social services to support the most needy and vulnerable, while in Portugal there are also references to decreasing contributions to Third Sector organizations, in view of the inability of beneficiaries to continue to pay their contributions and the trend of families to take their relatives away from these institutions, and take care of them at their own discretion.

However, the greatest impact of the reduction in resources for the Third Sector was the cuts in paid workers, which are referred to in most country reports. The size and the specific dynamics of this phenomenon, where the increasing number of volunteers stands out, justifies its separate analysis, representing for analytical purposes the third area of change following the crisis.

As mentioned, the cuts in social workers in social economy organizations are referred to in most of the countries considered. However, in most cases there is no quantified data that allow for an exact measurement of the size of those cuts, with the exception of Ireland and the UK. In the first, there is information of 11,150 workers cut by the end of 2013, while in the latter case the number stood at 70,000 between 2010 and 2011. The cases of Spain and Portugal are particularly interesting. Both countries show a transformation in intervention resources following the crisis. There was a significant increase in the number of volunteers - either because there are more people available to do voluntary work, or as a consequence of the elimination of certain services provided by paid workers - mainly in the areas of greatest need. This increasing demand for volunteers is enabling these organizations to increasingly sustain their intervention on unpaid volunteer work, thus making trained professionals expendable.

This substitution has produced a set of specific effects, evidenced in the Portuguese case. The first effect observed is that this increase in demand from volunteers has not always been matched by the need of organizations, which in many cases do not have a framework for their collaboration. Secondly, organizations also do not have the resources to integrate and supervise the work of volunteers. Lastly, in many cases volunteers are driven more by the need to solve their own problems (especially unemployment) than by the ability to solve the problems of others, jeopardizing the quality of interventions.

Some countries in the sample, namely Portugal, Spain and Germany, show a trend of transformation of management models. There is evidence of the introduction of business models and efficiency criteria in the management of these organizations, which has strong implications in their ability for action. Indeed, in Spain it is particularly evident that organizations have felt the need to change their mission and objectives, increasing the risk of these becoming incoherent with the purposes for which they were created. In Portugal there is a growing trend of integration of management professionals in Third Sector organizations, posing the question of to what extent does the logical management of a market profit-oriented organization fit with the mission and specific purpose of a social economy organization, which are the basis of the institutional support and funding by the State. While being a process still in its infancy, we find evidence of this trend in public speeches and the recasting of funding criteria.

The fifth area of transformation is related to the models of intervention promoted by Third Sector organizations, where we highlight the cases of Poland and Greece. The two cases are quite distinctive from one other, pointing to two phenomena: (1) the introduction of forms of workfare as a measure of activation and (2) the increasing situations of social emergency.

In Poland the unemployed have been a primary focus of the social economy. A key measure of integration was the creation of the Social Integration Centres, established through the Social Employment Act. These centres are not involved in economic activity, do not produce goods or services, but provide employment through socially useful public work: work on improving the environment, the aesthetic appearance of public spaces, the adaptation of buildings for people with disabilities, the state of the roads, etc. In 2011, this form of support was used by 8,410 people. The objective is to reintegrate people experiencing social exclusion through participation in these activities.

In Greece the exponential growth of social emergency situations - particularly the number of homeless and malnourished children - led to movements of community resilience through the emergence of numerous informal initiatives of locally based social action, with a strong impact on people's everyday lives. These initiatives aim to complement the traditional philanthropic organizations (most being religious-based) that receive state funding, and have proved to be more effective in producing solutions to everyday household problems. These organizations have also developed a vital role in health. According to public records, there are over 2.5 million Greeks without any health insurance. Despite government members stating the development of a solution to this problem, up to now these people are being treated through solidarity groups who work voluntarily and without any funding. Organizations such as Doctors of the World have also set up clinics and medical banks to fill this gap.

The promotion of workfare activities as the preferred method of intervention for the social and professional reintegration of individuals and families facing social exclusion rests on the view that their participation in occupational activities that benefit the local community, in return for social subsidies received, has proven ability to enhance self-esteem and introduce a structure in the lives of beneficiaries, also increasing their employment opportunities through the development of new professional skills, social skills and the extension of social circles. Critics of these approaches emphasize that this type of intervention is being used by organizations as a way of getting free labour, with professional jobs being replaced by amateur work. Workfare also calls into question the training, safety and responsibility for these workers. From the point of view of the beneficiaries, in many cases this type of work represents a regression when compared to their previous occupation, breaking a fundamental guarantee of social benefits, thus promoting reemployment mainly in unskilled occupations with lower status and lower wages.

Regarding locally based intervention initiatives in Greece, the worsening of the living conditions of individuals and families was the basis for innovative social action with wide and immediate impact on people's lives. These informal organizations gave a response to a series of urgent and practical needs of communities that are not being met by the State and the traditional organizations of the social economy. The multiple organizations that have emerged in healthcare as a way to meet thousands of people without any coverage are a perfect example of this phenomenon. However, these structures are targeted for immediate answers to everyday problems, so they have limited ability to reverse the impoverishing trajectories of families.

3.3. Conclusion

The magnitude of the crisis in some of the RESCuE countries has brought into question the both the relationship between public institutions and organizations of social economy and also the logic of their intervention.

In the RESCuE countries more affected by the crisis, austerity policies have been accompanied by a call for third sector organizations in these countries to step in the gap left over by the retrenchment of the welfare state – something that has met some success in the case of Greece. This call, however, occured at the same time when an overall reducation of the contribuitions by both public and private sources was taking place, due to the combined effects of austerity and economic recession.

Data collected by the RESCuE teams point to several relevant transformations in the panorama of social economy related to these situations. These include expected phenomena such as an increase in the dissolution rate among third setor institutions (as seen in Spain and in the UK) and cuts in the number of paid workers (in Ireland and Portugal as well) but also more pervasive changes such as the increasing introduction of managerial practices imported from profit-oriented businesses (as in Portugal, Spain and Germany) – a move that may have as a consequence the narrowing down of their activities to commercial viable ones. These effects of these changes on household resilience will thus be another topic to be further explored in the following phases of the RESCUE project.

4. The Concepts of Poverty

4.1. Revisiting the concepts of poverty

There has been intense interaction between scientific debates over the problematic of poverty and the policies to combat poverty. We have stated that, generally, science has preceded policies, or more precisely, the agents responsible for these policies in this field of action. But it is also certain that the new political developments have been strongly stimulating the development and renovation of the theoretical debate.

As often happens with other objects of science, the social quest for knowledge has stimulated the adjustment of knowledge. However, in parallel, it has not avoided creating the short-circuit[18] effect which produces ideology, as the appropriation of the concepts by the common discourse has made them more polysemous, ambiguous and imprecise. The evolution of the notion of “social exclusion” and its preferential use instead of the term “poverty”, more unlikable to societies - or to those who occupy the position of speaking in their name - that see themselves as “fair” and affluent is an example of these types of processes. Alternatively, the fact that science borrows expressions, loaded with ambiguities from common sense, and uses them in its own process of production of knowledge, no matter how much effort is put into epistemological rupture, does not prevent producing ideological effects that need to be limited. This all the more so, because it concerns a problematic in which the social pressure over the scientific field is particularly strong, given the highly sensitive nature of the subjects.

Notions shared by scientists, technicians, politicians, civil activists and common citizens have to acquire an elastic meaning (Levitas, 2000). Suffice to consider the diversity of terms used to describe “the poor” in the sociological literature. Sometimes they are described as “marginalised, badly socialised, stigmatised” (Bourdieu, 1993), others as “explored, alienated”, or “dependent, without autonomy or resources” and even as “disconnected, disaffiliated, isolated” (Paugan, 1991). The “poor” or the “excluded” is always seen as someone who lacks something. That something may sometimes be

[18] To use the expression of Raymond Boudon (1986).

income, if the discourse on poverty has the redistribution of income as background; some other times it may be employment, if the problem of the poor is their exclusion from the labour market and the set of resources that it enables; other times it may be autonomy and cultural competences, when the discourse on poverty highlights the moral condition of the sometimes dependent, sometimes “dangerous” “subclass” (Levitas, 2000).

The conceptual debate is therefore urgent. The problems are real and the definitions have an impact on political agendas. They are receptive to the propaganda of the millenary ideology of blaming the poor and the naturalisation of poverty. A cohesive orientation in politics may benefit from precise conceptual tools and rigorous scientific knowledge tools.

The development of research will increase if it allows the problems to be addressed in a comprehensive way. Therefore, it is worth mobilizing all kinds of conceptual tools. The notion of “ways of life” is particularly suited to this comprehensive approach. The idea behind this notion is that poverty can be studied by combining two theoretical perspectives that represent, in fact, two traditions that have only recently have converged: a culturalist approach, based on the concept of culture of poverty, and a socio-economic perspective, that, given its political use, is nowadays predominant in the research agenda.

4.1.1. The culturalist tradition

A tradition emerged in the 1940s of studies on poverty with Warner and Lunt (1941; 1942) or William Foote Whyte (1943) addressing the life of segregated urban communities and/or inhabited by ethnical minorities. This tradition is referred to as “culturalist”, for two reasons. The first is a practical one: Oscar Lewis (1961), studying the same kind of communities and their families in South-America, coined the expression “culture of poverty” which became the major reference in this tradition. The second one is due to the lack of imagination to find a better term. Yet there is a need to distinguish the approach of these and other authors, who tried to understand the logics of the poor communities, families and individuals ways of behaving, and the ideological condemnation of the “underclass” individuals values and morals (Hernstein § Murrey, 1994), that strongly contributed to the fall of popularity, if not the abandon, of the whole approach, reflected in the absence of recent scientific production under the “culturalist” paradigm, which represents a loss in the debates around the theme.[19]

The term “culturalist” is used here in the anthropological sense present, for instance, in the work of Geertz (1973), remitting to the ways of doing, thinking and living of groups, communities, and societies, thus involving a comprehensive and holistic understanding of social structures, systems of practices and routines, symbols, values and social representations shared by the group, the community or the society. “Culture”, in this sense, is not a separate “factor” of poverty, but neither are “economy” or social structures. The tradition of studies of poverty we call “culturalist” take all the dimensions into account, in an integrated manner.

Many studies, frequently connected to research-action projects (AA. VV, 1991), or with the analysis of individuals’ trajectories (Bourdieu, 1993) can be framed in this tradition. They deal with such topics as: changes in living conditions and adaptation modes of families in de-industrialized areas; problems of decline of traditional activities, underdevelopment and human desertification in depressed rural areas; lifestyles and communal organization in downgraded urban areas; the stories of personal trajectories of groups in marginal situations, such as the homeless, drug addicts, street children, inmates and former inmates or ethnic minority communities; undesired changes in family status and family disorganization; unemployment and precarious labour situations; the relation between the poor and the institutions, including social benefits and social facilities.

Two traits are common to most of the studies that can be included in this tradition. They apply, on the one hand, a methodology which privileges qualitative research techniques and micro analysis of communities, families or individual biographies, on the other hand, a multidimensional approach to poverty, influenced by the anthropological definition of culture as a complex whole (Valentine, 1972) capable of constituting life schemes that are passed down to the next generations (Lewis, 1979, Brébant, 1984).

[19] The emergence of the notion of social exclusion, as we shall see bellow, get some of the main traits of this tradition back into recent scientific production

The culture of poverty, with characteristics that are considered universal, is seen either as a system of stoic defence against humiliation, without which subsistence would be impossible (Lewis, 1979) or as a result of a social and symbolic universe characterized by the instability of living conditions and shame (Brébant, 1984; Hoggart, 1957). Among these characteristics, one can point to the fact that poor families and groups form strongly integrated communities from an internal point of view, while being segregated in a societal context. The intensity of encounters and the strength of internal ties - not all of them positive - has as a counterpart the incapacity of relating to the current institutions in society, or even hating them, as is the case of the police (Lyon and Meca, 1988; Murard, 1988), a tendency that by revealing a clientelist "political realism", can also be associated to the outbreak of aimless revolts. The refuse of the moral hazard of the kind proposed by Hernstein and Murray (1994) is absolute.

The sense of belonging to a community and the closing off of the community upon itself, tends to be seen as defence mechanisms against frequently irregular ways of life (both in the normative and temporal meaning of the term), characterized by scarcity and resulting from segregation and marginalisation. Therefore, there remains a strong ambiguity between the affirmation of a communitarian identity and the incapacity to claim collective dignity in a sustained way (Hoggart, 1957; Lewis, 1961;; Brébant, 1984 Valentine, 1994). The Identitarian feeling, as well as the social networks that support it, tend to close off people, families and poor communities at the limits of their own precariousness, which is lived as a fatality that people come to accept.

The typical reflexes concerning the reproduction of poverty produced by this acceptance, can be found in the way in which the need to survive generates life orientations centred on the present as well as on the instability and atypicality of the families ties, which are simultaneously the reflex and the cause of the instability of these ways of life. The same could be said of other aspects such as low professional and school qualifications, that push poor people, towards official unemployment, low wages, parallel and unstable labour markets, sometimes based on services informally offered to their own communities, which become non-monetary and marginal economies (Lewis, 1979; Brébant, 1984; Puel, 1988).

Material instability adds up to emotional instability, a process that nowadays Serge Paugan would call “disqualification” (1991) and Robert Castel would call “precariat” and rupture of social ties (1995). Income scarcity and irregularity not only generates shame but also leads to the adoption of practices of symbolic inversion, which reveal an ambition for social integration not supported by the resources. This can be reflected, for example, in exaggeration and exuberant excess in moments of consumerist exception (Petonnet, 1988). These practices tend to impede the construction of a solid basis of support for projects that break with the existing conditions, thus contributing to a transmission from generation to generation of the culture of poverty and to its structural consolidation.

