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"PROTECTING THE VULNERABLE: POVERTY AND SOCIAL EXCLUSION IN IRELAND AS THE ECONOMIC CRISIS EMERGED

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Abstract

A frequent refrain during recent debates on welfare cuts has related to the need to "protect the vulnerable". However, it is far from clear that a consensus exists on which individuals or groups are to be included under this heading with consequent lack of clarity for the policy implications of pursuing this goal. In this paper, operating with a conception of social exclusion that incorporates notions of dynamics and multidimensionality, we make use of EU-SILC 2008 data for Ireland to clarify the distinction between income poverty and economic vulnerability. We then proceed to consider the relationship between these outcomes and multiple deprivation, financial pressures and perception of recent and future economic prospects. Our analysis is then extended to compare patterns of risk for poverty and vulnerability in relation to key socio-economic groups. Finally, we will consider the relationship between poverty and vulnerability and scale and form of welfare dependence. Our analysis suggests that the vulnerable but non-poor group may need to be a key focus of attention for any conception of social policy as active rather than passive; as involving social investment rather than social assistance.

I INTRODUCTION

A frequent refrain, during recent debates relating to the cuts in public expenditure considered necessary to deal with the impact of the economic crisis, has been the need to "protect the vulnerable". Where the focus is on particular socio-economic groups, however, there appears to be very little consensus regarding which groups are to be included under this heading. Attention can shift from older people to children, from the low-paid to the unemployed from lone parents to those with a disability; with the amount of time each group is on stage appearing to be influenced as much by their capacity to mobilise public opinion as the objective merits of their particular cases. In addition, there is generally a failure to acknowledge the internal heterogeneity of such groups.

One alternative is to focus on those in receipt of, or dependent on, social welfare. However, as we shall see, such an emphasis again fails to appreciate the diversity of groups falling into such categories.

The main alternative to focusing on particular socio-economic groups has involved a reliance on household income measures and associated poverty measures. The recent TASC HEAP report is one example of such a focus based exclusively on income statistics from EU-SILC (McDonough and Loughrey, 2009). This approach ignores the long-standing critiques of relying solely on current income at both national and European levels (Nolan and Whelan, 2007 & 2010). In recent years, general agreement has emerged that, despite the continuing vagueness of the term "social exclusion", its main value lies in drawing attention to issues of dynamics and multidimensionality (Berghman, 1995; Room, 1999; Sen, 2000). This is in line with a life-cycle perspective that emphasises the "dynamics of interrelated risks".

In what follows we make use of 2008 data from EU-SILC. The income date relate to the twelve month period prior to when interviews were conducted in the household while the remaining information relates to the point at which the interviews were conducted in 2008. The first reference to a recession in Ireland in the ESRI Quarterly Economic Commentary appeared in June 2008. Between 2007 and 2008 total public finance expenditure increased from 39 per cent of GDP to 45 per cent, a GNP increase of 4.4 per cent was translated into a decline of 2.9 per cent The building employment index went from a small annual change of -1.9 per cent to a dramatic reduction of -15.6 percent. An increase of 74,000 in 2007 in the total number of persons at work was transformed into to a decline of 23,000 and the unemployment rate went from 4.6 per cent to 6.3 per cent.

Our analysis occurs then at a point in time where knowledge of the recession and consequent implications for public expenditure was emerging and when its initial effects were gradually being felt. It cannot, however, provide a fully comprehensive account of the social consequences of the recession either for the population as a whole or for those we identify as economically vulnerable. It does, however, allow us to reflect on the challenges facing both policy makers and householder as the recession emerged

II USING NON-MONETARY DEPRIVATION INDICATORS TO CAPTURE POVERTY AND SOCIAL EXCLUSION

As knowledge of the limitations of relying solely on income to measure poverty and social exclusion has become more widespread, attention has been increasingly focused on multi-dimensional approaches (Boarini and d'Ercole, 2006, Bradshaw and Finch, 2003, Gordon *et al* 2000, Guio *et al* 2009, Nolan and Whelan, 2010, Whelan *et al* 2001). Such developments have taken advantage of the availability of EU-SILC data and, in particular, the use of non-monetary information to improve the measurement and understanding of poverty and social exclusion.

Most research on poverty in European countries takes as a point of departure the understanding that people are in poverty when “their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities” Townsend (1979, p. 31). The European Council adopted a similar definition in the mid-1980s that refers to “persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live” (EEC, 1985, p. 24). From this starting point, poverty has two core elements: It is about inability to participate, and that is attributable to inadequate resources. Most quantitative research employs income to distinguish poor from non-poor. Initially the motivation to also employ deprivation indicators came from a perspective that accepted that low income could be used to identify the poor, but did not tell us all we needed to know about what it was like to be poor, and how people arrived in and coped with that situation (Townsend, 1979). However, deprivation indicators were subsequently employed to underpin a more radical critique of reliance on income relating to its failure to identify those who are unable to participate in their societies due to lack of resources. This argument was put forward most emphatically by Ringen (1988), who asserted that income was both an indirect and unreliable measure of the underlying concept of poverty. In a similar vein, Mack and Lansley (1985) used deprivation indicators directly to identify those experiencing exclusion in Britain, and a number of subsequent British studies (Gordon et al., 2000; Pantazis, Gordon, & Levitas, 2006) have done so with a more extensive set of indicators.

As well as a more accurate identification of the poor, a further argument for the use of non-monetary indicators is that they can help to capture the multidimensionality of poverty and social exclusion. It has long been said that poverty is not just about money, and the widespread adoption of the terminology of social exclusion and inclusion in Europe reflects, among other things, the concern that focusing simply on income misses an important part of the picture.

