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1 SHARE: a European policy device for inclusive ageing societies

1.1 Social exclusion among the 50+ in Europe: capturing a complex concept in socio- economic data

Europe in a changing world – inclusive, innovative and reflective societies. This is Challenge No.6 in the European Commission's new research programme Horizon 2020. Being inclusive, innovative and reflective is particularly challenging in times of demographic change which stresses economic, political and social resources (Börsch-Supan et al. 2014). Challenge No.6 first aims to gain a greater understanding of the societal changes in Europe and, through analysis, develop social, economic and political inclusion and positive inter-cultural dynamics in the EU and international partners. The second aim is to foster the development of innovative societies and policies in Europe specifically addressing the development of new forms of innovation that can play a big role in overcoming the crisis and creating opportunities for growth. The third aim is to contribute to an understanding of Europe's intellectual basis, its history and the many European and non-European influences.

This volume provides evidence on the degree of social and economic inclusion among the ageing European populations. It is based on the fifth wave of the Survey of Health, Ageing and Retirement in Europe (SHARE). SHARE collects detailed information on European individuals aged 50+ and makes it available to researchers and policy-makers. A description of SHARE is contained in Börsch-Supan et al. (2013). The SHARE enterprise allows researchers from across Europe and elsewhere to address key questions that are relevant to the achievement of active and healthy ageing in a socially inclusive environment.

The notion of “social inclusion” has an intuitive appeal which makes it a quite popular concept in contemporary policy discussions. This holds in particular as its opposite, social and economic exclusion, is still present even in the rich countries of Europe and has many faces. Poverty has increased in the aftermath of the economic crisis, especially in Southern and Eastern Europe. The European

Union has, in fact, made a formal commitment in its Europe 2020 strategy to bring at least 20 million people out of poverty and exclusion by the year 2020. Age discrimination, while proscribed by European law, is still embedded in many national regulations and in everyday life. While references to social inclusion figure prominently in many national policy agendas, social isolation is prevalent among the oldest old in all EU member states.

Intuitive as it may be, the concept of social exclusion has been approached from a number of different directions and its measurement is far from being straightforward. Despite several important advances concerning its measurement (e.g. Chakravarty & D'Ambrosio 2006), there is still ongoing debate as to which aspects of people's lives the construct of "social inclusion" should cover and what is the best analytical approach for understanding its nature and its effects. The main unifying theme in the literature on the subject seems to be that social inclusion is a multi-dimensional phenomenon. Hence, if the objective of public policy is to advance people's quality of life, a broad and comprehensive set of measures is needed in order to take into account all the relevant aspects of their lives.

This is exactly the approach which SHARE has taken in its fifth wave. SHARE has developed a broad set of tools which capture deprivation in a number of important aspects of people's lives. We expect, therefore, to be able to contribute to the debate on social inclusion in a number of unique ways:

- Firstly, the implementation of the survey in SHARE's Wave 5 added new items that focus on aspects of deprivation that are specific to the target age group of the SHARE survey (see Myck et al. 2015).
- Secondly, the new items were designed from the start to allow international comparison and to provide the unique opportunity to examine the degree of deprivation and exclusion of persons aged 50 and older at the European level (see chapters 3 and 4).
- Thirdly, as is demonstrated in many chapters in this volume, the multidisciplinary character of SHARE and the measures of deprivation and social exclusion that were derived on the basis of the new items in Wave 5 (see chapters 5 and 6) can be combined to shed light on the relationship between social exclusion and other important aspects of people's lives, particularly health (chapters 9, 11, and 28), but also intergenerational support (chapter 14), migration background (chapter 18), and unmet need for care (chapters 17 and 30).
- Finally, SHARE is a cross-national longitudinal study, which observes the same people over time and under different and varying social and economic conditions. These rich data offer many opportunities to study specific aspects of deprivation or exclusion in the older population. While the focus on mul-

tidimensional deprivation, which is prominently featured in SHARE Wave 5, restricts many analyses presented in this book to a cross-section for the time being, others make use of the longitudinal nature of the data by concentrating on specific aspects of deprivations (e.g. the ability to make ends meet, see chapter 12).