4.1.2. The socio-economic tradition

A theoretical tradition organized around the classic concepts of “relative”, “absolute” and “subjective poverty” is nowadays predominant, both in terms of the scientific research agenda and in terms of discourse and political practice.

Socio-economic is a possible designation, among others, given to this tradition, given the relevance of the study of the distribution structure of economic resources, namely expenditure and income, but also other assets, like property or social relations. It has, however, produced research lines that go extremely beyond this domain. The main reference of the concept of absolute poverty is the idea of subsistence. According to this concept, people, families and groups, whose resources are not sufficient to guarantee the maintenance of “physical efficiency” or to satisfy basic needs, are in a situation of poverty. If insufficiency means pure lack, poverty is considered to be “primary”; if, on the other hand, it has to do with a “dysfunctional” use of resources, it is referred to as “secondary” (Rowntree, 1901.

Notions such as “basic needs”, “optimal use of resources” or “satisfaction”, besides raising complex problems in terms of operationalisation, are also often criticised for being arbitrary, since they are based on morals and political judgements regarding social order (Sen, 1981). In fact, the needs that are considered basic and the minimum (or decent) standards to achieve their satisfaction are relative to normative patterns or to patterns that are shared by most people in each society.

From this relativity arises the concept of "relative poverty".[20] In this case, the decisive criterion is no longer subsistence but inequality. From certain negative differentiation levels onwards, people, families and groups are excluded from the living standards and mechanisms of social participation considered as minimally acceptable in each specific society.[21] Individuals, families and groups are poor in a relative way, when low material, cultural and social resources result in their exclusion from the minimum acceptable life standards in the society where they live. Naturally, there still is some arbitrariness in this definition, but it is more controlled. If these living conditions are above, coincide with or are below a specified threshold of dignity, this involves a judgement that incorporates several empirical and normative assumptions. This threshold can be, for example, defined in terms of a basic list of needs, or in terms of a consumption pattern that is considered "normal", based on polls on popular opinions in the considered society (Room, 2000:408).

There are many possibilities, but the most common method that is used to determine a relative poverty threshold consists of establishing it as a given proportion of the arithmetic average or median of the distribution of consumption or income (Ravaillon, 1997: 5). Individuals, families and groups whose income does not reach this proportion of income in the countries where they live, are considered poor.

The definition of this "poverty threshold" is not a simple matter. It is the object of countless and thorough theoretical reflection and empirical testing of the best indicators to address questions such as: sensitivity of average or median; specific aspects of the income distribution curve; the differences between "extension" or prevalence of the phenomenon; its "intensity" (distance between poor and non-poor); "harshness" (relative deprivation of the most destitute segments among poor people); durability of

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[20] Peter Townsend (1979) and Amartya Sen (1981;1982) are some of the first contributors to the definition of the concept. The concept of relative poverty has been used by official entities, both political and statistical and by programmes against poverty.

[21] The concept of relative poverty helps to overcome the ambiguities that are present in the concept of absolute poverty, but in exchange, loses some of its relevance when average standards of life are high and the group with least resources obtains, even so, the minimum means for a life with dignity. In other words, if it is true that a society with less inequalities tends to be a society with less poverty, then it is also true that a society does not have to be equalitarian to end poverty (Costa, 1984). Thus, poverty would only point to the more "serious" consequences of inequality. Partly, this matter justifies the decisive importance of indicators.

situations and trajectory of the involved people, among other subjects. In Portugal, important literature has been produced concerning these questions. (Pereirinha, 1994, 1996, 1999; Ferreira, 1993, 2000; Rodrigues, 1993, 1999).

Using simpler or more complex measurement procedures, this concept is the reference for rates and other poverty indicators that are frequently used by institutions, social media and in political debates.

Relative poverty is indeed the concept behind the main indicators used in the European Union for political purposes. It is used indeed in the building of the National Anti-Poverty Action Plans. Studies based on the concept of relative poverty are quoted in the National Reports of Ireland, National Irish Anti-Poverty Strategy (NAPS, 1997), Spain (FOESSA, 1966, 1970 and 2008), and Greece (Lianos & Prodromidis, 1974; Kanellopoulos, 1985; Bouzas, 1990; Mitrakos & Tsakloglou, 2006). In many cases these studies go far behind the measuring of “at risk of poverty index”. In the Irish case relative poverty is related to topics like the operation of the labour market; long-term unemployment; operation of the education system; tax and welfare system; impact of social exclusion and resource distribution (NAPS, 1997); over-indebtness and low-work intensiveness (Watson, Maître, & Whelan, 2012); and youth unemployment (McGuinitty, Russel, D., Kingston, & Kelly, 2014).

The same kind of topics are addressed in the study of social exclusion in the United Kingdom, emphasizing situations of precarious insertion in the labour market (MacInnes, Aldridge, Bushe, Kenway, & Tinson, 2013; Cribbs, Hood, Joyce, & Phillips, 2013) and the lack of local public investment and services (Gripaios & Bishop, 2005; Taylor-Gooby & Stoker, 2011).

In Finland the National Report also refers the topics of unemployment (Moisio, 2010), long-term unemployment (Kauppinen, Saikku, & Kokko, 2010), housing market and precarious insertion in the labour market (part-time jobs) (Lammi-Taskula & Salmi, 2010) as factors of poverty. The Greek National Report quotes UNICEF (2014) to call upon the problems of unemployment, long-term unemployment, reduction of welfare state transfers and reduction of public services.

In the German National Report there is also a set of topics specified as problems associated to poverty and social exclusion, such as automatization of production and terciarization leading to long-term unemployment of low skilled workers (Adamy & Steffen, 1998; Seeleib-Kaiser, 1995), reduction of pensions (Hauser, 2009); precarious (Prekarität) insertion in labour market: part-time and non-standard labour, raising volume of non-standard labour forms, precariousness (Promberger, Wübbeke, & Zylowski, 2012; Castel & Dörre, 2009; Scherschel, Streckelsen, & Krenn, 2012; Promberger, 2012).

The issue of regional asymmetries is raised by the German and Turkish National Reports (Gürsel, Bülent, & Acar, 2013; Bogai, Buch, & Seibert, 2014).

The position of relative deprivation of people and groups in society and in the access to different kinds of assets is, in sum, the basic criterion to classify them as poor. The practical usefulness of the concept is obviously very important, because the knowledge of the proportion of people who do not have access to a specific income, which is considered to be able to guarantee a minimum of dignity of life, is in itself decisive information for evaluating the quality of society. However, its contribution is relatively low in terms of the knowledge on the phenomenon, its causes, consequences and characteristics. In general, the best that can be achieved is the verification of: socio-professional categories, age groups, gender, region, family types and income sources of the people who are more vulnerable to poverty. This limitation explains a renovated interest in the concepts of absolute and subjective poverty and the idea of social exclusion.

4.1.3. A renovated debate around basic needs and feelings of deprivation

The United Nations Human Development Programme (UNDP) Report, published on an annual basis, classifies the different nation states according to the Human Development Index and supplies a set of indicators concerning economic, social and cultural structures. All these indicators are defined in a single way, with the exception of one that is used to compare poverty between various countries. Only in this case is there an index for developed countries and another for non-developed countries. Both indices take into account indicators of life expectancy, knowledge and quality of life. Table 25 shows this divergence.

It is obvious that, besides considering the differences in life expectancy and knowledge indicators that refer to development conditions in societies so that the indicator may be significant for each group of countries, the life expectancy indicator refers, in one case, to a relative poverty threshold, and on the other, to an absolute lack of goods such as drinking water, access to healthcare or “physical efficiency”. Although it seems adequate to associate the evaluation of the problem with the social structures of each society and specific context, this procedure cannot but conceal two inescapable realities. In under-developed countries, although the most approximate image of poverty has to be given by the distance of an important part of the population concerning basic dignity levels, it does not make sense to hide the most shocking social and economic inequalities. On the other hand, in the more developed countries, although poverty should be related to persisting inequality, one must not forget, as the indicator tends to, to take into account the prevalence of situations of utmost deprivation of goods and resources essential to life (Gordon, 2000).

The World Summit for Social Development in Copenhagen in 1995 brought the problem of absolute poverty to the centre of the European research agenda. The already mentioned FOESSA (2008) studies, as well as the work of Dafermos, Theofylakou, & Tsakloglou (2008) in Greece are examples of the absolute poverty approach specified by the RESCVuE National Reports. According to the Absolute Poverty concept it is defined as the condition characterized by severe deprivation of basic human needs, including food, health, shelter, education and information. In this point the concept also tackles the concerns about access to different assets and resources similar, in some extend, to the ones mentioned above about the factors of relative poverty. Indeed, it linked overall or relative poverty to lack of control and inequalities: poverty is necessarily linked to lack of control over resources, including land, skills, knowledge, capital and social connections (Baudot, 2000: 25-26).

Table 25 - UNDP Poverty Indicators

Dimension	Indicator in Index 1	Indicator in Index 1
Life Expectancy Indicator	Percentage of population not surviving beyond age 60	Percentage of population not surviving beyond age 40
Knowledge Indicator	Adult illiteracy rate	Adult illiteracy rate
Quality of life Indicator	Percentage of population living under the income deprivation line of 50% of the available average income	Percentage of population with access to drinking water
	Long run unemployment rate (population unemployed for 12 months or more)	Percentage of population with access to healthcare
		Percentage of underweight children under the age of 5

Source: United Nations Development Programme (1997-2000).

This definition, besides the consequences it has for the definition of policies, as it relates poverty to development processes in general, brings our attention to two important questions: (1) the relationship between poverty and class position (or resource control) and (2) the question of the multidimensionality of poverty, which entails the development of new methodological approaches in order to measure the phenomenon.

Regarding the first question, Sen wrote that “to understand food scarcity, it is necessary to enter in the structure of property. The property relations are a kind of granting rights relations, this applies generally to property itself, and more specifically also to hunger” (Sen, 1981:12). For the moment let us leave out the reference to rights, which will be central to understanding the multidimensionality of poverty and social exclusion, and focus instead on property. According to the author, in a market society and capitalist economy based on private property, the rights regarding the satisfaction of basic needs result from (i) the set of goods that can be exchanged in the market (exchange entitlements); (ii) the goods that can be obtained through production with the use of own resources; (iii) the goods that are obtained through the use of own labour force; (iv) the goods that can be obtained through inheritance and property transmission.

Obtaining a job for a sufficient amount of time in exchange for a sufficient salary, the sale of assets, self-production or purchase of labour force and obtaining resources through goods or services produced in this way, are means that put people in a condition of satisfying their needs, or, in case of their lack, in a situation of shortage. Therefore, "the exchange entitlements faced by a person depend, naturally, on his position in the economic class structure as well as the modes of production in the economy" (Sen, 1981:17).[22] Poverty is usually understood as another level of social inequality, besides class inequality. Thus, an important theoretical link between poverty and social structure is undervalued, link that should be restored.

To the contrary, the old question of "multidimensional poverty" has been the object of intense debate, although mostly in the context of "social "exclusion", a semantic nuance (Levitas, 2000) that we will not address for now. This question can be stated as follows: if shortage is present in different resource domains (employment, income, health, education, housing, etc.), how can the necessary means for a person not to be poor be determined?

Ravallion tells us that an evaluation of poverty supposes a pre-determined and well defined life threshold qualified as "poverty threshold" that a person must attain to not be considered poor. There are undoubtedly consumption levels of different goods (food, clothes, shelter) below which the survival of individuals is compromised in the short run. But what those levels are, for each individual, is not evident (Ravallion, 1997: 1).

Sen, along the same line, says that the idea of the concept of poverty being essentially a concept of inequality has some immediate understanding. But one can argue that inequality is fundamentally different from poverty. Analyzing poverty as a matter of inequality, or vice versa, would not be fair for either of them. Inequality and poverty are of course connected. But none of the concepts overpowers the other. In fact, there is an entrenched idea of absolute deprivation in our idea of poverty that reflects on

[22] Simultaneously the author draws attention to trading rights that can be obtained not in the market, but through welfare state programmes.

information of food scarcity, malnutrition, and visible difficulties in a diagnosis of poverty without first verifying the relative image. Therefore the relative deprivation approach complements the analysis of poverty in terms of absolute deprivation (Sen, 1999b: 31-34).

At the European level significant progress has been made in recent years in order to build data basis containing extensive and early actualized information about income distribution, but also about "relative deprivation" of material and objective goods and resources (Layte & Fourage, 2004; SJI, 2014) and also about poverty intensity and jobless families.

The concept of subjective poverty (Niemalä, 2008; Dafermos, Theofylakou, & Tsakloglou, 2008) enables, on one hand, an approach to the phenomenon, the basis of the prevailing representations in a specific society of what it is to be poor and who the poor are, and on the other hand, of the representation of the people of their own situation. According to this concept, one is poor or becomes poor, when one feels poor (...) and, on the other hand, one is also poor when others consider one to be poor (...) This is a subjective approach to poverty intentionally based on opinions and judgments of poor people or on society as a whole (Pereirinha, 1999: 193). The concept is important in itself because what people think and feel is an unavoidably relevant objective reality.

However, from a methodological point of view the concept has been used as a first step for poverty measurement in a more comprehensive way, based not on a aprioristic assumption produced by specialists concerning basic needs, but on socially shared visions of what those needs are and on the minimum levels of their satisfaction (Ravaillon, 1997; Gordon 2000, Levitas, 2000).

Once the subjective poverty threshold is established and once the domains considered essential for a life with dignity are defined, as well as the goods and services included in these domains, the level of necessary resources to satisfy minimally acceptable life standards can be determined (Gordon, 2000).