This corresponds with the view that social exclusion is distinct from and broader than poverty or the underlying notion of poverty that evokes social concern is (and always has been) intrinsically multidimensional and about "more than money" (see, for example, Nolan & Whelan, 2007; Burchardt *et a*l 2002).

Income poverty is conventionally measured as falling below a specified percentage of median income, for example 60 per cent (having adjustment income to take household size and composition into account). Consistent poverty, as currently measured in Ireland using EU-SILC data, the current core indicator in the NAP inclusion, involves being below 60 per cent of median income and experiencing enforced deprivation in relation to two or more items comprising an index of "basic deprivation". The constituent items in this index relate to food; heating; clothes; furniture; and being able to afford to engage in family and social life. Using this measure involves a rather simple form of multidimensional analysis. Those who are both below a specified relative income threshold *and* experiencing enforced basic deprivation – marginalised on two constituent items rather than just one – are identified as consistently poor. In 2008 this measure identified 4.2 per cent of individuals as consistently poor compared to 14.4 per experiencing income poverty (or "at risk of poverty") at the 60% line.. In this paper we will extend the notion of multidimensionality in a number of distinct ways

III ECONOMIC VULERABILITY & DYNAMICS

In addition to being concerned with multidimensionality, advocates of the social exclusion perspective have sought to distinguish it from the conventional income approach through its emphasis on dynamics – the manner in which processes unfold over time. Where appropriate longitudinal or panel data are available those concerns can be addressed in a fairly straightforward fashion. Even in the absence of such data, increasing concern has been expressed that the focus should extend beyond a description of the current circumstances of individuals in order to get some sense of how they are likely to have fared in the past and what their future prospects might be. Such concerns have led to the emergence from a number of sources of a concern with what has been termed ‘vulnerability’. This involves a shift of focus from current deprivation to insecurity and exposure to risk and shock. The IMF (2003), the UN (2003) and the World Bank (2000) have developed a range of approaches to measuring vulnerability at the macro level. The World Bank (2000) sees vulnerability as reflecting the risk of experiencing an episode of poverty over time but also a heightened probability of being exposed to a range of risks.

Developing appropriate measures of vulnerability at the individual requires application of innovative statistical procedures. We begin by seeking to implement a relatively restricted notion of vulnerability. Starting with the income and deprivation elements that make up the consistent poverty measure we add an indicator relating to the extent to which households experience “difficulty in making ends meet”. We then ask to what extent we can identify a cluster of individuals who are characterised by a multidimensional profile relating to these three indicators that involves a heightened level of risk that contrasts that sets them apart from the remainder of the population. The contrast we must stress is in terms of risk profiles or patterning of interrelated risks rather than existing patterns of deprivation. In order to establish whether such clusters can be identified we use a statistical technique known as latent class analysis.

IV DATA

Our analysis makes use of the Irish 2008 EU-SILC survey which is a voluntary annual survey of private households conducted by the Central Statistics Office (CSO). In 2008, the total completed sample size was 5,247 households and 12,551 individuals (CSO, 2009).The analysis reported here refers to all persons in the EU-SILC. Where household characteristics are involved these have been allocated to each individual. Where more than one person answered a question, the response of the household reference person (HRP) has been allocated to each individual in the household.

Our analysis makes use of forty-two life-style deprivation indicators. Full details of these items are provided in Whelan *et al*. (2007). They can be broken down into the following five relatively distinct life-style deprivation dimensions.

1. Basic deprivation—consisting of 11 items relating to food, clothing, furniture, debt, and minimal participation in social life.
2. Consumption deprivation—comprising 19 items.
3. Housing facilities—is a four-item index comprising basic facilities such as bath, toilet etc.
4. Neighbourhood environment—is a five-item index encompassing pollution, crime/vandalism, noise, and deteriorating housing conditions.
5. Health status of the HRP: This dimension comprises three-items relating to overall evaluation of health status, having a chronic illness or disability and restricted mobility.

We also make use of an “economic stress” variable that distinguishes those households that have difficulty or great difficulty in making ends meet from all others.

Finally we employ a set of measures relating to financial pressures that comprise the following set.

- Arrears relating to mortgage payments, rent utility bills etc.
- Debt problems relating to ordinary living expenses.
- Housing costs experienced as a great burden.

V ANALYZING ECONOMIC VULNERABILITY

The World Bank (2000) sees vulnerability as reflecting both the risk of experiencing an episode of poverty over time but also a heightened probability of being exposed to a range of interrelated risks. Here, following Whelan and Ma□tre (2005 a, b), we implement an approach to the measurement of vulnerability at the micro level through the use of latent class analysis. The basic idea underlying such analysis is that the associations between a set of categorical variables, regarded as indicators of an unobserved typology, are accounted for by membership of a small number of underlying classes. Latent class analysis assumes that each individual is a member of one and only one of N latent classes and that, conditional on latent class membership, the manifest variables are mutually independent of each other. Conditional independence is a version of the familiar idea that the correlation between two variables may be a result of their common dependence on a third variable. In estimating latent class models the logic is identical but the explanatory variable is unobserved and must be identified statistically.

LEVEL AND MULTIDIMENSIONAL PROFILE OF ECONOMIC VULNERABILITY

Our analysis employs a latent class model that specifies that the observed pattern of relationships between income poverty, basic deprivation and economic stress are accounted for by identifying two underlying and contrasting vulnerable and non-vulnerable groups. This latent class analysis identified which misclassifies less than one percent of the cases identifies 18.7 per cent of individuals as economically vulnerable compared to 14.4 per cent falling below the 60% income poverty line. The pattern of differentiation between the economically vulnerable and non vulnerable is set out in Table 1 and in a graphic summary in Figure 1. Focusing first on income poverty we see that 33.2 per cent of the economically vulnerable are found below the 60% of median income threshold compared to 10.0 per cent of the non-vulnerable (the corresponding figures for the 50% line are 16.5 and 5.9 per cent and for the 70% line 59.9 and 17.8 per cent). In each case the disparity between the two classes is approximately 3:1.