This introduction continues by shedding light on specific conceptual aspects of social inclusion (Sections 1.2–1.4). They form the framework for the following 32 chapters in this volume which have been written by authors from almost all 21 SHARE countries and the many research fields for which SHARE data is being collected: demography, economics, epidemiology, gerontology, biology, medicine, psychology, public health, health policy and sociology. Section 1.5 summarises these chapters and puts them in the context of the many dimensions of social inclusion.

It is our hope that the evidence provided in this book will stimulate further research and can contribute to the debate concerning policies that are aimed at attaining more “inclusive” societies.

1.2 Deprivation, capability failures and social exclusion

There is much evidence that simple measures of financial resources based on current income information provide only limited insight regarding well-being at the individual level (Nolan & Whelan 1996, 2010, Adena & Myck 2014), and that a much broader perspective is necessary if we are interested in understanding “impoverished lives, and not just (...) depleted wallets” (Sen 2000, p. 3). It is argued by Sen (2000), in fact, that one should approach the concept of social exclusion from the perspective of capability deprivation. This necessarily involves a multi-dimensional perspective on poverty which accounts, as well, for the social aspects of individuals’ lives, a perspective in which high importance is given to people’s ability to interact freely with others.

The origin of the term “social exclusion” can be attributed to Rene Lenoir, Secretary of State for Social Action in the Chirac government, who in 1974 published “*Les Exclus: Un Français sur dix*” (Silver 1994). In the original understanding of the term, social exclusion had a strong association with the failure of the welfare state to integrate individuals into the social fabric. The socially excluded were the poor, the unemployed, disabled people, abused children, drug addicts, single parents, and other groups of persons facing misfortune. This perspective

stemmed from the French tradition with its emphasis on social bonds and the responsibility of the state for social integrity.

The French perspective on social exclusion has been contrasted with the liberal, Anglo-Saxon approach to the same concept, in which the notion of exclusion reflects discrimination and denied participation in exchange and interaction (Silver 1994). In addition to the French (“solidarity”) and the Anglo-Saxon (“specialisation”) paradigms, Silver (1994) also distinguishes the so-called “monopoly paradigm” of social exclusion, which is particularly important in Northern European countries. This view emphasises group monopolies and hierarchical power relations as sources of restrictions that result in exclusion.

While social exclusion became an issue of prominent policy focus in Britain in the late 1990s, the dominant approach to the understanding of the concept in the European Union still seems to draw more on the French tradition that is based on the “solidarity” paradigm. Thus, the main focus today is on the perception of social exclusion as a rupture of social bonds and an emphasis on the solidaristic nature of society (de Haan 2000). From the point of view of poverty analysis, such an approach – with its emphasis on the importance of social relations – relates closely to a broad perception of material conditions and to relative deprivation. Sen’s (2000) capability framework is a further extension of such a perspective given its emphasis on full membership of society as a key aspect of well-being, and its stress on the relational roots of deprivation.

1.3 Social exclusion as limited social inclusion

A slightly different perspective on social exclusion is offered by the social capital theory, which places less weight on different aspects of deprivation, and focuses more on participation and social networks. In this case social exclusion can be conceptualised as being in a state of limited embeddedness in social networks at the national, local and/or personal levels. Social networks are the interpersonal environments to which people of all ages belong and from which they derive a range of resources and supports as well as challenges (Litwin 1996). Social networks are facilitated by the social capital that is differentially available to individuals in society. The OECD defines social capital as “networks together with shared norms, values and understandings that facilitate co-operation within or among groups” (Keeley 2007, p. 103). The construct of social capital has also been seen to reflect “the array of social contacts that give access to social, emotional, and practical support” (Gray 2009, p.6).

Social capital is a multifaceted field that is built on two mutually dependent components: norms and networks. “Norms” refer to such factors as trust in

others, reciprocity, shared values and confidence in the institutions that govern daily life. In this sense, social capital can help to solve the problem of the provision of public goods. Among the various shared norms, values, and beliefs, one can note particularly locally oriented norms that have special relevance for social inclusion and/or exclusion: perceptions of the physical environment, accessibility to facilities in the area, satisfaction with one's area of residence and, conversely, fear of crime and disorder. "Networks", in turn, reflect the degrees of contact that one maintains with others, such as family, friends and neighbours, the extent of organisational participation and the availability of a wide range of support. Such networks function at the interpersonal level (micro), at the neighbourhood or community levels (meso) and at the governmental and institutional levels (macro).