Considering poverty as a multidimensional reality brings this concept closer to the idea of social exclusion. This idea has been the topic of debates with configurations that we will attempt to criticize in the next subchapters.

4.2. Social Exclusion

The term social exclusion, in the context of questions of poverty, arose in the mid-1970s (Lenoir, 1974) with the purpose of highlighting that despite the growth of welfare in modern societies, an important sector of the population had no access to the benefits of this progress. The term was used again a decade and a half later in the context of the II European Poverty Programme to refer to the multidimensional and dynamic character of poverty (Room, 1989; Robbins, 1991), and became afterwards one basic topic in social research. The quotation of publications from Ireland (Whelan & Maître, 2010), in Spain (Laparra, et al., 2007; Serrano, 2013; Gutiérrez, 2014), Greece (Kassimati, 1998; Katsas, 2013), Portugal (Almeida et. all., 1992), and Germany (Kronauer, 2002), in the RESCuE's National Reports shows how proeminent the notion of social exclusion became.

There are reasons that help to explain why the term rapidly became common: the difficulty of some European governments in recognizing poverty (Burchardt, 2000); the fact that it does not entail a precise definition, meaning anything for anyone (Atkinson, 1998); its use both in the Left and the Right wing (Paugam, 1996); the consignation of the problems to the 'outside' of normal society, which is therefore considered as essentially benign, even though it faces some problems (Levitas, 2000).

Science tries to free the term from this profusion of meanings, finding a definition that is valid in the field and that distinguishes it from the concepts of poverty.

4.2.1. Exclusion as rupture of social ties

In recent years, especially among French-speaking authors, the idea of social exclusion has been conceived as a procedural, multidimensional (economic, social and political) reality with a cumulative and structural nature, resulting from the successive ruptures of social ties to which some people were subject, closing them off in territories and groups outside of the dominant resources and values in society. The idea of the rupture of ties makes it possible for one to be poor and not excluded (for example, the peasants or poor workers) and being excluded without actually being poor (for example, homosexuals).

Many of these authors saw, in the problems that the idea raises, the "new social question"[23] that would replace the "old" question of salary ratio and class struggle. An approach that emphasized the problems of class domination and exploitation was replaced by another that highlighted the problem of rejection by capitalism of certain sectors of workers, as it had even had stopped using them with exploitative ends. The new social question would concern those who remain, firstly outside the productive structures and secondly outside social structures, such as the unemployed, elderly, marginal or assisted people.

This is, for example, one of the most well-known thesis of Serge Paugam.[24] For this author, the pauperism of the industrial society entered a crisis based on the foundations of this same society.[25] Each period of changes is marked by the birth and dissemination of a paradigm of society. Exclusion is the paradigm from which our society becomes conscious of itself and its malfunctions (Paugam, 1996: 7). If the paradigm of the 19th century Industrial society was pauperism, the current one is social exclusion. This paradigm could only be explained with reference to an idea of "social integration", or interconnections between more or less stable positions producing networks that enable participation (Castel, 1996). This idea presented a field of exploration for contemporary social sciences, in the context of the changes that occurred after the 1973 crisis.

What are these changes? Castel says these changes have a dual meaning: on one hand, creating a situation of instability through massive unemployment and growing precariousness of labour conditions for groups that used to be totally integrated. On the other hand, a growing difficulty to enter regulated employment relations to most successfully use the socialisation forms associated with it. Improvisation (*la débrouille*), the use of different type of resources that are sometimes expedient (some family solidarity, some social action aid, some precarious or illegal work, and perhaps some trafficking and crime) becomes a survival need (Castel, 1995).

[23] See, for example, Pierre Rosanvalon (1995). An author of reference in theory of social classes, Eric Olin Wright (1997) also confesses his difficulty, in his structure of classes, in situating the population that does not meet the minimum condition of employment.

[24] Cf. Serge Paugam (1991). This author announces the emergency of a "new paradigm" (Paugam, 1996).

[25] In the same line of thinking comes the announcement of the decline of the "idea of society" that had been proposed by classic sociologists (society as a modern fact - opposed to traditional community - as a welfare-state, as a system of social roles through which individuals were integrated) in favour of a society "without class", without collective identities, without a link between exploitation and poverty, without boundaries between the subjective and the objective (Dubet and Martuccelli, 1998).

According to the perspectives of this group of authors, the old poverty was the attribute of “misfits”, frequently blamed for their own marginalization (Hernstein § Murray, 1994), those who did not keep up with progress, did not benefit from it or were marginalized by it (Lenoir, 1974), a situation which is not very visible but highly contrasting with the current abundance. The excluded from the post-war years were: those who could not work and were kept out of the equality oriented regulation mechanisms; or had been marginalized due to overly fast urbanization processes, spatial and racial segregation, an increasing generation gap, maladjustment to the education system, shortage of income or inability to access healthcare (Paugam 1996a, Fernandes, 2000a). The new exclusion is the result of economic progress and its consequences. According to this thesis, nowadays the debate is not mainly about an uneven society, not because the inequalities are gone, but because they are not enough to explain phenomena of rupture and identity crisis which characterize exclusion. The vulnerability of employees, for example, will not exclusively result in a relation of work domination, but of a series of various uncertain situations that translate into individual fear of unemployment, weak implication in the collective life of the company and sometimes a progressive loss of social identity (Promberger, 2012; Promberger, Wübbeke § Zylowski, 2012). Neither can the problem of suburbs be explained only by spatial segregation and inequalities in housing. It is also necessary to see a process of deterioration of social relations in the heart of underprivileged cities and growing difficulties of the population moving towards solitude, boredom and existential void. The success of the idea of social exclusion is in its emphasis on the supposed social tie crisis (Paugam, 1996: 15).

The stagnation of the labour market, the loss of employment in a society where status depends for most of the population on their salary ratio, precariousness and uncertainty towards the future, the substitution of regulation equality-driven mechanisms by minimal policies according to the criterion of equity, increasingly overshadowing the problem of maladjustment to progress and centring the debate around the question of exclusion, the weakening of social cohesion, deterioration of identities and disruption of social relations in different areas of life (work, family, neighbourhood). According to Paugam (1996b), it is not only about the destruction of primary solidarity, but also the destruction of traditional identities (as worker, student, father or mother, neighbour), a tendency which adds to the objective inequalities in a society of individuals, which remains meritocratic, with more subjective inequalities, such as individual anxiety and fear of risk.

The emergence of a traumatising event, such as the dissolution of professional ties or divorce, ultimately spreads to other areas of life that affects competences, self-esteem and social performance ability. Shame becomes pervasive in everyday life. Ties with friends are broken, networks of relations collapse, even the family itself is no longer inclusive. Solitude, isolation, being an outsider, the loss of "social ties" emerge.

The concept of social exclusion is not intended, as Lenoir did, to underline the existence of individual or group situations that suffer from marginalisation, but the existence of processes associated with deep transformations in employment and social integration systems. These processes have become increasingly visible and put social cohesion and the foundations of society at risk.

Paugam speaks of "social disqualification" to describe the effect of these phenomenon on the trajectory of the people affected by it. To refer to the same reality or similar realities, Robert Castel (1995) speaks of "disaffiliation" or "disinsertion"; Dubet (2003) speaks of the "immobile", one that does not move in a society of mobility; Frédéric Gaulejac, Léonetti, Blondel & Boullier (1994) based on a proposal by Bergier describe the processes of "social disqualification" or "disaffiliation" as being composed of four steps - first rupture, enchained ruptures, welfarism and acculturation - each one going through three phases of psychological reaction: resistance, adaptation and conformity to the situation of social exclusion. In all the proposals of these different authors, social exclusion arises as an extreme phase of a process of marginalisation and "anomie".[26]

But unemployment and long-term unemployment levels are far from justifying both the extension of poverty and its more dramatic forms. The professional ruptures, brought forth by the new economy and globalisation, did not generate these situations - although it is true that they generated new risk factors for categories of workers that

[26] The relationship between social trajectories and psychological adaptations makes the proposals of these authors very close to the idea of "culture of poverty" mentioned above. It is as if they are referring to the process, that the aforesaid authors describe as a state of or social and cultural situation. The claimed institutional framework and theoretical traditions are, however, diverse. This set of French authors does not hide the ambition of redirecting research on the effects of social policies and the European debate agenda that, in the meantime, has lost connection with the culturalist tradition.

previously felt safe. For example, among the beneficiaries of the minimum guaranteed income in Portugal it is not the lack of economic activity that determines the conditions of the beneficiaries or their families of origin, since the greater majority is or was employed, and employment, albeit, was marked by precariousness or lack of quality. Therefore, not rupture, but inherited conditions (marked by the most diverse adversities, not only because of deficient professional inserts, but also deficient nourishment, unsuccessful school trajectories, sole parenthood, lack of protection and access to healthcare or social services, among others) comprise the main factor of social exclusion of the beneficiaries of the minimum guaranteed income.

However, the idea is also controversial on a theoretical level. In fact, it implies an essentialist division between society and "non-society", between included and excluded, not only from groups or specific contexts, not from this or that set of resources or rights, but from society in general. Ruth Levitas states that it implies that inequalities between the included are of less importance than the division between "insiders" and "outsiders". At first this seems morally indisputable. It can be argued, however, that obviousness only demonstrated the ideological power of the insertion/exclusion discourse, since one of the divisions that is obscured by it is the division between the many wealthy, specifically the propriety class, and the population. Peter Townsend argued in favour of the importance of connecting social exclusion and social polarisation (Levitas, 2000: 358). To think in another way would eliminate the situation of poverty, that precisely affects people who are not in marginal situations and accepting the idea that the "normal" society is essentially good, even though not all participate in it, besides hiding the differences between the "included".

The problem with these theories is not the discourse on certain changes that in fact occur in the global mechanisms of social integration. The problem consists mainly of emphasising certain aspects of these mechanisms and their consequences - even though existing - to the point of finding in these a new paradigm, or "the" new social question, resulting from social disaffiliation or disqualification processes. Social classes remain as one of the main aspects in the structuring of modern societies and their conflicts. Other social problems such as those related to peace, environment, development and questions of gender have been associated with them in a complex framework of problematic dimensions and social actors connected to them. Such issues cannot be reduced to those of exclusion, even if they are also central in an increasingly complex world.

Without the argument of the "new social question" and without an empirical horizon, the marginalised community, the idea of social exclusion, understood as the rupture of the social ties with current institutions in society, remains only a theoretical status that bears a relation with the one that considers the parameters proposed by the concept of "culture of poverty". These "new" excluded and the communities that they form in downgraded neighbourhoods or in the streets of big cities, stand for the modern societies of knowledge and information of the South American families studied by Oscar Lewis (1961), and the European communities analysed by Richard Hoggart (1957) stand for the societies during the second industrial revolution. This connotation of the idea can easily be derived from the culturalist tradition of the studies of poverty, even though deprived of the pompous status of presenting a "new paradigm".

4.2.2. Exclusion as rupture of the social contract[27]

The understanding of social exclusion as defined by Paugam, Castel and others is hardly acceptable.[28] It contains an implicit assumption of the existence of an essentially "good" part of society separated from the excluded, the "outsiders" of that society, put apart from it and somehow living in the absence of social ties. In fact, exclusion and integration are not substantive and ontological essences, but two opposite sides of a contradictory reality (Almeida, 1993). And social ties always make the link of each person to its social entourage. Therefore, it is that entourage, or living context, that makes the difference and qualifies, or disqualifies, the social relations. In other words, everyone is excluded from and included in some set of social contexts.

Does this mean that we dispense with, or undervalue the idea of social exclusion? Not necessarily. If we keep the connotation that links the idea to the lack of citizenship rights

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27 Expression used by Jordi Estivill during a presentation at the Colóq*uio Internacional Políticas Públicas, Pobreza e Exclusão Social, AISLF, CEOS e UNIJUI, Ijuí*, Rio Grande do Sul, Brazil, 26 to 28 November 2003.

28 In theory, but also in practice. At least in Portugal, the evidence reveals that people in the worst condition of exclusion, like the homeless, only rarely initiated this process due to unemployment (Sousa, 2002). On the other hand, observatories in various downgraded urban contexts show a much more complex reality than just a whole of passive group of people, comfortable in their situation (Almeida et al., 2001).

(Almeida, 1993; Pereirinha et al., 1999), it can be very useful, on the one hand, to point to the political dimension of poverty phenomena, and, on the other hand, to highlight the multidimensional and procedural, collective, relational and particularly intense nature (Room, 2000) of the problems felt by people, families and groups in that situation.

The European Observatory created during the II European Programme Against Poverty put forward a set of attributes inherent to an idea of social exclusion which emphasised five fundamental domains of rights, that when absent, relegate people and families to a situation of exclusion (Room, 1989; Robbins, 1991). These are the right to (i) a worthy income, (ii) work and economic activity, (iii) education and training, (iv) health and housing, and (v) equality of opportunities.

Tania Burchardt (2000) proposes a set of four dimensions in which the participation of people is important, and that from a certain degree the lack of, can place them in a situation of exclusion, such as: (i) consumption to maintain a worthy standard of living, (ii) production, the dimension concerning the involvement in a socially useful activity; (iii) political participation in the democratic process, so as to express points of view; and (iv) social interaction with friends and family, as opposed to isolation.

Amartya Sen (1999) also refers to five distinct types of liberties, including political liberties, economic facilities, social opportunities, transparency guarantees and public discussion as well as protection and safety.