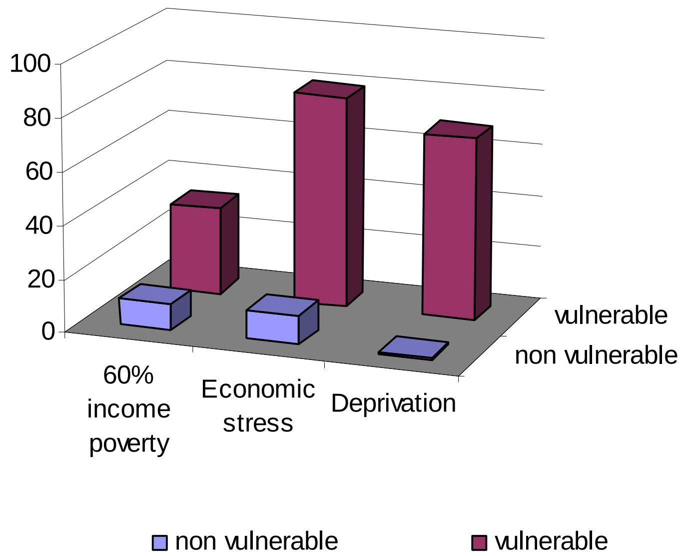
Table 1: Economic Vulnerability Profile with EU-SILC data

	%	%
Class Type	Non	Vulnerable
Class Size	81.3	18.7
G^2	33.9	
Df.	4	
Reduction in independence model G^2		
Index of dissimilarity	0.009	
< 70%	17.8	59.9
< 60%	10.0	33.2
< 50%	5.9	16.5
Deprivation	0.8	69.1
Economic Stress	10.9	80.1
N	12,530	

Despite these disparities, income is the least powerful differentiating factor. The respective figures for subjective economic stress are 80.1 and 10.9 per cent involving a differential of almost 8:1 which is substantially higher than for any of the income poverty lines. However, even this disparity is modest in comparison with that relating to basic deprivation. A mere 0.8 per cent of the non-vulnerable class experience enforced deprivation of 2 or more basic deprivation items compared to 69.1 percent of the vulnerable involving a disparity of over 80:1.

The primary factor differentiating the vulnerable from the non-vulnerable class is basic deprivation. It is followed at some distance by subjective economic stress. Income poverty is clearly a contributory factor but the contrast is a good deal less striking than in relation to the foregoing factors.

Figure 1: Vulnerability to Economic Exclusion



In Table 2 we document the overlap between economic vulnerability and income poverty at the 60% line. Given the numbers respectively poor and vulnerable, the maximum overlap that could be observed is 77.0 per cent. The actual overlap is a good deal more modest at 48.3 per cent Looked at another way just over one-third of the vulnerable cluster is drawn from the poor and two-thirds from the non-poor. Poverty and economic vulnerability are obviously related but still relatively distinct.

The consistently poor constitute a sub-set of the economically vulnerable. While none of the non-vulnerable are consistently poor this figure rises to 23.1 per cent for the vulnerable

Ta*ble 2 Risk & Composition of Economic Vulnerability by Income Poverty at 60% of Median*

	Non-Poor	Poor
	%	%
Risk	12.8	48.3
Composition	63.5	36.5

In order to explore the differences between economic vulnerability and income povert, in what follows we construct a "poverty and vulnerability profile" that involves cross-classifying the two outcomes. In Table 3 we show the distribution of individuals across the four categories of the profile. Three quarters of the population are neither poor nor vulnerable. The remaining one-quarter are divided as follows. 7 per cent are poor but not vulnerable. A further 11 per cent are vulnerable but not poor. Finally 7 per cent are both vulnerable and poor. This final category includes all of the consistently poor who make up 60 per cent of the group. It also includes 2.6 per cent of the population who are both poor and vulnerable but are experiencing enforced deprivation relating to two or more basic items.

Table 3 : Distribution Across Categories of Poverty & Economic Vulnerability Profile	
	%
Non-Poor & Non-Vulnerable	74.6
Poor & Non-Vulnerable	7.4
Non-Poor & Vulnerable	11.0
Poor & Vulnerable	6.9

VI POVERTY, ECONOMIC VULNERABILITY & MULTIPLE DEPRIVATION

Levitas *et al's* (2007) develop the notion of multidimensional deprivation as involving a wider restriction of access to commodities and services necessary for full participation in the society[1]. Adopting this broader focus on multiple deprivation, problems arise from the fact that correlations between deprivation dimensions tend to be a good deal more modest that is often imagined. This is true even in relation to income and consumption deprivation but the observed overlap becomes considerably lower if concern with multidimensionality encompasses factors such as housing, neighbourhood environment, health and, indeed, social and political participation. This difficulty is recognised in the Levitas *et a's* (2007) distinction between social exclusion and 'deep exclusion'. The latter refers to exclusion across more than one dimension of disadvantage, resulting in severe negative consequences for quality of life, well-being and future life chances. Labelling as 'social exclusion' deprivation on any one or more dimension seems somewhat problematic. On the other hand building the criterion of severe negative consequences into the definition of social exclusion as with 'deep exclusion' runs the risk of being interpreted in 'underclass' terms.[2]

[1] Levitas *et al* (2007) see such multidimensional deprivation as affecting both the quality of life of individuals and the equity and cohesion of society as a whole. However we would prefer to see such relationships between individual outcomes and societal characteristics as matters for empirical enquiry rather than definition. (see Whelan and Ma□tre (2005b).