Social capital bonds individuals within the micro and meso levels, facilitating local trust and reciprocity as well as fostering common identity, all factors which augment social inclusion. Social capital also functions to bridge between persons from different backgrounds and organisations, at the meso level, as a means to increase generalised trust and reciprocity, another facet that contributes to inclusion. Finally, social capital also links people from various walks of life with those who have the authority and the power to structure daily life in society and its management. In other words, social capital links citizens with functionaries from the macro level. Such linkage is necessary in order to bolster both individual and general confidence in governmental and professional institutions, which constitute yet additional key components of social inclusion.

1.4 Ageing and social exclusion

Given the developments over the life course that are associated with ageing, there are clearly a number of factors which make social exclusion, whether perceived from the point of view of multi-dimensional deprivation or from the perspective of the social capital theory, an important concept upon which to focus in the policy debate related to the demographic transition, that is, the ageing of populations.

For example, despite the progressing ageing of the European population, ageing, at the individual level, is associated with an increasing likelihood of labour market exit, retirement and old age pension receipt. This may go hand in hand with an increased risk of deprivation due to reduced household income. But retirees may also face an increased risk of social isolation due to loss of work-related social contacts – which, in turn, might result in accelerated cognitive decline (Börsch-Supan & Schuth 2013). Against this background, inclusive policies should target at keeping older workers in the workforce as long as pos-

sible. This could possibly comprise the effective abolishment of ageism – where existing – but also of incentives for early retirement and a promotion of life-long training programmes. On the other hand, old age is characterised by increasing frailty and dependence. Thus, old age material deprivation and social exclusion could particularly arise from de facto low replacement rates and an unmet need for care. Against this background, early retirement could be seen as a relief and low deduction rates as a measure to combat old age poverty.

Moreover, among older adults beyond retirement age, and especially among those in the fourth age (which is characterised by increasing frailty and dependence), the nature and the degree of social inclusion become increasingly complex issues. This is because older people are not currently considered to constitute intrinsically connected components of the structure and the function of modern society. Rather, the older adults of today are often marginalised, socially speaking, and old age itself is seen as a role-less period that largely lacks content and purpose. This perception is increasingly at odds with social reality against the background of population ageing and related demographic changes.

Thus it seems that, especially with respect to older individuals, the measurement and monitoring of “social exclusion” in a broad sense might have crucial importance from the point of view of the design of policies that are aimed to ensure improvements in the level of well-being. The extension of the SHARE survey in Wave 5 to address this critical area of enquiry facilitates a complex and comprehensive approach to the analysis of social exclusion among persons aged 50 and older. It also offers a unique opportunity to construct comparable measures of social exclusion among the populations of 15 European countries (including Israel).

1.5 Social exclusion and deprivation and their concomitants among older Europeans: an overview

1.5.1 Material deprivation and social exclusion – extending analyses using SHARE Wave 5

The first section, edited by Michał Myck, addresses conceptual and methodological aspects involved in the measurement of different dimensions of social exclusion. While social exclusion is an intuitive concept, it presents significant challenges with regard to convincing and reliable reflection of its nature in a way suitable for quantitative analysis.

The two opening chapters of this section examine the most important new items of the SHARE Wave 5 interview which are used in the subsequent analysis. Maja Adena, Michał Myck and Monika Oczkowska begin with detailed examination of the information contained in new measures of material deprivation. The analysis shows that these additional elements of the survey bring important insights to the understanding of material circumstances of SHARE respondents. The measures, which cover information on the ability to afford a number of important expenses, in a way bridge the gap between subjective assessment of material conditions expressed in questions about the “ability to make ends meet” and objective measures of income and wealth. The new items have important advantages in terms of international comparability, and are shown by the authors to provide additional information over and above the subjective measures of material conditions with regard to the relationship of material circumstances and well-being.