Other proposals or approaches could be mentioned All of them bear some common traits. They always tend to consider a material dimension, related to the distribution of resources of various kinds, where scarcity of economic resources, i.e., poverty is the main factor of social exclusion in modern societies; a social dimension, related to the permanent construction and reconstruction of identities and sociabilities; and a symbolic dimension, given the specific effects of exclusion resulting from the differential ability to impose classifications on what is to be integrated or excluded. The problem is therefore equated to asymmetry of powers, which may impede access to a vast, one and mutable plurality of lifestyles, all of them partaking in citizenship rights (Almeida, 1993: 830).

Social integration characterizes the condition of participation of individuals, families and groups in the normal processes of life in society. Such participation depends on "steps" or "serpents" that are found in life according to the economic, social and cultural dynamics in the institutional order, as well as the "tampons" and "passports" that constitute resources or impediments in the trajectory of people[29].

In these terms, and contrarily to what we saw in the previous sense of the idea, exclusion and integration are not substantially different. They are both made of the same matter, embodied in a polarised way, in access not only to civic rights and freedom, but also to social rights guaranteed by the Welfare State (Capucha, 2005) - such as the right to employment and work, to education and culture, to protection in sickness and old age, to consumption, to the possession of an identity and a social status, to the fruition of worthy housing conditions and to access to healthcare, to the integration in a community that satisfies the needs of social belonging, among other rights. To be integrated means sharing the condition of citizenship with the other members of society.

To be in a situation of social exclusion means precisely the opposite of all of this.[30] It means not having a job - sometimes not even an image or memory of what it is - , or only having a low quality one that is badly paid, unstable and insecure, almost always without proper hygiene and safety conditions, unprotected and frequently "a-legal"; possessing low qualifications or almost none or even obsolete, considering the needs of adaptation to the fast changes on an organizational and technological level of the "knowledge-based society"; to have experienced school failure or very short school careers and not having access to professional updating opportunities and lifelong learning and training; not having access to satisfactory cultural facilities and activities.

To be in a situation of social exclusion also means, most of time, having an undervalued social status and a negative identity; being more vulnerable to disease and benefiting from low quality health services - or not benefiting from them at all; living in downgraded houses and sometimes even on the street; not finding within the family the

[29] The expressions are used, in a metaphorical way, by Graham Room (2000).

[30] If we use a more restrictive idea of social exclusion, that connects it to the idea of rupture of social ties, then its meaning is restricted to certain very problematic categories that do not encompass the majority of those who live in poverty.

strategic support to assure assistance for stable life projects at a material, relational and emotional level; and belonging to communities where scarcity, marginality, violence and poverty prevail. Besides not having access to the income necessary for a life with dignity (Whelan & Maître, 2010; Laparra, et al., 2007; Serrano, 2013; Gutiérrez, 2014; Kassimati, 1998; Katsas, 2013; Almeida et. all., 1992; Kronauer, 2002).

Therefore, being in a situation of exclusion does not mean being a non-member of society, but a non-citizen, i.e., a member of society whose citizenship rights have, objectively, been taken away.

4.3. The idea of ways of life and the development of research on poverty and social exclusion

The results of the trials of the set of indicators that are being tested and developed will present an important step in the fine-tuning of concepts and ideas that we have been working on. As we tried to show, a large part of the advances verified so far resulted from the crossing of theories and perspectives, in order to make the conceptual tools more comprehensive and complex. However, they can still be developed further so as to enable considering the "fine" details in the procedures of the ways of life of people, families and groups in a situation of poverty and exclusion, as well a their trajectories and biographic paths (Boudieu, 1993; Mikkonen, 2012; Leisering & Buhr, 2012) (Behrens & Voges, 1996). Such developments will result, from our point of view, from a stricter combination of the two theoretical traditions we referred to in the beginning of the chapter.

These two traditions, that in our opinion connote two different ideas of social exclusion, show complementary traits that enable the combination of the contributions of both, with significant heuristic advantages. This implies that we previously identify their strengths and weaknesses.

The socio-economic paradigm, that methodically adopts an extensive perspective, has turned out to be effective in the measurement of the incidence and intensity of poverty. However it presents some difficulties in taking into account the multidimensionality of the phenomenon, even when resorting to new conceptualisation proposals from different domains of needs or rights, which may significantly reduce these difficulties with the development of research.

On one hand, on a measurement level, “income” or “consumption”, mainly economic categories, are still the main indicators (alternative or not) to define who is poor and who is not. Hence the other dimensions of life, such as economic participation, political citizenship, often become accessory or merely illustrative of the mechanisms that explain poverty. On the other hand, the tendency to take poverty measurement as a basic concern to access poverty ends up in producing a parcelled view of its various dimensions and reducing the study of the phenomenon to statistical indicators, such as “poor on average”, “illiterate on average” “average of people living in degraded conditions”, etc., instead of situations that are lived in an integral way.[31]

On the contrary, the culturalist tradition adopts a methodology based on intensive studies of particular cases. It is well suited in the reconstitution of the multidimensional framework of the contexts in which people, families and group contexts are inserted and in the observation of life cycles, transitions, and reproduction mechanisms (Mikkonen, 2012; Leisering § Buhr, 2012; Behrens§ Voges, 1996). However, this perspective reveals difficulties in explaining the social dynamics that produce poverty and in framing the ways in which it is lived; at the same time it does not allow us to consider the opportunities of rupture that may occasionally be inscribed in those dynamics. In this sense, it is the community itself that is blamed for the poverty of people and families that are a part of it.[32] Besides the insistence on some of the traits of the culture of poverty, highlighting some aspects that are seen in a negative way, such as “political realism” or hedonistic immediatism as a life orientation - notwithstanding the efforts to demonstrate that the “fault” is not of the people who present them - can nurture segregation (Robbins, 1991).

Besides, the features attributed to the culture of poverty (or “social disqualification”, “disaffiliation”, etc.) may only represent the way of life of some groups of poor people,

[31] Even the efforts to construct “synthetic deprivation indexes”, which constitute an important advance to overcome this limitation, cannot overcome the reductionism that any extensive methodological procedure carries.

[32] For example, given the “disinterest” for political and civic participation that characterizes them (Valentine, 1972).

whose practices are more visible, because they are either more ”shocking” and public, or because they belong to those who are able to make themselves be heard, albeit sometimes in a heterodox way. Therefore, many traits of the “culture of poverty” have become commonplace, instead of hints for empirical analysis. This has resulted that only differences and not continuities have been recorded regarding other social environments (Valentine, 1972).

Consequently, one may point to problems that have not been totally overcome. In one tradition the result of adopting an excessively quantitativist and economicist strategy. In turn, the other tradition presents the symmetric limitations of a perspective that is only culturalist and micro-analytical. We can find the same symmetry when we look at the main strengths of each paradigm.

For example, the culturalist tradition introduced symbolic and spatial dimensions in the study of poverty, integrating them in a multidimensional perspective. This perspective allowed a thorough approach to the contexts lived by the people, families and groups, which enabled the development of projects against poverty that are aware of the importance of the cultural frameworks and their corresponding transformation, in the creation of internal synergies, for the promotion of participation in social institutions and for the dignifying of poor groups (Hiernaux, 1982; Wresinsky, 1988; Monteiro, 1988, ONG/UNESCO, 1997).

The socio-economic tradition had a very important political role by denouncing in a comprehensive way the persisting intolerable living conditions of poor families, giving visibility to the problem and consistently raising awareness of its seriousness as well as the moral, political, social and economic need to fight against poverty.

In the attempt to search for the producing and reproducing factors of poverty, the socio-economic tradition determines the origin of the phenomenon in the social system and its transformations. The reference to the European social system did break with fatalistic prejudice - translated into expressions such as “poor and rich have always existed and will always exist” - or individualist - according to which “poor people are to be blamed for their situations, because they are negligent, conformist and lack ambition”.

Various problematics have been brought into the debate: family organization models; the transformation of changes in forms of solidarity; the dynamics of segmentation of the labour market, unemployment, subemployment and distribution of qualifications. Social protection policies and their ability to guarantee the redistribution of income, not only between generations, but also between social categories, have started to be viewed from a new perspective. Ageing and migratory flows have also been called upon, not only because of their effects on all the other problematics, but also for their own implications. The dynamics of different sectors of social and economic organization were taken into account, including, besides the labour market, the family, sociability networks, social protection, demographics, also issues such as healthcare systems, housing, urban policies and in a general way, development strategies.

Finally it was possible to identify a set of social categories that are more vulnerable to poverty. In fact, it is now known that people and families that are in long-term unemployment situations, workers on low wages and with low professional training, the elderly, disabled people and chronic patients, members of single-parent families, migrants, refugees and ethnic minorities, homeless people, drug addicts, young people without family, convicts and former convicts, are social categories that correspond to above average probabilities of becoming poor.

4.3.1. To gain in the two fields: the idea of ways of life

The two traditions that we have been referring to can, as previously mentioned, be combined and certainly, since one leaves out what the other reveals, a large part of their critical aspects can be lessened by convergence of the other's contributions. The methodological effort that involves the convergence of both is part of a vast movement in sociological theory that tends to overcome the old dualisms between society and individual, structure and action, society and culture, institutions and everyday life practices or macro and micro methodologies (Giddens, 1984b; Bourdieu, 1979; Knorr-Cetina and Cicourel, 1981).

The socio-economic tradition hinges on a perspective that corresponds roughly to the first poles of the mentioned dualisms, whereas the culturalist tradition holds the perspective of the second.

In fact, as we have shown, on one hand, the main concern is given to the productive, family, state, demographic and geographic structures that define social positions and belongings, as well as its structuring processes, overall change dynamics and the segmentation mechanisms of the various social categories. Extensive methodologies are adopted and the analysis is decomposed in dimensions. On the other hand, the focus is on specific behaviour of the individuals, inter-individual relations or small group dynamics. Everyday practices are privileged as well as the way in which they are reproduced and institutionalised; the combination of material and symbolic dimensions of practices and representations are sought; attention is also paid to trajectories and the way in which identities are built from places, trajectories and social visibilities or references. Methodologies are basically qualitative and try to capture the life of the poor in a multidimensional perspective.

Concepts like “life nexus” (Manheim, 1952), “social classes and life styles” (Bourdieu, 1976) or “ways of life” (Curie, Caussad and Hajjar, 1986), combining “objective” and “subjective” dimensions of poverty, can provide a space of confluence for the contributions of both traditions and push research on poverty forward. It can work as a mediating element that articulates the resources and constraints associated with a determined, globally defined, position in the social structure, underlined by the socio-economic tradition, and the systems of everyday life practices, evaluations, representations, social and cultural references and strategic choices of families and individuals in the context of the availability of those resources and the limitations imposed by those constraints as proposed by the culturalist traditions. In other words, “the idea of ways of life can be useful if we use it to represent, not the structurally structured conditions of existence or the multiple situations, evaluations and behaviours that are part of everyday social life, but rather the standard used configurations of strategies, practices and representations that are sustainably articulated with each other. Ways of life can be seen as mediators between structure and action” (Costa, 1995:112).

Ways of life can thus be defined, on one hand by the interaction between a set of structurally designed resources and constraints, and on the other hand by the system of regulated activities and lifestyles adopted by the agents (Curie, Caussad and Hajjar, 1986).

Poverty is deeply embedded in the social structure coinciding with the more subaltern and subordinate positions in all or part of the structuring dimensions of the social fabric.[33] Thus, being poor, corresponds, in most cases, to having a strongly sedimented status, a status that continuously translates not only into the material conditions of life, but also into the relational and cultural dimensions of the existence of families and groups occupying those positions. It is therefore possible to determine the basic outlines of the ways of life of poverty.[34]

In methodological terms, once the structural parameters that frame the material conditions of life of the categories more vulnerable to poverty are identified, it is important to identify how the families belonging to those categories strategically organize their life models, i.e., how they make use of the available leeway, according to the criteria that affects their - material, time, cognitive or relational - resources and how they interfere, by means of their activity - culturally oriented - in their own ways of life, i.e., how they mobilize structuring energies.[35]

Besides its theoretical value, the concept of “ways of life” can be very useful in the debate on the reform of the welfare state. It helps to focus on the social investment policies that best fit different types of living. These are generally based on the ideas of “human need”, autonomy and participation and active citizenship - rights and duties (Doyal and Dough, 1991; Gough and Olofsson, 1999) -, aspects that the concept of ways of life can highlight in an articulate way.

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[33] In a schematic way, an operative concept of ways of life including a social dimension (class relations and networks), a spatial dimension (location phenomena and contexts of interaction) and a time dimension (trajectories and projects) can be developed (Costa, 1995 :113).

[34] An application of the concept has been tested in the Portuguese case (Almeida et al., 1992). The general factors were operationalised through a vulnerability to poverty index and identification of more vulnerable social categories. The space of attributes of this typology retains the ways of how these different categories build space and are configured and classified by it, how they behave in consumption and ways of consuming, how they represent society and their social position, which models of life orientation are privileged and how they represent the past, present and future.

[35] By allowing convergent analysis of the conditions of existence and on the active side of the agents with these conditions, the concept of ways of life helps to understand why different kinds of people, families or groups in similar life conditions, adopt completely different lifestyles and patterns of behaviour.

In the context of RESCuE the concept of ways of life can open the way to frame resilience as a certain kind of practices and lifestyles of families living in poor conditions.

4.3.2. Factors, categories and lifstyles of poverty

In the previous chapter we argued that studying poverty and social exclusion requires the comprehension of social, economic, political and cultural dynamics that characterize the phenomenon, besides measuring income distribution and other resources, as well as determining the cultural orientations and symbolic representations of the affected people, families and groups. In other words, we need to know the factors that determine the extension, intensity and procedural dynamics of poverty and social exclusion as well as the morphology and trajectories of more vulnerable social categories.