[2] This tendency is also stressed in Room's (1999:171) discussion of continuity and catastrophe in teh socil exclusion literature.

Because of the foregoing difficulties we have chosen to focus initially on economic vulnerability involving exposure to a set of key interrelated but restricted risks. This leaves open the issue of the relationship between such vulnerability and multiple deprivation understood as simultaneous experience of a range of deprivation dimensions.

In Table 4 we show the distribution of a variety of forms of deprivation across the categories of the poverty and vulnerability profile. In each case the major contrast is between the two vulnerable groups and the remaining categories. It is also true that, somewhat surprisingly, the highest level of deprivation is observed for the vulnerable but non-poor group. For the consumption dimension, where we identify those experiencing an enforced absence of four or more items, the lowest level of 3 per cent is observed for the non-poor and vulnerable group. The figure rises to 7 per cent for the poor and non-vulnerable. It then increases sharply to 36 per cent for the vulnerable and poor before peaking at 46 per cent for the vulnerable and non-poor. For housing the lowest level of 27 per cent is associated with the poor and non vulnerable group. It rises marginally to 30 per cent for the non poor and non vulnerable cluster. For both vulnerable groups the figure lies between 45-50 per cent. For neighbourhood environment deprivation the lowest level of 7 per cent is again associated with the poor but not vulnerable cluster. It rises slightly to 10 per cent for the non-poor & non-vulnerable group. This figure doubles to 18 per cent for the group both vulnerable and poor. The highest level of 23 per cent is found for the vulnerable but non-poor group. Finally, in relation to health, little difference is observed within the non-vulnerable category with the respective figures for the non-poor and poor being 27 and 29 per cent. The level rises to 42 per cent for those both vulnerable and poor and increases to 49 per cent for the vulnerable but non-poor.

Table 4: Deprivation Dimensions by Poverty &Vulnerability Typology				
	Non-Poor & Non Vulnerable	Poor but not Vulnerable	Vulnerable but not Poor	Vulnerable & Poor
	%	%	%	%
Consumption 4+	3.0	6.9	45.5	35.5
Housing 1+	29.6	27.4	49.8	44.6
Neighbourhood 2+	9.6	6.9	23.1	18.4
HRP Health 1 +	27.2	28.6	49.1	41.7
% in category	74.6	7.4	11.9	6.9

In Table 5 we set out the relationship between the poverty and vulnerability profile and multiple deprivation calculated as the sum of the four dichotomies utilised in Table 4 together with basic deprivation of 2+. The results show that vulnerability is systematically related to multiple deprivation although they are by no means identical. Multiple deprivation involving being above the relevant threshold on three or more of the deprivation dimensions is an extremely rare phenomenon among the non-vulnerable characterising less than one per cent for the non-poor group and less than two per cent for the poor. The figure then rises strikingly to almost 31 per cent for those vulnerable and poor. A further significant increase almost 42 per cent is observed for those vulnerable but not poor. The numbers experiencing deprivation on two dimensions ranges between 7 to 8 per cent for the non-vulnerable. It rises to 23 per cent for those both poor and vulnerable and peaks at 29 per cent for those vulnerable but not poor. The figure for those exposed to deprivation on two or more dimensions ranges between 8 and 10 per cent for the non vulnerable, It rises to 53 per cent for those both vulnerable and poor and finally to over 70 per cent for those vulnerable and non-poor.

Table 5: Multiple Deprivation by Poverty & Economic Vulnerability Profile				
	Non-Poor & Non Vulnerable	Poor but not Vulnerable	Vulnerable but not Poor	Vulnerable & Poor
	%	%	%	%
Multiple Deprivation				
0	61.8	56.5	2.4	17.0
1	30.1	33.4	25.8	27.7
2	7.2	8.4	29.4	22.9
3+	0.9	1.7	41.8	30.9

In Table 6 we extend our analysis of the factors differentiating the groups comprising the poverty and vulnerability profile by considering patterns of financial pressure. Focusing first on arrears, we observe that the reported level is just over one per cent for the non-vulnerable groups. The figure rises to 12 per cent for the two vulnerable groups. The numbers in non-vulnerable households experiencing debt problems ranges between 4 and 5 per cent. The figure rises sharply to over 30 per cent for those vulnerable and poor. Finally, it increases to 40 per cent for the vulnerable but not poor cluster.

Table 6: Financial Pressures by Poverty & Vulnerability Typology				
	Non-Poor & Non Vulnerable	Poor but not Vulnerable	Vulnerable but not Poor	Vulnerable & Poor
	%	%	%	%
Arrears	1.6	1.2	12.4	12.1
Debt problems for ordinary living expenses	5.2	4.2	40.3	31.8
Housing cost a burden	14.2	16.0	69.4	64.9

In Table 7 we show the breakdown of financial perceptions relating to the previous and next year by the poverty and vulnerability profile. Among those experiencing neither poverty nor vulnerability,16 per cent reported experiencing a drop in income in the past twelve months. This rose marginally to 19 per cent for the income poor but not vulnerable. The figure then rises sharply to 36 per cent for the vulnerable but not poor group before falling back slightly to 35 per cent for those vulnerable and poor. An almost identical pattern was observed with regard to expectation relating to the future financial situation. One in five of the non vulnerable groups expect the situation to get worse over the next twelve months compared to just over one in three of the vulnerable groups.

Table 7: Perceptions of Past & Next Year by Poverty & Vulnerability Typology

	Non-Poor & Non Vulnerable	Poor but not Vulnerable	Vulnerable but not Poor	Vulnerable & Poor
	%	%	%	%
Major drop of income in the past 12 months	16.1	19.1	36.3	34.8
Expect financials situation to worse in the next 12 months	19.7	20.3	35.8	35.0

The foregoing analysis demonstrates that the economically vulnerable are sharply differentiated from the non-vulnerable in terms not only of the constituent elements that define such vulnerability but also in terms of broader patterns of deprivation, levels of multiple deprivation and experience of financial pressures. Vulnerability is quite clearly a multidimensional phenomenon.

As we noted earlier, a revealing aspect of these results is that the economically vulnerable but not poor group are consistently the least favoured group not only in relation to the elements defining such vulnerability but also in terms of patterns and levels of deprivation, financial pressures and perceptions of past and future financial developments. Correspondingly, the situation of the poor but non-vulnerable group is consistently more favourable than might have been anticipated.

VII POVERTY, ECONOMIC VULNERABILITY & SOCIO-ECONOMIC DIFFERENTIATION

Following Chambers (1989:1), we can define vulnerability as not necessarily involving current deprivation but rather insecurity and exposure to risk and shock. In this section we consider the socio-economic factors that are associated with different combinations of poverty and economic vulnerability. In considering the factors contributing to such vulnerability it is useful to keep in mind Bradshaw *et al's* (2003) suggestion that it is useful to distinguish between *risk factors,* which signal the greater vulnerability of a category of individuals, and *triggers* which have a direct causal impact. It is on the former that we focus.

Our particular focus here is on factors that differentiate between those vulnerable and not poor and those poor but not vulnerable. Our exploratory analysis led us to focus on a restricted set of factors. Our analysis of the pattern of socio-economic differentiation covers variables such as employment status, social class and housing tenure, which in terms of an increasingly employed distinction may be thought of 'old social risks' conceived of as originating in the industrial revolution The second set of indicators that are associated with post-industrialism and changing family structures, comprise separation, divorce and lone parenthood.[3]

Table 8 set out the results of a multinomial regression that examines the extent to which these factors allow us to predict in which category of the poverty and vulnerability typology individuals are located. The coefficients we report are odds ratios showing the impact of a particular socio-economic factor on the odds of being in the category of the typology under consideration relative to the odds of being in the reference category containing those individuals neither poor nor vulnerable.

[3] For further discussion of the distinction between new and old social risks see Bonoli, (2007), Taylor-Gooby, (2004) and Whelan and Ma□tre (2008)

Focusing first on the contrast between being poor and vulnerable versus being neither poor nor vulnerable a clear pattern of differentiation emerges in relation to the labour force status of the HRP. The groups who suffer the least relative disadvantage in comparison with those in households where the HRP is an employee are the retired and self-employed with employees with odds ratios of respectively of 1.6 and 2.0. This figure then rises to 5.1 for the self-employed without employees and to 7.1 for farmers. For those in home duties the figure is marginally higher at 7.9. We then observe a sharp rise to 15.0 for unemployment and illness/disability before peaking at 20.2 for the 'in education' category. Exclusion of the HRP from the labour market and the extent to which that is involuntary and sustained proves to be a powerful differentiation factor. One qualification to this conclusion relates to the powerful impact of the "in education" category"; despite the fact that this is likely to be a relatively temporary status. This is likely to be related to the limited opportunities such households have had to accumulate resources. Differentiation within the self-employment group in terms of integration into the modern economy also plays a role.

The findings in relation to housing tenure also provide a clearly interpretable pattern. The most favoured position is occupied by mortgage holders. For outright owners the odds on being poor and vulnerable rather than neither poor nor vulnerable is 1.8 times higher than for the mortgage holders group. This is likely to be related to the fact that the property values and net asset worth are likely to be higher for the latter. The disparity rises to 2.7 for private tenants before increasing respectively to 5.9 and 8.0 for local authority owners and tenants. Clearly housing tenure captures variation in accumulated resources that go beyond the value of property as such

A greater likelihood of being found in the poor and vulnerable rather than non-poor and non vulnerable category is associated with each of our indicators of 'new' social risk for separation it rises to 1.5 and for divorce to 2.6. Finally for a lone parent HRP the disparity is 4.3. Each of these factors can be seen to have an impact on both resources and needs.

Table 8: Multinomial Regression of Poverty a d Vulnerability Typology on Household & Household Reference Person Characteristics with being neither poor nor vulnerable as the reference category						
	Poor & Vulnerable		*Vulnerable not Poor*		*Poor not Vulnerable*	
	Odds Ratio	*Sig.*	*Odds Ratio*	*Sig.*	*Odds Ratio*	*Sig.*
HRP Labour Force Status						
Employee (reference)	1.000		1.000		1.000	
Retired	1.612		1.539		3.091	***
Self-employed with employees	2.012	*	0.157	**	3.226	**
Self-employed without employees	5.113	***	1.564		8.281	***
Famer	7.106	***	0.498		4.642	***
Home Duties	7.867	***	2.962	***	4.327	***
Unemployed	15.037	***	6.807	***	4.200	***
Ill/Disabled	15.015	***	7.885	***	6.518	***
In Education	20.190	***	3.236	***	10.662	***
Tenure						
Mortgage Holder (Reference)	1.000		1.000		1.000	
Outright Owner	1.816	**	0.733		2.758	***
Private Tenant	2.685	***	2.271	**	4.295	***
Local Authority Purchaser	5.858	***	4.168	***	7,973	***
Local Authority Tenant	8.032	***	4.156	***	3.970	***
Separated	1.449		2.177	**	2.339	**
Divorced	2.596	**	3.052	***	0.804	
Lone Parent	4.334	***	1.856	***	2.455	***
Nagelkerke R2	0.308					
Reduction in likelihood ratio	3,554					
Degrees of freedom	45					
N	123,645					
*P,< ..1 ** P<.05 *** P < .001						

Switching our attention to the factors differentiating those in the vulnerable but not poor category from the poor and vulnerable group, we observe a somewhat different picture, particularly in relation to the self–employed groups. The self-employed with employees are actually over six times less likely that employees to be found in the vulnerable but non-poor category (with an odds ratio of 0.157). Farmers are only half as likely to be found there(0.498). Finally, for self-employed with employees the odds ratio is 1.6 which is a good deal lower than for the poor and vulnerable cluster. For the in home duties, unemployment and illness/disability categories the odds ratio are more than halved relative to the figures for poverty and vulnerability. However they remain powerful discriminators with the odds ratio ranging from 3.0 to 7.9. Where the HRP is in education we observe a much more dramatic shift with the odds ratio plunging from 20.2 to 3.2.