Poverty and social exclusion, being multidimensional, result from the articulated action of a set of factors, such as the labour market (due to its structuring effects on the possibilities of participation in the different domains of social life), and systems of income and material resources and redistribution. However, they are by far not limited to these two dimensions.

We can organize a more relevant set of factors according to two perspectives. On one pole are located the societal structures and processes. These determine the opportunities of participation offered to agents, on the other symmetric pole stand the practices and interaction frameworks of agents, which are associated with their capacities to use those opportunities.[36] The second pole distinguishes the factors that are objectively exterior to the agents, from the ones incorporated in the representations and dispositions of people and communities.[37]

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[36] The reference to opportunities of access to resources and abilities acquired in education systems, gave the title to one of Amaryta Sen's (1999) books. Here, the duality is inspired by the structuring theory by Gidddens, In particular in the concept of "duality of structure" which presents the structures as rules and resources systems, and practices as possessing predicaments of reflexivity (Giddens, 1984b; Pires, 1999)

[37] Bourdieu (1979) uses the concepts of "social space" and "field" to refer to the objective history of the institutions and structures of society and "habitus" to refer to the incorporated history in people. The proposal presented here is also inspired in the "constructivist structuralism" of Bourdieu. Champagne (1993) gives a practical example, in the context of life in the suburbs of Paris, of how problems that are lived there can have solutions that are way beyond the borders of those suburbs. This comprehensive proposal seems more interesting in a heuristic level than the traditional descriptive typologies, such as those that distinguish "urban poverty" from "rural poverty", "new" from "old" poverty, or "economic poverty" from "subjective poverty".

The nature of part of the factors of poverty is objective.[38] Among these are the technological mutations and respective articulation with the economic and employment systems, work organization and primary income distribution structures. When these factors are a reality in the life of people, one sees that: some of them are excluded from reasonable quality jobs, or are even unemployed; the poor have lesser or obsolete qualifications; they have developed less skills aimed at adjusting to fast technological and organizational transformations. In general, these people have also experienced school failure, which is mostly a result of the way education segregates inequalities (Bourdieu and Passeron, 1964; Bourdieu, 1993).

Inequalities are also present in the way that polices such as social protection, housing, health and family support only cover, in a differentiated way, various categories of the social fabric, leaving some of them more or completely unsupported. There are families and people that live in worse housing or health conditions with less (when existing) support in social facilities. Most of the times the living conditions of these families reflect their own structure and ability to provide their members with the affection and material support giving rise to less successful trajectories. If we associate the "crisis" of these families[39] with transformations that occur in the functioning mechanisms of certain integration communities, such as neighbours, we will be able to understand the emergence of anomic, and character corrosion (Sennet, 2001) and emotional stability that can reinforce the mechanisms of exclusion and strongly inhibit interaction and social participation skills.

The factors of exclusion are also subjective. On one hand, prejudiced images and social representations about certain population categories that prevent access to institutions and employment generate social segregation and marginalisation, regarding the ongoing operation of institutions.[40] On the other hand, these representations often incorporate, in an accommodative way, "political realism",[41] victimisation, passivity, negative self-esteem, negative representation of one's self and the world. Fragile

[38] The subjectivity of agents has, for science, an objective existence, such as the objective conditions in which these agents live. These are the ones that we are referring to.

[39] That we do not associate with any prejudice of crisis of the family.

[40] A classic example is school failure (Benavente, 1990; Benavente et al., 1987).

[41] In the sense of the expression by Oscar Lewis (1961), that characterizes the culture of poverty.

relational resources and socially stigmatised groups together generate attitudes and strongly sedimented dispositions and lasting effects, that inhibit the construction of active life projects, prevent participation and segregate installed poverty circles.

Figure 2 - Factors of poverty and social exclusion

Society Level
(Opportunities)

Objective Factors	**Subjective Factors**
Patterns of economic specialization, productivities, salaries and form of labour regulation; Structures and dynamics in the labour market; Structure of academic and professional qualifications; Orientation and general functioning of schooling, training, health, social and aid protection systems; Housing market, infrastructures (transportation, sanitation, etc.) and proximity facilities and services; Organization dynamics and territorial specialization.	Negative and Prejudiced representations about people in situation of exclusion ; Solidarity and Social Justice values; Types of attitudes concerning corporate social responsibility; Levels of information and awareness by strategic actors and society in general on the problems of disadvantaged groups; Cultural and value system configurations.
Persons and groups with low income and scant social benefits; Low or non-existing school and professional qualifications for a significant part of the population; Unemployment, despondent unemployment, and over-exploitation; Insufficient or distant services for specific professional training regarding potential clients; Difficulties in accessing services and facilities (family aid, healthcare, protection, education, etc.); Bad housing and transportation conditions; Spatial and social exclusion trajectories; Family organization; Belonging to entrenched poverty circles.	Devalued self-image; Lack or distortion of information; Low collective mobilizing and claim capacity Lack of strategic initiative and orientation for daily survival Conformation to lack of opportunities and lack of motivation Personal lack of discipline and less ability to perform socially on a regular basis

People and their contexts
(Abilities)

5. Building up a sociological definition of social resilience

In this chapter, we will take the notion of poverty ways of life and relate it to the concept of resilience, in order to answer to two questions: what should be the main pillars of a sociological theory of resilience? And, specifically, how can such theory bring new insights into the sociological studies on poverty and the effects of economic hardship on households?

5.1. From a "heroic" to a critical version of resilience

Bringing resilience to sociology is a task that is fraught with difficulties, none more so than the ambiguity of the concept as it is used in different social and human sciences.

The meaning of resilience in physics, by contrast, is clearer: it refers to the ability of a material to absorb energy when it is deformed and to release that energy upon unloading. Resilience could thus be understood as the ability of an object to recover its original shape after undergoing some sort of external shock – like a stress ball after being squeezed (Reardon, 2011).

It was this idea of recovering from a shock – particularly an extreme and traumatic one – that was behind the first uses of resilience in other sciences. From the 1950s onwards, psychology turned to the concept as framework to study the experiences of survivors of Nazi concentration camps and victims of child abuse (Eitinger, 1964; Werner, 1977). By the 1970s, ecology was also importing the concept to study how and to what extent ecosystems are able to regenerate when facing severe disturbances to its equilibrium (such as droughts, pollution or overexploitation of natural resources) (Holling, 1973).

It was through studies of environmental disasters that resilience has made its way into the social sciences. These studies have explored how local communities (Wilson, 2012), economic sectors and individual firms (Rose, 2007) have recovered from such disasters, emphasizing how elements such as social capital play an integral part in such processes (Aldrich, 2012) and how such processes are shaped by pre-shock vulnerabilities (Akter & Mallick, 2013) and involve significant environmental, social and economic costs as well as transfer of risks between social actors and between these and the environment (Sapountzakis, 2012).

However resilience also began to take on an additional meaning in human sciences: that of "thriving against the odds". This is more clearly seen in medicine and epidemiology, where a resilient individual is one that fails to show the symptoms of a disease in a context where most others do (Bonita et. al 2006). The emphasis here is comparative: resilient individuals or populations offer a contrast against which to compare other individuals and populations and thus isolate the physiological, psychological and social factors that foster the contracting and spreading of a disease.

The first approaches of resilience-oriented perspectives to poverty phenomena have been very much marked by this second meaning. Indeed, it is on this meaning that what we call the "heroic" version of resilience is based. We will take a closer look into this perspective, as we feel that it encapsulates many of the problems faced in the task of bringing the concept of resilience into sociology.

By "heroic" resilience, we take a range of views akin to the perspective of Elaine Batty and Ian Cole (2010). Borrowing from the work of Rosemary Davidson (2008), these authors resilience as "concerns those individuals and households who, when faced with various risk factors associated with financial and social exclusion, manage to negotiate these adverse conditions rather than be overcome by them" (Batty & Cole, 2010, p. 8). These approaches have concentrated mainly on individual biographical pathways, focusing on how individuals deal with critical or traumatic moments such as losing one's own job (Longstaff, 2012). Resilience is thus seen as an attribute of individuals or households, thus forwarding the idea of risks being managed exclusively or at least predominantly on an individual or household basis.

This "heroic" perspective of resilience focuses heavily on individual practices everyday practices for creating or harnessing previously hidden or overlooked resources and restoring self-esteem – culminating in the metaphorical notion "ordinary magic" (Masten, 2012). Examples of such practices could be engaging in training and professional reconversion, volunteering, setting up a business or careful collecting of discount vouchers and loyalty points in stores and supermarkets. These practices have in common the positive qualities of generating more resources to individuals and households, and improving one's self-esteem and sense of achievement. For example, strategic using of a supermarket loyalty points in stores and supermarkets is a tool for juggling the monthly budget; participating in volunteering leads to reappraisal of one's own worth as a member of a community while also potentially broadening one's social circle .

Now, this perspective of resilience immediately raises a number of questions from a sociological point of view. Some of these pertain to problems of conceptual nature. The first is conceptual ambiguity. "Heroic" resilience, though being defined as an internal property of individuals, is described through practices. It is thus not clear if resilience refers to the will or effort of the individuals or is instead the result of a set of practices set in motion to cope with socioeconomic hardship. A second set of problems a coupling of normativism with social and ethnocentrism. Emphasis is placed on specific practices without a clear account of the results, costs and pertinence of replicating such practices in different contexts. Moreover, many of the examples of practices of resilience put forward in the literature akin to the "heroic" perspective seem to have been selected owing more from the ways of thinking and lifestyle of the actual researchers than those of the affected persons and households. A further problem with this perspective of resilience is analytical triviality. Indeed, it is unclear what being "overcome by adverse conditions" means. Unless one is considering extreme situations - such as death – one will never be completely overcome by conditions, as some sort of adaptation is always going to take place. In this sense, everyone – barring the dead – is resilient.

But the biggest problem with the "heroic" notion of resilience is its a-social character. Indeed, heroic resilience seems to ignore both the role of social structures in the definition of the space of possibilities for practices of adaptation as well as the consequences of resilience practices in terms of the reproduction of these same social structures.

Furthermore, the problems with the heroic version of resilience spill over the borders of strict scientific discussion. Heroic resilience is a concept that is uncannily compatible with a neo-liberal agenda for the welfare state – which has already been pointed out by authors such as Harrisson (2013). On the one hand, a "heroic" notion of resilience can become a helpful tool in legitimizing retrenchment in social policies, by fuelling the idea that household resilience is a sort of "hidden resource" to be explored by public policy. Exploring this "hidden resource" would then be a somehow costless – or at least more efficient – alternative to welfare state intervention in dealing with poverty and other social risks. On the other hand, it furthers the trend of de-socialization of risks by stressing that these can be effectively addressed mainly at an individual and household level and with individual and households resources. Finally, its stress on individual practices and on the "ordinary magic" of everyday practices may be used to downplay the importance of collective action and public intervention as a means for systematically transforming conditions of existence.

Given the numerous problems of the "heroic" definition of resilience, one could be tempted to dismiss the usefulness of the concept for sociological studies of poverty altogether. However, we feel that this would be akin to throwing the baby away with the bath water. We defend instead that there is an important place for a concept of resilience in sociology - and particularly for studying poverty and the effects of large-scale economic crisis. But it has to avoid the pitfalls we have just presented. The best way to do so is to take into account the theoretical and empirical findings of sociological research on poverty. This will be the aim of the following paragraphs. We will then proceed to a tentative concept of social resilience – using as a basis for our discussion the starting paper produced by the RESCuE project (Promberger et al. 2014).

Sociological studies of poverty have long stressed the multidimensional nature of the phenomenon, residing on a complex interaction between a large number of objective factors (such as living conditions) and subjective factors (such as social representations, attitudes and lifestyles). These factors interact along several social layers from the individual to society as a whole.

One of the key aspects of these studies is the concept of poverty ways of life. The concept of ways of life is taken from the sociology of the family, and particularly the work of Jacques Curie, Gérard Caussaud and Violette Hajjer (1986). It refers, as we have seen, to the interaction between a set of resources and structural constraints on the one side, and systems of regulated activities and lifestyles adopted by agents, on the other. Poverty ways of life are thus the ways of life of households and other groups that occupy the more subordinated positions in either all or a significant part of the dimensions of the structuring of the social fabric.

Benefitting from this theoretical framework, we can put forward a critical notion of resilience. Resilience should be understood as the process by which the poverty ways of life mediate families' responses to systematic social and economic stresses – such as mass unemployment, severe deteriorations of working conditions or large-scale retrenchment of social transfers and social services – and how, in turn these ways of life are impacted by these families' response. Also, we will put forward the notion of resilience practices to identify these families' responses. The result of resilience processes is open-ended, potentially leading to either transformation – whether as improvement or degradation - or reinforcement of the pre-existing ways of life.

Resilience should thus not be understood as an attribute that is inherent to some families or individuals but as a process in which several features of the natural and social worlds are called into play. Indeed, a key point in our perspective is that resilience practices are neither created nor operate in a social or environmental void. Like any type of human action, the space of possibilities for resilience practices is shaped by both the social structure and the natural environment – even if such practices may on the long run influence and transform the latter two.

Resilience processes comprise two major dimensions: the mobilization and use of social and natural resources; and the transfer of risks to other social actors and/or to the social and natural environment. In the most immediate sense, both ways of life and the natural environment provide the resources without which household resilience practices cannot take form. By social resources we mean:

- Economic resources, ranging from financial assets such as salaries and family savings, to non-mercantile economic phenomena like gift, redistribution and autarky mechanisms;
- Social capital stemming from networks of kinship, friendship or acquaintance relations;
- Cultural resources such as personal and shared knowledge - both informal and formal (qualifications) – as well as values and attitudes;
- Technical means of production, ranging from agricultural tools to industrial machines and computers;

- Public resources, such as social facilities, public services (either provided by the state, NGOs or the private sector) and social benefits;
- Transformed goods, such as fuel, medicines or building materials.

In turn, natural resources comprise:

- Basic life-supporting resources such as arable land, water or air;
- Raw materials such as wood, tree bark or stone;
- Wild life such as fish, game or plants;
- Full ecosystems such as swamps, forests, rivers or lakes;
- Organic requisites and outcomes of agricultural practices such as seeds, cattle or crops.

Moreover, both ways of life and the natural environment mediate the access to these resources, as well as the forms by which they can be used. Different positions in the social structure and different relations with the natural environment add up to unequal access by households to resources for resilience practices and to different ways of making use of them.

But the importance of social structure and the environment does not stop at the access and use of resources. Another critical facet of resilience that a critical perspective seeks to emphasize is the process of transferring risks to other actors (both at micro and macro level) and to the environment. Now, this transfer will likely occur along the lines of major social structuring processes, such as class, gender, race or space. For instance, resilience practices often referred to such as budget juggling may operate by disproportionally burdening women with work or with a lower share in the distribution of food in the household (Harrison, 2008). Overreliance on social networks – such as those based on kinship or acquaintances – to compensate for lost income or lost access to services puts at increased risk those who are outside such networks – such as refugees, internal migrants or newly arrived immigrants (Hossain et al., 2010).

Yet the relationship between resilience processes, on the one side, and social structure and the environment on the other is a two-way one. Resilience practices are not only shaped by social structure but, like all types of human action, actively contribute to the reproduction and transformation of the social structure as well as the environment.

Resilience processes draw on finite stocks of resources that may not be easily (or not at all) replenished or whose exploitation may imply significant personal, social and/or environmental costs.

One can illustrate this with a few examples. A family's home budget adjustment efforts may result in a less varied diet – such as switching from fresh fruit and vegetables to ready-made meals or "junk food" (Griffith et al., 2013). This may have the undesired consequence of declining health among household members . Increased reliance on extended family networks to provide for services hitherto supported by paid services – for instance, childcare - may lead to burdening extended family members and result in increased tensions and eventual breakdowns in family relations (Pleasence & Balmer, 2012). The same goes for natural resources: illegal tapping of groundwater by households to make up for the deterioration of public water supply in drought affected areas may result in further ecological degradation and aggravation of water shortages (Sapountzakis, 2012).

In sum, a critical perspective of resilience seeks not only to identify and describe resilience practices in crisis contexts per se but also to identify their place in wider social and environmental processes. In particular, this implies looking at resilience practices at the same time as: (a) an outcome of poverty ways of life, (b) an element of their reproduction, but also (c) a potential source for their transformation. Research on social resilience can thus shed light on the actual process of interaction between objective and subjective factors of poverty at the very heart of the concept of poverty ways of life.

But the relevance of a critical notion of resilience extends further than the scientific field and encompasses the public policy realm. A critical perspective on resilience may also provide the grounds for ex-ante and post-hoc evaluation of policies aiming to promote it – such as active employment policies. Indeed, resilience is neither a "good" nor a "bad" process from a policy standpoint. It is the consequences of specific resilience practices that matter. A certain resilience practice is only worth promoting inasmuch as it actually transforms a way of life to the point that poverty factors – and their interplay - are no longer at work. This is perhaps the ultimate test to the relevance of the concept and one which will be a central element in the next phases of the RESCuE project.

5.2. Research findings on household resilience in Europe

The analysis of the survey in social science research dedicated to the study of socio-economic resilience and households suggests that it is still at a very early stage in the countries that make up the RESCuE sample. Indeed, the number of studies and empirical data is still incipient, with cases of countries where the concept of resilience has no expression in social science debates.

In any case, the various reports indicate a growing trend of penetration of the concept of resilience or similar concepts in social science debates. This increasing focus of attention has originated precisely in the investigations that have studied the effects and impacts of the economic and financial crisis in Europe and the ways in which citizens and families have been dealing and overcome the deterioration of their living conditions. Not surprisingly, the increase in resilient practices by households is associated with two main factors:

1. The sudden and sharp decline in living conditions of citizens and families as a result of the crisis;
2. The reduction of Welfare State investment, particularly in terms of social policies.

Thus, the literature review ultimately gives an account of the strategies and actions of households coping with and adapting to the crisis, which contain elements of resilience. At this point we will focus our attention on the main strategies and practices of the adjustment of low-income families to the economic and financial crisis of 2008-2009. We prefer to use the concept of practices of resilience, rather than resilience, as we understand the latter as the indeterminate contingent effect of practices or the combination of practices among the possibilities available to households at a particular time and within a certain dynamic perspective.

The national reports accurately narrate how the ongoing crisis in Europe has contributed to accentuate social inequalities in the considered dimensions of social structuring - namely class, spatial differences, gender and ethnicity. According to the scientific research that addresses this topic, this process has led to resilience having been one of the main resources that citizens and families have been mobilizing to adapt to the socio-economic depression, identifying and listing a set of practices known as resilient. Thus, research in the social sciences essentially follows two paths:

1. The resilience practices are presented as potential resilience illustrations for individuals to overcome the constraints resulting from a decrease in living conditions;
2. The study of micro practices or exemplary cases of resilient practices or methods in small communities, which describe and analyze the positive outcomes of resilience.

At this point we will cover these two types of approaches to resilience practices. The goal is not to make a comprehensive presentation of all the collected practices. So, we will not present findings from every country. We will, instead highlight exemplary cases of general trends or innovative cases. This choice has to do with the fact that not every country has research on this subject to fill all the topics being discussed. It is also related to the specific objectives set for this subchapter First, to offer an overview of European dynamics of adjustment to the crisis and the strategies that have been implemented by families. Second, to give an overview, based on concrete empirical realities of what we understand as resilience practices of households, giving substance and objective references to the theoretical advances. Finally, it lends support and guidance to the next phase of field work and analysis of resilience strategies. So, the research findings that were collected from all the reports are intended to be understood as a guideline of practices and clues to, on one hand, give substance to the theoretical developments, and on the other hand, to illuminate the next stage of this investigation in fieldwork. The collected practices should provide a panoramic view of the household resilience coping and adjustment strategies in Europe and point to clues and household dynamics that might be relevant to the fieldwork and analysis.

The methodology of presentation will follow the typological model, proposed by the English team and developed for the next work package, which will focus on the analysis of socio-economic and cultural practices of resilience. It proposes an organization of resilience practices into two types of action:

1. Protecting / stabilizing household income;
2. Cutting / management of the cost of family life.

Thus, the protective actions and stabilization of household income may include: (1) strategies related to work (be it formal/informal, paid/unpaid, self-employment creation or for others); (2) use of household resources or other external resources (renting a room in the house, selling a car, etc.); (3) loans from formal/informal lenders (remortgaging, pawn shops, borrowing from family/friends, etc.); (4) use of the informal economy (financial support by family/friends); use of Welfare State benefits (unemployment benefit, pensions, etc.); and (5) acting on capabilities (going back to education, dropping out of school and work-based training, etc.).

In turn, the strategies of managing and reducing the cost of living may consist of: (1) household production for own consumption (repair, making own clothes, growing own food, providing own childcare, etc.); (2) reducing and low-cost consumption (of food/clothing/utilities, bargain hunting, going out less for entertainment, etc.); (3) use of public/communal resources (foraging/fishing, use of communal land to grow food); (4) sharing resources (car, laundry, etc.) and (5) reorganizing the household unit (use of extended family).

5.2.1. Protecting / stabilizing household income

Regarding practices of household income protection and stabilization, research findings on resilience collected from the RESCuE sample countries points to a diversified use of such strategies. Following a comprehensive viewpoint of the reports, we found that household practices of income protection through the exploitation of their own resources – where these resources are owned by the household, through exploitation of the extended family or development of the capabilities of household members - are the main strategies followed by households.

Among the uses of household external resources, the research mainly identified practices such as the sale of property and assets (mentioned, for example, in the Greek case) and the use of property for commercial exploitation, through leasing divisions of the house to third parties, as pointed out by the Spanish researchers Miguel Laparra (2010) and Lucía Martínez Virto (2014).

Research in Spain on the impacts of the economic and financial crisis on the resilience of citizens also identifies broader network strategies for mobilization of resources available to families, including the use of the underground economy. These strategies can be applied exclusively or combined with regular or occasional formal jobs (Martínez Virto, 2014). Similarly, Ángel Zurdo and Myriam de la Nieta (2013) draw attention to the fact that in some cases the income is earned in an even more precarious status, some of which border on illegality, as in the case of trading in scrap metal and cardboard, or dealing in stolen goods. In the same line of investigation, in England, Elaine Batty and Ian Cole highlight the maintenance of positive attitudes while seeking employment, such as the application for cash loans from the extended family (2010). This type of strategy is also highlighted in the Turkish case, where the growth of family debt to financial institutions is also noted. In this case, research has actually shown that debt is one of the mechanisms by which poor families try to adjust to the crisis, and this rapid accumulation of household debt is becoming one of the main macroeconomic problems in the local economy (Bakir, 2009).

The exploration of extended family or social informal networks is referred to as one of the main coping strategies of families and communities in several countries in the sample. In Germany, research focused on social networks and active participation in local associations as a core resource to manage local crisis (Willisch, 2012), identifying patterns of practices of certain types of families that through the exploration of the networks were able to manage the socioeconomic transformations and leave the bad conditions behind (Lantermann, 2012). Carsten Keller arrived to similar conclusions studying the everyday practices and life courses of disadvantaged inhabitants of industrially produced apartment blocksbuildings (Plattenbauten) in two East Geramn cities (Eisenach and Wolfen-Bitterfeld). In this research he proposes a typology of poor persons, which include an "adaptive" type, characterized by strategies of improvisation and network building to cope the bad conditions (Keller, 2005). The Portuguese researcher Luís Capucha developed a similar typology of ways of life of poverty, including also a "conviviality" type, which is defined by the exploration of informal networks in local settings as a source of paid-work, through small tasks and odd jobs, as a way of coping with poverty (Capucha, 2005).

The German researcher Stefan Thomas (2010) developed a research project in Bahnhof Zoo, exploring the role of networks in social inclusion and the development of positive identities. Bahnhof Zoo is a railway station in Berlin, which has a fame of being a focus of social deprivation and a meeting place for drug abusers, homeless and drug related prostitution. What Stefan Thomas found out is that Bahnhof Zoo is also a place of "self-assertion", that allows some of the people there to better deal with their living conditions and problems, and of alternative inclusion, being used by youth with bad family background as a site for developing new identities and social roles as "outlaws" or "rebels", which increase their self-perception and self-esteem (Thomas, 2010: 367-392).

Social research in Ireland developed by Manuela Olagnero, Antonella Meo and Mary P. Corcoran (2005) focused on household's strategies of coping against poverty, highlighted the role and weight of extended family and social networks. Their research concluded that family networks play a huge role in everyday management amongst precarious households, constituting themselves as the main source of social support. For example, childcare arrangements, predominantly of families with pre-school or school-going children, falls upon relatives of families (Olagnero, Meo & Corcoran, 2005: 58). However, they also concluded that these kind of strategies are also associated with some risk of increased vulnerability. They state that these social networks tended to be parochial, and the in-group solidarity they created constituted also an obstacle to the development of potential networks beyond the neighbourhood (Olagnero, Meo & Corcoran, 2005: 68).

The British political sociologist Naomi Hossain headed a research project into how people living on low incomes experienced the recent global economic downturn, with the objective of exploring the connections between globalization and poverty in the UK (Hossain et al., 2011), as part of the JRF Globalisation, UK poverty and communities programme. Her team found out that changing consuming habits and the exploration of informal social networks are among the most common practices among households in the UK. The exploitation of the support from the wider social networks "mattered greatly [...] particularly informal sources of support from family, friends and neighbours" (Hossain et al., 2011: 6). Elaine Batty and Ian Cole, in their seminal article, also mention the importance of informal networks as a resource for developing resilience against external socioeconomic shocks, but also point out that such tactics cannot sustain a household indefinitely (Batty and Cole, 2010: 23).

The development of capabilities and skills of household members clearly emerges as one of the most commonly used strategy in this specific type of action. The entrance of inactive household members into the labour market, whether formal or informal, full or part-time, is the most strategy most referred to (Martinez Virto, 2014). In this type of strategy, women and teenagers are most affected, but research has also identified a trend of men getting a second job (Rankin et al., 2013). In this regard, the investigation of María Arnal and her team is particularly noteworthy. They point out the risks that such a strategy entails, arguing that early participation in the labour market may jeopardize the chances of younger generations to develop skills and qualifications, due to the increased chance of school failure or dropout (Arnal et al., 2013).

Participation in training programmes, in order to enhance skills or change the professional profile, is also a widely used strategy of adaptation to the crisis for families. The data collection in Ireland, among the poorer and most vulnerable families, made by The Community Platform: Challenging Poverty and Inequality, allows for a deeper understanding of these dynamics. Also within this type of strategy, research on resilience in Portugal and Spain highlights the exponential increase in attempts to create self-employment. This research also shows that this strategy is being strongly encouraged by government institutions and promoted in media discourses (Arnal et al., 2013; Martínez Virto, 2014; Rodrigues, 2013). However, the results and effects of such actions are still very unclear, in what pertains to creating sustainable jobs and contributing to boosting the economy.