In relation to tenure, we find that the relative position of outright owners is reversed in comparison with the poor and vulnerable case. There is little change in the case of private tenants. However, for the local authority groups, particularly tenants, we observe a significant reduction in the disparity levels. For both groups the odds on being found in the vulnerable and not poor cluster rather than poor and vulnerable group still exceeds four to one.

For lone parenthood we also observed a halving in the odds ratio but for separation and divorce we find modest increases.

Turning to the poor but not vulnerable group we find a further variation in the pattern of results. It is in relation to the comparison involving this group and their poor and vulnerable counterparts that we observe the largest odds ratios for teh self-employed. For those with employees the figure is 3.2 while for those without employees it rises to 8.3. For farmers the odds ratio is almost ten times higher for the vulnerable but not poor category but rather lower than in the case of poverty and vulnerability. For the unemployed and ill/disabled we see a reduction in the coefficients but the respective odds ratio of 4.2 and 6.5 remain highly significant. For the “in education” group the odds ratio of 10.7 is three and a half times higher than for the comparison involving the vulnerable and non poor group.

For the housing tenure variable we also observe a change in the ordering with local authority purchasers group having the highest likelihood of being found in this category with an odds ratio of 8. For both outright owners and private tenants their relative likelihood of being in this category compared to mortgage holders is higher than in the case of being non-poor and vulnerable. For local authority tenants little difference is observed.

The divorced group are actually slightly less likely to be found in this category than the reference group while the odds for the separated group and lone parents exceed two.

If we focus our attention on the relative likelihood of being in the income poor and non vulnerable group we can calculate that the odds on the self-employed with employees being found in the latter rather than the former cluster in comparison with employees is 20:1. For farmers it exceeds 9 and for self-employed without employees it is above 5. For the “in education” and retirement groups the respective figures are 3 and 2.while in contrast the unemployed and ill/disable are less likely to be found in this group.

The odds for outright owners being in the poor but not vulnerable group rather than the vulnerable but poor category, in comparison with mortgage holders, is close to 4:1. While for local authority purchasers and private tenants the corresponding figure is 2:1.

The odds on those in households where the HRP is divorced being found in the poor but not vulnerable rather than the vulnerable but not poor cluster, is four times less than for the in reference category. For the separated no difference was observed and for lone parents the difference is modest.

Overall we find that those vulnerable and poor are sharply differentiated from those non-poor and non vulnerable across the full range of ‘old’ and ‘new’ social risks that we have identified. Labour force status is the key factor but housing tenure, marital status and lone parenthood are also key contributory influences. The influence of this range of factors undoubtedly reflects the extent to which they are associated with both current and permanent income and household needs. The picture that emerges for the non-poor but vulnerable groups is somewhat different. With the exception of retirement, the impact of being inactive in the labour market is significantly weaker. This is particularly true where self-employment is involved and for two of these three groups the direction of the effect is reversed. Property ownership is negatively associated with being in this group. Membership of this cluster is associated with a set of factors that appear to reflect not distinctively low incomes, although 60 per cent of the group are in the bottom three deciles, but extremely limited command over longer-term resources. For the income poor but not economically vulnerable cluster a distinctive pattern of risks also emerges. Here self-employment and home ownership are positive influences. The profile of social differentiation is consistent with low current income but a capacity to draw on accumulated resources and a lesser set of demands on such resources.

Further insight into the distinctive character of the individual clusters that we have identified can be obtained by examining, as we do in Table 9 using the European Socio-economic Classification (ESeC), the impact that social class has on cluster membership. While the inclusion of categories relating to self-employment in the schema means that ESeC cannot be interpreted entirely in hierarchical terms, for the contrast between the vulnerable and poor and the non vulnerable and non poor a relatively straightforward pattern of hierarchical differentiation emerges with the higher salariat as the benchmark. The odds ratio rises from 1.8 for the lower salariat to 5 for higher grade white and blue collar groups. It then rises to

11.6 for the lower grade white and blue collar groups before rising to 13.1 and 15.9 for the petit bourgeoisie and farmers respectively. The odds ratio finally peaks at 19.3 for semi & non-skilled workers. The strength of the hierarchical effects for this cluster is consistent with significant disparities between the classes in terms of both current and permanent income.

For the vulnerable but not poor cluster two important differences from the pattern for the vulnerable and poor are observed. In the first place the contrasts between the middle class and working class groups are less sharp. The odds ratio ranges from 3.5 for the lower salariat to 12.1 for the semi & non-skilled group. This involves a disparity of 3.5 compared to one of 11 for the poor and vulnerable group. Similar reductions are observed for each of the comparisons involved. Comparing higher grade white and blue collar with the semi & non-skilled group the corresponding figures are 3.9 and 1.5. Thus, while a clear contrast exists between the middle class and the working class in terms of likelihood of being in the vulnerable but not poor class, the risk of being found there is more evenly spread across the class hierarchy.

The second factor that distinguishes the pattern for the vulnerable but not poor cluster from poor and vulnerable group relates to the contrast between the property owning groups and the higher salariat, The farming group are actually less likely to be found in this cluster than the latter.. For the petit bourgeoisie the odds ratio declines from 13.1 to 5. This pattern is consistent with a group that is differentiated more in terms of longer term command over resources than current income.

Finally, a strikingly different pattern emerges for the income poor but not vulnerable group. For this cluster the highest odds ratios of 8.8 and 8.1 respectively are associated with the petit bourgeoisie and farmers. These groups are followed closely by the semi & non-skilled group but the next highest odds ratio is 4.3. The balance of impact between property effects and hierarchy effects is strikingly different for this cluster than for the other two

Table 9: Multinomial Regression of Poverty a d Vulnerability Typology on HRP Social Class						
	Poor & Vulnerable		*Vulnerable not Poor*		*Poor not Vulnerable*	
	Odds Ratio	*Sig.*	*Odds Ratio*	*Sig.*	*Odds Ratio*	*Sig.*
HRP Social Class						
Higher Salariat (ESeC Class 1) Reference Category	1.000		1.000		1.000	
Lower Salariat (ESeC Class 2)	1.797		3.466	**	1.871	
Higher Grade white & blue collar (ESeC classes 3 & 6)	5.006	**	7.800	***	2.459	*
Petit Bourgeoisie (ESeC Class 4)	13.067	***	5.004	***	8.807	***
Farmers (ESeC Class 5)	15.948	***	0.738	***	8.082	***
Lower Grade white & blue collar (ESeC classes 7 & 8)	11.561	***	10.897	***	4.290	***
Semi & non-skilled workers (ESeC class 9)	19.299		12.073	***	7.885	***
Nagelkerke R2	0.127					
Reduction in likelihood ratio						
Degrees of freedom	18					
N	119,260					
*P < 0.1, ** P< 0.01, *** P < .001						

It is clear from the foregoing analysis that conclusions relating to the impact of social class are crucially affected by the comparison on which one focuses. Where we take both poverty and economic vulnerability into account a striking pattern of class differentiation emerges. The contrast between middle class and working groups are striking. Property effects are more powerful that we might expect and probably reflect both heterogeneity in these groups and the tendency for current income to be underestimated for such groups. Focusing on vulnerability unaccompanied by poverty, we find a more muted contrast between middle class and working class groups accompanied by weak to negative property effects. Finally, for the poor but not vulnerable group property effects dominate and hierarchical effects are weaker than in ether of the two earlier cases.

Our analysis involves that concerns expressed by authors such as Daly and Silver (2008:556) that a social exclusion framework necessarily promulgates a dichotomous view of society are misplaced. Focusing on a dichotomous outcome variable does not precluded use from revealing differentiated patterns of social disadvantage. What our analysis reveals is that teh extent and nature of such differentiation may be crucially influenced by the choice of dependent variable.

VIII POVERTY, ECONOMIC VULNERABILITY & WELFARE DEPENDENCE

In order to enhance our understanding of the nature of vulnerability, in Table 10 we show the breakdown of welfare dependency by the poverty and vulnerability profile. Focusing first on the non poor and non vulnerable group, we can see that for almost two-thirds of this group welfare income constitutes less than 25 per cent of their net household income and for four out of five it comprises less than 50%. For only 13 per cent does welfare income account for over 75% of their net incomes. Among the poor but non-vulnerable we observe a polarisation. For 30 per cent of this group welfare is the source of less than 25% of their income. On the other hand, for almost 50 per cent the figure is 75% or more. Only just over 20 per cent of the group are located in the intermediate categories. For the vulnerable but not poor the number exhibiting a low dependency is significantly lower with only 20 per cent being found in the group drawing less than 25% of their income from welfare sources. In contrast over 40 per cent are found in the intermediate categories. Finally, less than 15 per cent of the vulnerable and poor group derive less than 25 per cent of their household income from welfare transfers while 55 per cent draw75 per cent or more from this sources.

Table 10: Social Welfare Dependence by Poverty & Vulnerability Typology

	Non-Poor & Non-Vulnerable	Poor but not Vulnerable	Vulnerable but not Poor	Vulnerable & Poor
	%	%	%	%
Welfare Dependence				
< 25%	65.6	30.2	19.9	14.6
25-50%	14.5	10.5	22.3	13.8
50-75%	6.7	11.3	17.1	16.9
75-100%	13.2	47.9	40.7	54.6

In Table 11 we breakdown down the types of welfare benefits by the typology. The key benefits differentiating between categories of the poverty and vulnerability typology are the disability and unemployment benefits. In each case of those in the vulnerable but not poor categories almost one in two are in households with some income from this source. For both of the non-vulnerable categories this figure is closer in each case to one in five. The poor and vulnerable cluster constitutes an intermediate case being closer to the non-vulnerable groups in relation to disability but to the vulnerable but not poor group with regard to unemployment benefit. Both vulnerable groups are somewhat more likely to be in receipt of income for family/children benefits with the figure being close to 80 per cent the figure falls to close to 70 per cent for the poor but non vulnerable and to 61 per cent for the non-poor and vulnerable. Receipt of old age benefit is most likely to be observed in the households of the non-poor and non vulnerable where the figure is 20 per cent and lowest for the poor and vulnerable where it falls to 6 per cent.

The vulnerable and non-poor are therefore quite clearly differentiated from the poor and non-vulnerable not only in terms of a range of socio-economic factors but also in terms of receipt of welfare benefits directly related to exclusion from the labour market.