The investigation of the Polish anthropologist Tomasz Rakowski (2009) on hunters and gatherers - which he denominates practitioners powerless - draws our attention to a resilience strategy that involves the capacity for collective action, which is distinctive from most of the coping practices collected. His findings refer to collective strategies in various degraded rural communities, which began to create new economic niches and new activities in the area of environmental professions. This illustration is particularly interesting in that it proposes a community type of resilience, where residents mobilize their skills and collectivize their activity, in order to maximize their growth and make it sustainable.

Research in Spain calls attention to an institutional kind of coping response by individuals and families, of using the services and resources provided by the welfare state and the informal economy. Although social support varies from region to region, and in a situation of economic recession and high unemployment rates, many households that have been affected by abrupt decrease of their income are resorting to unemployment benefit and, when it ends, to the guaranteed minimum income and other benefits of the welfare state (Martínez Virto, 2014).

The search for social welfare benefits from informal economy institutions is also growing in the countries analysed. This dynamic has shown strong growth in countries such as Portugal, Spain and Turkey. In Spain, research has drawn attention to how households that have fallen into recent poverty tend to be afraid to ask for help, due to fear of stigmatization, while immigrants – when their legal situation permits - tend to show fewer difficulties to use this support (Zurdo and of it Nieta, 2013). This is explained by their weaker social ties, limiting their range of family support. In Turkey, research points to similar behaviour, this time involving the relations of power and social image within the family. Çağla Ulutaş (2009) points out that social aid in Turkey has been primarily reached by women. He points to a reason that is related to the dynamics of the household and the role that each member has to perform. He states that men are culturally more responsible for providing the necessary income to sustain the family, so publicly asking for help in social institutions is widely perceived has a personal failure. In the same line of behaviour, among men the ones that most apply to social aid are the handicapped and the elder.

5.2.2. Cutting / management of the cost of family life

Regarding management practices of the cost of living for families, research on resilience of households suggests two strategies are most used by household, both relating to a decrease in the cost of living. First, by reduction in consumption in its various dimensions: quantity, quality and type of consumption; and second, by sharing resources, particularly at the community level.

The majority of research conducted on the subject points to the reduction of household expenditure on health, childcare and education, particularly in the countries affected most directly by the ongoing austerity measures. The research collected in England and Spain identifies growing a trend in consumer habits, which is characterized by greater effort to find products at low prices, the concentration of consumption only on basic necessities, and switching to cheaper housing (Laparra, 2010; Serrano et al., 2013; Zurdo and de la Nieta, 2013; Hossain et al*.,* 2011).

The case of Turkey is particularly illustrative for this trend. In 2008 and following years the TEPAV-UNICEF-World Bank pole survey was conducted in urban regions of Adana, Ankara, Antalya, Bursa, Diyarbakir, Erzurum, Istanbul, Izmir, Konya, Samsun and Zonguldak, representing 34% of the total national adult population. These poles reported various practices to cope with declining income and enabled access to a set of quantitative data, collected over several years, allowing for analysis of trends progress. The most frequent practice was switching to cheaper food items (75%), followed by switching to cheaper non-food consumption articles (65%), and lowering the amount of food consumed (53%). As the pole survey shows, the growing majority (87%, up from 81% in mid-2008) says that rising food prices have had a negative effect on their family. As a result of the depreciation of Turkish currency, the consumption of imported products is not preferred and cheaper Turkish products are consumed (Rankin et al., 2013). Moreover, almost half of the families also preferred to cut their spending on social activities (UNICEF, TEPAV, and WB, 2009). As the research by Rankin (2013) conducted in 2011 indicates, families reduce their expenditures on nonessential commodities, such as clothing (58%), suspend annual holidays (48%), curtail expenditure on transportation (43%) as well as leisure activities such as going out to the cinema, theatre or restaurant (40%), decrease the amount of meat consumption (59%), and invalidate phone and internet access (29%).

With regard to resource sharing practices, the cases of Poland and Spain stand out. In Spain the investigations of Laparra (201) and Martínez Virto (2014) identify house-sharing events with other families. In turn, Poland research has shown that there is a growing trend of labour extended to neighbouring communities for seasonal jobs or individual construction jobs. These works are not always connected with payment. They are rather a kind of barter community - help exchange work (Sikorska, 1999).

Another area of action that stands out in this type of practice is the reorganization of the household unit. In this topic, the practical questions do not introduce elements or new features compared to those listed above. They focus rather on the different roles played by each household member and the unequal distribution of sacrifices. What the research has been discovering - and the Spanish and Polish cases are good examples - is that women tend to take on a budget management role in the poorest families, also assuming the role of sacrifice to the needs of other family members. So, women are the ones who forego their own needs, who more actively seek new ways to make money, searching for formal or informal jobs or social support from the solidarity institutions and the state (Skulmowska-Lewandowska, 2006; Zurdo and de la Nieta, 2013).

This evidence points to the need to pay attention to two aspects in the analysis of resilience processes. On the one hand, that the family unit is heterogeneous, and that resources, roles and responsibilities are not distributed equally among family members, hence the need to understand the logic of power distribution and resources in order to understand these dynamics. On the other hand, it highlights the importance of analyzing the gender dimension as a dimension of social structure, to the extent that this exposes the unequal way in which the reduction of living conditions and resilience processes affects the different members of the household.

Regarding the other strategies of living cost reduction, we call attention to two more trends that we consider important to highlight. The first one is found in Polish research and the second one in Finnish research and both pertain to dynamics in rural regions to cope with hard living conditions and economic downturn.

In the context of home production strategies on their own account, in Poland there is a growing effort among households of rural communities to achieve self-sufficiency. This trend is attributed to the increasing difficulty of institutional assistance reaching these communities and few employment opportunities in rural communities. Referring to the

Polish report, in many places, the unemployed workers in industry started to explore up to two hectares of land assigned to them, which they cultivate for their own needs, in order to be entitled to unemployment benefit (giving away land permits the receipt of benefits). Such holdings allow surviving with minimal income from the outside (Rakowski, 2009).

In the context of communal strategies for use of resources, the case of reindeer herders in Finland should be highlighted. Referring to the research by Vuojala-Magga (2012), and according to the Finnish report, among reindeer herders there are various resilience processes tied in the economy as such, for example: the exchange of work; the exchange of items, goods or machinery once needed; and the sharing of food. Reindeer can be also be traded or given, being equal to cash, in the case of the loss of many reindeer due to predators or other disasters. What is at stake in these practices is community resilience as a whole, with shared resources and risks in order to ensure greater collective ability to withstand the economic difficulties.

In the final stage of this subchapter, we want to call attention to a specific kind of practice, referred to in almost every report, which is migration as coping and adaptation strategy. Lars Meier, in his article *"I am now a nobody" – Transformations of home and senses of belonging in the life narrative of a migrant worker in the industrial sector in Nuremberg* (Meier, 2014), points out that migration experiences can strengthen abilities of adapting to changes in the working or organizational environment. A similar approach is followed by the Polish researcher Kazimiera Wódz, on the changing identities in Silesian families and the impact and role of migration in these dynamics (Wódz et al., 2012).

The trend of migration or emigration is identified in almost all countries in the sample, but takes on a particularly large weight in the countries most affected by the crisis, such as Portugal. These references tend to be more associated with the analysis of statistical data and they identify many different dynamics. This involves the emigration of individuals and families in order to find new opportunities elsewhere – the case of the emigration from Northern Ireland to the United States, Great Britain and Australia (Hossain et al., 2010), or immigrants that return to their home countries or go somewhere else to find better opportunities. Migration as resilience strategy can be associated with both types of practices, as families migrate with the expectation of finding elsewhere (either within the country or in another country) employment opportunities enabling them to increase income and resources, but can also represent a reduction of demand for living costs relative to income received by the family.

6. Conclusions

The RESCuE project aims to study household resilience in the context of the crisis in nine European countries. This formulation immediately begs two questions: what do we mean by resilience; and what crisis are we talking about. This report set out to offer provisional answers to these questions, and thus provide an effective framework for the following RESCuE fieldwork phase. In order to do so, we tried not only to pinpoint which crisis we are considering but also to set forth its different dimensions and, particularly, those that are more likely to increase poverty in the nine RESCuE countries. Likewise, we discussed at length a concept of resilience and how it has the potential to bring innovative contributions to the study of poverty.

Economic and social crisis

The crisis to which RESCuE refers is the economic and social crisis that followed the global financial crisis of 2007-8. The crisis started with the bursting of a financial bubble – namely, the collapse of the subprime market in the United States – whose effects were amplified manifold by the financial deregulation from the 1980s and the ensuing high level of integration of financial markets across the globe. The result was a worldwide credit crunch that was soon paralysing the real economy in large parts of the world. The shockwaves of the subprime crisis hit Europe in 2008, and by 2009 all RESCuE countries apart from Poland were in economic recession.

Despite the magnitude of the crisis – often compared to the Great Depression of the 1930s – not all RESCuE countries suffered its effects to the same extent or over the same timeframe. The RESCuE countries of the outer periphery of the EU – Ireland, Portugal, Spain and Greece - would bear the harshest and longest of the recessions that followed the crisis, from which they are yet to recover. By contrast, a second group of countries which includes traditional industrial powerhouses such as Germany and the UK, as well as Finland and also emerging economies such as Poland and Turkey, initially felt the effects of the global crisis but recovered much more quickly – to the point that, in the two latter countries, the crisis is not even seen as anything other than a short-term downturn, at least when compared to other moments such as the post-9/11 recession of 2002-3. Yet, they too failed to reach pre-crisis levels of GDP growth consistently and seem to be showing a new trend of slow and fragile economic growth and increased vulnerability to external economic shocks.

Economic crisis had rising unemployment as its most immediate consequence in Europe. Yet this general average hides distinct trends within the RESCuE sample. Again, the peripheral countries of the Eurozone – Greece, Ireland, Portugal and Spain - saw the most dramatic increases in total and long-term unemployment rates in the wake of the crisis. But even in less penalized countries, such as Poland or Turkey, another trend seems to be taking place: that of jobless growth, as economic recovery fails to generate an equivalent increase in employment. With Finland mires in relatively high levels of unemployment that hark back to the deep Scandinavian recession of the mid-1990s, only Germany is left to show a significant declining trend in this regard since the beginning of the crisis.

But if rising unemployment was an element in many of the RESCuE countries after the global financial crisis, it by no means exhausts the transformations of the labour market stemming from the crisis or actually preceding it and enhancing its effects. To fully assess them, we further discussed in more detail two phenomena that usually come to forefront in the discussion of resilience: part-time employment and self-employment.

Regarding part-time employment, we found how RESCuE countries differ among one another regarding the starting point, yet with few exceptions share a growing trajectory over the past decade. This increase in part-time can have different readings. At a macroeconomic level, this can follow the implementations of classic Keynesian measures of reduction in working hours as a reaction to sudden drops in aggregate demand to help prevent unemployment – as implemented in Germany in the early stages of the crisis. Aside from these forms of macroeconomic risk-sharing, part-time employment may also, in some circumstances, be regarded as a helpful tool either as a transitional stage to full integration in the labour market or in certain points of the lifecycle. But, in other countries and situations, the increasing proportion of part-time jobs suggests instead the fast growth of precarious and hitherto atypical labour relations, such as through the increasing introduction of “zero-hour contracts” in Britain and the mass conversion of full-time and permanent contracts into part-time and ad-hoc labour relations, as in Greece after the IMF-ECB-EC financial intervention.

Self-employment is an indicator pertinent to resilience, as entrepreneurship and the creation of one's own business are often touted as effective individual answers to situations of economic crisis. Yet, we have shown that these claims should be met with extreme caution. Firstly, a self-employed worker is a category that can harbour very different meanings, from young entrepreneurs in technological start-ups to a wide range of workers in precarious situations. In fact, self-employment can actually increase vulnerability to unemployment as precarious workers are likely to be the first to lose their jobs in an economic downturn and small and micro business are as much if not more vulnerable than other firms to the collapse in demand associated to a recession. Finally, there is a case for pondering whether excessive levels of self-employment actually hamper economic development. Indeed, economic fabrics over relying on micro and small businesses face problems such as capital pulverization, low technological incorporation, lack of organizational differentiation and means of organizational development. Furthermore, high levels of precariousness in the workforce incentivize short-term reactions to economic downturn such as lay-offs and high worker turnover while discouraging structural changes in firms, including investment in training or technological and organizational modernization.

The double impact of unemployment and worsening labour conditions on household income has been both deep and extended in time. By 2012, median income levels were yet to return to pre-crisis levels in six of the nine RESCuE countries. This had an inevitable impact on both absolute and relative poverty levels. Material deprivation levels increased in the years after the crisis in no less than six of the eight RESCuE countries for which there is available information, with only Poland, and Finland breaking the trend. In turn, at-risk-of-poverty rates before social transfers also increased in the countries which experienced more prolonged recessions, such as Ireland, Greece, Spain, Portugal and the UK.

The situation is somewhat more complex when one brings social transfers into the equation. Nevertheless, one can immediately see how the Welfare State acts as a buffer to economic crisis, as fluctuations in poverty rates are much less pronounced. Yet one can also get a glimpse of how different countries, different approaches to the crisis and different Welfare State regimes can mitigate or enhance the impact of the crisis. While Greece and Spain continue to show considerable – if less marked - hikes in poverty rate after social transfers, in Portugal the main trace of the crisis is the halting and later reversal of a trend of decreasing inequality. By contrast, Ireland and the UK were still, by 2011, showing lower levels of at-risk-poverty than before the crisis.

But risk of poverty is not homogeneous among the population of each country, with specific groups being considerably more vulnerable to it. The long-term decline trends in poverty among the elderly that preceded the crisis do not seem to have been significantly altered by the crisis in most RESCuE countries, in sharp contrast to poverty among the population in active age hit by unemployment and deteriorating labour conditions. Likewise, the situation of traditional vulnerable groups such as single parents or isolated individuals seems to have worsened at a slower rate than those of households with two adults and dependent children. On the one hand, this testifies to the powerful buffer effect of redistribution mechanisms such as pensions. On the other hand, it may indicate a sort of discrepancy in welfare state intervention, which allows it to be effective in a crisis situation with regard to more traditionally vulnerable groups – such as the elderly - but lacking in instruments to answer the worsening situation of groups hitherto safe from poverty.

Another point of discussion arising from data analysis on income and poverty pertains to the relation between median income and economic growth. Indeed, drops in median income does not always match decline in economic performance either in start or duration. This discrepancy between these two indicators can be seen as a sign of the operation of further buffers mediating the relation of the business cycle and family income. One of these buffers is precisely labour market regulation. Indeed, different types of regulation models of industrial relations can play a major role in either speeding, delaying, mitigating or magnifying the effects of upturns and downturns in economic performance. They also have a crucial role in lowering or increasing income inequality levels within a country.

Thus, in order to fully grasp the consequences of recent transformations in the labour market, we considered how income distribution has evolved within the RESCuE sample.

As expected, countries such as Finland or Germany appear more egalitarian in regard to income distribution while others such as Spain, Greece and Portugal show much higher inequality levels. This contrast extends to the evolution of these indicators during the crisis years. Spain stands out as a case where the crisis quickly translated into a rapid increase in inequality, but countries such as Greece and Portugal also saw increases in inequality after 2010 – even as median income was falling. For other RESCuE countries, the impact of the crisis on this indicator is far less visible. In Germany, Poland and Ireland, the years of increasing inequality actually preceded the crisis, while little variation has been observed in the UK and Finland since the early 2000s.

Analysis of this data thus places in evidence two further transformations in late capitalist economies. The first is that the relatively high economic growth rates in the mid-2000s were accompanied by a surge in inequality – which suggests that the wealth gains in this period tended to be geared towards the top tiers of income distribution. This seems to be the case in countries such as Ireland, Poland and Germany and further hints at the possibility that economic growth is not only no longer necessarily associated with job creation – at least in equivalent measure – but also not accompanied by redistribution of wealth – both crucial features of European welfare state-framed capitalism after World War II.

The second transformation concerns countries that were already plagued by high rates of inequality before the crisis. In these countries, the years after 2008 witnessed either a further deepening of inequality levels – such as in Spain and Greece – or a stopping and subsequent reversal of a declining trend – such as Portugal. Incidentally, both the hike in inequality in Greece and the reversal of the decreasing trend in Portugal coincide with the enforcement of EC-IMF-ECB monitored austerity programmes from 2010 onwards. This highlights not only how public policies can be as powerful in their effects over living conditions as the economic crisis itself but also how new political economy arrangements may be forming, which hinge more on the lowering or stagnating salaries and on increasing inequality than on redistribution – as was characteristic of welfare-state capitalism of the post-war period.

Welfare state retrenchment and resilience

Given that all of the RESCuE countries but Turkey are European Union members and five of them are Eurozone members, it should be not come as a surprise that national economic and social policy responses to the 2007-8 global financial crisis and its aftershocks were heavily influenced by the EU. As it turned out, however, EU action did not stem from a single coherent approach for tackling the crisis, but rather resulted in a hesitant and improvised course with several u-turns along the way. Indeed, we identified three very distinct phases in the European approach to crisis: a financial phase, taking place in early 2008; an expansionist phase, from mid-2008 until early 2010; and an austerity phase, from then on.

In this context, austerity became the hallmark of public policy in several countries of the RESCuE sample after 2010. As such, one has to consider the notion of *double crisis*, in which families in various RESCuE countries are caught in a sort of pincer movement between economic crisis – with rising unemployment and declining wages – on the one side, and welfare state retrenchment - stemming from austerity policies – on the other side.

Looking at social expenditure levels, one can detect clear signs of both the expansionist and austerity phases. Four of the RESCuE countries – Greece, Spain, Poland and the UK – reached maximum social expenditure per inhabitant in 2009, at the height of the expansionist phase – with a further one - Portugal – reaching it in 2010.[42] Of these, Greece, Spain, Poland and Portugal have seen social expenditure in a continuous decline since then, while the UK, despite halting the slide in 2012, was still at level below that of 2009 – which is consistent with a turn to austerity. Cuts in social expenditure have been typically achieved not directly through lowering the amount of transfers, release of public servants in the sector but also through more indirect measures such as lowering the maximum threshold for accessing transfers and increasing the obligations and sanctions for those who benefit from them.

[42] Turkey also reached a maximum for the period in 2010, although the lack of comparable data for 2011 and 2012 does not allow for conclusions on a possible austerity trend afterwards.

Another key area of action of the welfare state is education, in view of its impact on social mobility and as a means of intergenerational reproduction of poverty. However, education seems to have been less targeted than other public spending areas during the austerity phase in the RESCuE countries. In fact, policy measures such as the Europe 2020 strategy actually emphasized the importance of investment in education, R&D and innovation – even if more from a point of view of their contribution to increasing the competitiveness of European countries than that of a social policy. The available data is patchier – notably excluding Greece as well as Turkey – and less recent, but it suggests that Portugal and Spain were the only countries where a significant disinvestment in education seems to have occurred.

The third area of welfare state intervention considered in this report was health. Here, there is little evidence of an expansionist phase – which is not surprising given that, unlike education and even social transfers, spending on health was not specifically encouraged by the EU during the expansionist phase of crisis dealing. As such, the most visible pattern is that of austerity. The available data points to a decline in health expenditure in Portugal, Greece and Spain – where retraction of public funds was essentially counterbalanced through the introduction or increasing of co-payments to access public health services.

However, the evolution of social transfers and investment in public services does not cover the full range of ways through which state action can influence family capacity to cope with the effects of economic crisis. Indeed, changes in taxation can also have a direct impact on family income and the regressive or progressive nature of those changes can considerably influence inequality levels. Whether during the expansionist or the austerity phases of the EU approach to the crisis, changes in taxation played an important role in the policies that were implemented.

What our analysis shows is that the crisis period was marked by a general increase in the weight of taxes on labour in total taxation in all RESCuE countries except the UK, with a corresponding lowering of capital income - even in countries where the economy was back on a growth path. This increase of the labour share in taxation took several different forms that affect household disposable income, such as direct creation of new taxes, lack of adjustment of income tax breaks to inflation, reduction of the number of tax brackets or lowering of exemption thresholds. Furthermore, we also noted how, even in the context of a large contraction of consumption the share of VAT (arguably the most important indirect tax and one whose increases affect lower income families the most) in total taxation either increased or fell at a much slower pace than consumption. This was particularly visible in the RESCuE countries where the austerity phase was more pronounced.

Aside from these crucial elements of investment and taxation, we have also looked at whether and how public policies integrate resilience concerns. What our analysis has shown is that the mainstreaming of the notion of resilience on the concerns and design of public policies in the countries included in the RESCuE sample is still in its infancy – which is not surprising considering the novelty of the concept in economic and sociological approaches. Indeed, even where one can find a consolidated academic debate on resilience – as in the UK – it focuses on notions such as community resilience in the context of natural disasters or economic resilience of the financial system. The notion of household resilience in economic hardship is thus scarcely addressed.

However, there seems to be a growing trend of instrumental appropriation of the concept by government members, even if not explicitly mentioned, to justify the retreat of the welfare state and legitimize a set of austerity measures. More specifically, resilience is presented as a guiding concept for the purpose of individual accountability to overcome the worsening of living conditions, thus breaking with a supposed dependence on the welfare state.

This is more visible in Spain and Portugal, where, under EU influence, a new twist on the idea of activation has come to influence the design of employment policies, the regulation of benefits to the unemployed and the public acceptance of anti-poverty and other basic benefits. Here, activation went from being about countering the intertwined factors that contribute to unemployment both at individual and institutional level to instead progressively acquire the meaning of fostering abilities of individuals and families to be autonomous. It thus tends to see and work the relationship between individuals and the labour market mainly under a voluntaristic perspective, where unemployment is a consequence of the individual's will (or lack of it). The reversal of the direction of activation policies has been found primarily through two ideas:

entrepreneurship and workfare. At the core of both is the overriding concern with welfare state dependence as the main obstacle to integration and employment. In this version, dependence should be curbed through promotion of entrepreneurship – understood as capacitating individuals to risk-taking and creation of their own job – and workfare – which makes one's access to social benefits conditional on being available for temporary jobs and internships, under the assumption that this will increase the individual's employability.

Social economy

RESCuE is concerned not only with welfare state intervention but also with the social economy – understood here as encompassing every organized economic activity which has the intention to contribute to the solution or alleviate social problems – in resilience processes.

The role of social economy – or Third Sector - institutions in social policy is a matter that increasingly came into public debate in the context of the crisis. In several of the RESCuE countries, reducing the scope of welfare state intervention has often been advanced not only as a necessity due to public budget restrictions but also as a change in philosophy for public intervention in its own right. According to the latter, the welfare state should move away from a universal right and turn into a "safety net", focusing mainly on situations of emergency and first need. Social economy organizations are, in this paradigm, designated as the primary agents for social action.

In practice, this change materialized through the delegation of an increasing series of state responsibilities to Third Sector organizations. Paradoxically though, this process was rarely accompanied by a corresponding increase in public funding and was further beleaguered by the retraction in private funding due to the crisis. This left the Third Sector to assume a wider role with dwindling resources, in a context of increasing demand for social action.

This was particularly true in countries where the economic recession was more prolonged and austerity policies implemented more thoroughly - such as Spain, Portugal, Greece and Ireland and, to a lesser extent, the UK – and had major consequences. Firstly, it triggered the release in considerable numbers of paid workers from social economy institutions, which increasingly rely on voluntary unpaid work. Particularly in Spain and Portugal, this has raised considerable doubts regarding the quality and effectiveness of intervention of these institutions, as most lack the capacity to adequately train volunteers and supervise their work. Secondly, there is some evidence in Germany, Portugal and Spain of a trend of a transformation in management models of social economy organizations, very much fostered by the conditions set by the state for access to public funding. This transformation encompasses the introduction of business models and efficiency criteria as guiding principles of these organizations - thus increasing the risk of these becoming incoherent with the purposes for which they were created and thus hampering the effectiveness of their interventions. Thirdly, it led to transformations in nature of the intervention, such as the increasing integration of workfare measures in the organizations' activities (as in Poland) or the expansion of activities such as healthcare to make up for reductions in state provision (as in Greece).

Household resilience

The second major issue that this report tackled was the defining of a concept of resilience. Resilience is a concept with an historical path in science, flowing from physics to psychology and only more recently to the social sciences. Importing such a concept and redefining it as a tool to study the effects of the crisis, first implied first breaking away from what we dubbed a "heroic" version of resilience. This "heroic" version framed resilience as an attribute of individuals and households which allowed them not only to manage economic adversity by themselves but also to thrive under it. We did this by discussing the numerous pitfalls of such version of the concept, including: its conceptual ambiguity; implicit normativism, social and ethnocentrism; possible analytical triviality; and, above all, the a-social character of such a concept. We also drew to attention to the possible consequences of adopting such a version at a policy-making level, including legitimizing retrenchment in social policies, fostering the de-socialization of economic and social risks and downplaying the importance of collective action and public intervention for the improvement of general living conditions.

Instead, we believe that the concept of resilience can, if critically discussed and retained, provide an innovative input in debates concerning the study of poverty. For this, we took as reference the concept of poverty ways of life, which, as seen in the previous chapter, refers to the interaction between a set of resources and structural constraints on the one hand, and systems of regulated activities and lifestyles adopted by agents, on the other hand – in this case, the households that occupy the more subordinated positions in either all or a significant part of dimensions of the structuring of the social fabric.

In this context, we suggested a critical notion of resilience that posits it not as an individual attribute but as the process by which the poverty ways of life mediate family responses to systematic social and economic stresses – such as mass unemployment, sharp deterioration of working conditions or large scale retrenchment of social transfers and social services – and how, in turn these ways of life are impacted by these families' response. We will also put forward the notion of resilience practices to identify these families' responses. The result of resilience processes is open-ended, potentially leading to either transformation – whether as improvement or degradation - or reinforcement of the pre-existing way of life.

In this view, resilience processes comprise two major dimensions: the mobilization and use of social and natural resources; and the transfer of risks to other social actors and/or to the social and natural environment. In the most immediate sense, both ways of life and the natural environment provide the resources without which household resilience practices cannot take form. Moreover, both ways of life and the natural environment mediate the access to these resources, as well as the forms by which they can be used. Different positions in the social structure and different relations to the natural environment add up to unequal access by households to resources for resilience practices and to different ways of making use of them. Another critical aspect of resilience that a critical perspective seeks to emphasize is the process of transferring risks to other actors (both at micro and macro level) and to the environment, occur along the lines of major social structuring processes, such as class, gender, race or space.

Yet the relationship between resilience processes, on the one side, and social structure and the environment on the other is a two-way one. Resilience practices are not only shaped by social structure but, like all types of human action, actively contribute to the transformation of the social structure as well as the environment.

In sum, a critical perspective of resilience seeks not only to identify and describe resilience practices in crisis contexts per se but also to identify their place in wider social and environmental processes. In particular, this implies looking at resilience practices at the same time as an outcome of poverty ways of life, an element of their reproduction, but also as a potential source for their transformation.

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