Table 11: Types of Welfare Benefit Income by Vulnerability Typology

	Non-Poor & Non-Vulnerable	Poor but not Vulnerable	Vulnerable but not Poor	Vulnerable & Poor
Type of Benefit	%	%	%	%
Old Age	20.2	15.4	14.9	5.5
Survivors	2.8	4.1	3.3	2.5
Disability	19.9	14.9	46.1	22.8
Unemployment	19.5	20.0	45.7	37.7
Family/children	60.9	68.0	78.1	77.8

IX CONCLUSIONS

In this paper we have sought to address a set of issues relating to economic vulnerability in the context of recent debates relating to the consequences of cuts in public expenditure. We have developed the argument that it is not possible to address such issues solely on the basis of a focus on income poverty. This is so because over half of those identified as income poor do not appear to be distinctively disadvantaged in terms of a range of deprivation dimensions that we have considered or in terms of multiple deprivation across these dimensions. Our findings relating to experience of financial pressures and perceptions of financial circumstances in the past and forthcoming year are entirely consistent with this conclusion.

These finding are in line with the arguments that motivated the development of a consistent poverty measure in addition to an at risk of income poverty indicator. However, as we have noted, the consistent poverty measure involves a highly restricted form of multidimensionality. Here, drawing on the literature on social exclusion, we have sought to develop an approach that captures a somewhat broader notion of multidimensionality and recognises the dynamic aspect of such exclusion. We have done so by identifying an economically vulnerable group comprising 18 per cent of the population. This group can be partitioned in a cluster making up 7 per cent of population that are also income poor and 11 per cent who are above the income poverty threshold. The consistently poor are all drawn from this former group but it also includes a group of 2.5 per cent of the population who are currently income poor and at high risk of experiencing basic deprivation and economic stress but are not currently above the basic deprivation threshold. As we might expect, the vulnerable and poor group are sharply distinguished for the non-vulnerable groups in terms of deprivation, financial pressures and perceptions of recent and future financial circumstances. However, it is notable that this contrast is just a striking in relation to the non-vulnerable who are found above the poverty line as for those below it. Similarly, those vulnerable but not poor are differentiated from both non-vulnerable groups in a manner that is as sharp, and in number of cases sharper, as for the poor and vulnerable cluster.

As the forgoing makes clear, if poverty and social exclusion are about something more than money and if that “something” includes a higher risk of being exposed to the range of deprivations we have considered, experiencing difficulty making ends meet, being exposed to a range of financial pressures and being distinguished by a less favourable view of past and future economic circumstances, then it appears to be economic vulnerability rather than income poverty that is crucial.

In order to understand the contrast between income poverty, as such, and vulnerability we proceeded to consider the socio-economic patterning of such risks. Different combinations of poverty and vulnerability are characterised by varying patterns of social structuring. These findings are consistent with that simultaneous exposure to vulnerability and poverty appears to be related to deficiencies with regard to both current and long-term resources and the role of additional needs. The experience of vulnerability unaccompanied by poverty appears to be linked with an absence of wider ranging or long-term resources and above average needs. Finally exposure to income poverty in the absence of vulnerability seems to be related to the limitations of current disposable income as an indicator of broader command over resources,

The key socio-economic factors distinguishing the economically vulnerable and, in particular those vulnerable and not poor, include those such as exclusion from the labour market. Lower social class and local authority housing that *a priori* are ones that are likely to be particularly good indicators of limits on the capacity to accumulate the kind of resources that provide a buffer against current deprivation, economic stress and financial pressures. Other factors such as separation, divorce and lone parenthood and specific forms of labour market disadvantage such as illness and disability are likely to serve as proxies for both limited accumulation of resources and distinctive need levels. In contrast the strength of the association of self-employment with being poor but not vulnerable and the very limited role of the foregoing variables in identifying this cluster suggest that current income is a particularly poor indicator of the balance between resources and needs for this group.

The observe patterns of variation across the categories of the poverty and vulnerability profile in relation to patterns of deprivation, financial pressures and perceptions of the economic environment are entirely consistent with these conclusions.

A major advantage of the economic vulnerability perspective is that allows us to deal not only with "false positives", as is the case with consistent poverty measures but also "false negatives". Heady (2009) a recent advocate of a multidimensional approach to measuring poverty, proposes such a measure that takes into account consumption and wealth producing much lower poverty rates than in the cases of income poverty. This approach suggests that households which have an adequate income or a reasonable amount of net asset value should normally be capable of providing a sustainable level of adequate consumption for themselves while otherwise policy intervention of family support are needed.

This seems to involve a rather narrow conception of policy intervention that runs the danger of failing to detect "false positives". It was precisely to avoid the dangers arising from such narrowness that those responsible for the development of consistent poverty indicators in Ireland have never recommended sole reliance on them (Layte *et al* 2001, Whelan 2007). As we have shown, while the non-vulnerable and non-poor have a low dependence on social welfare all three of the remaining groups exhibit a high level of reliance on such income. In the case of the low income and vulnerable group it does not automatically follow that either in terms of longer-terms sustainability of an adequate level of consumption or recognition of accumulated welfare rights that such expenditure is necessarily misplaced. However, the fact that unlike the cases for the non-poor and vulnerable, this expenditure is concentrated in the middle stages of the life-course does suggest that this requires further exploration. In the case of the vulnerable but not poor there is nothing in their current circumstances that suggest they are in a position to maintain a sustainable level of adequate consumption going forward in the absence of continuing welfare support or reengagement in the labour market. Our analysis took place as the recession was emerging and the socio-economic profile of this group suggests that in the interim that their position of may have deteriorated in both absolute and relative terms. Future analysis will allow us to test this hypothesis. In any event, it is clear that for any conception of social policy as active rather than passive, as involving social investment rather than social assistance, this group needs to be a key focus of attention.

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