The second chapter in the section by Kimberly J. Stoeckel and Howard Litwin looks at another aspect of exclusion related to accessibility to important local services such as a grocery store, a pharmacy, the general practitioner and a bank. The authors find significant variation with respect to accessibility between urban and rural areas and show that only about ten per cent of older Europeans have poor accessibility to these services. There is evidence of substantial variation in accessibility within countries and differences between country averages, which seem to be due largely to the proportion of the 50+ population who live in rural areas and the socio-economic composition of the population. Accessibility correlates positively with well-being and there is evidence that this relationship is stronger among urban residents. This suggests a particularly important role of service accessibility in cities and points towards significance of urban planning policy in determining the quality of life of older individuals.

The third and fourth chapters are authored by Marco Bertoni, Danilo Cavapozzi, Martina Celidoni and Elisabetta Trevisan. The authors focus on developing aggregate measures of material deprivation, which combine affordability items discussed in the first chapter in this section with other indicators of material well-being available in SHARE into a single index. An important aspect of this analysis is the sensitivity of the developed indices to different approaches with regard to weighting every element of a particular index. This is done using three distinct types of weights in chapter three. The authors reach the conclusion that while results in absolute terms are sensitive to the specific method used in the aggregation process, the chosen approach does not affect the country rankings with regard to the level of deprivation. They thus propose to apply the so called hedonic weighting in the derivation of the measure which is subsequently used in other chapters in this volume. This method, which is based on the relationship

of specific deprivation items with life-satisfaction measures, has the advantage that it can be applied for all countries in the SHARE sample. Using this approach the authors develop a material deprivation index in the fourth chapter of this section and validate it by examining its relationship to other measures of material well-being. They find substantial cross-country variation in the values of the index with lowest levels of material deprivation in Scandinavian countries and highest in Southern Europe, Slovenia and Estonia. Material deprivation is lower for higher educated individuals and decreases with age but is higher among those in poor health, respondents living in rural areas and older people living on their own.

In the fifth chapter of this section Michał Myck, Mateusz Najsztub and Monika Oczkowska propose an index of social deprivation and analyse it jointly with the material deprivation index from the fourth chapter. The social deprivation index is built using a similar approach to that used for the aggregate material deprivation measure and combines information on such characteristics as reading and writing skills, evaluation of local neighbourhood and the accessibility items examined by Stoeckel and Litwin in the second chapter of the section. The authors show that, unlike material deprivation which seems to decline with age, social deprivation is higher among those aged 65+ compared to the younger group aged 50-64. The two dimensions of deprivation, material and social, are combined into a measure of “severe deprivation” which is treated as an indicator of risk of two-dimensional social exclusion. Estonia, Israel and Italy are found to be the countries with the highest proportion of older individuals at risk of social exclusion. The indicator of social exclusion is strongly correlated with poor health and with hearing and eyesight impairments. It is lower among those with higher education and among households with income from work or retirement pension.

In the final chapter of the section Mateusz Najsztub, Andrea Bonfatti and Dominika Duda examine the material and social deprivation indices developed in earlier chapters against a number of macroeconomic indicators. The indices are set against national income per capita, income inequality and poverty rates as well as policy related measures regarding public expenditure on healthcare and social protection. Both material and social deprivation strongly relate to national income and inequality. However, while material deprivation correlates with the official levels of poverty rates among the 65+, no such correlation is found for social deprivation. This suggests that in attempts to address the problem of social exclusion non-material aspects of deprivation ought to be given more specific consideration by policymakers, and the potential policy measures should go beyond the narrow focus on incomes and material well-being. The authors also stress the importance of policy in the areas of social protection and healthcare

– countries with higher proportion of spending in these areas to GDP show substantially lower levels of material and social deprivation.

1.5.2 Deprivation and social exclusion: sources and implications

The second section, edited by Thorsten Kneip, opens the more content-oriented part of the book. The chapters in this section reflect on various possible sources and implications of different facets of social exclusion. It already gives an outlook on the scope of the following sections, which have a more in-depth look on social cohesion, employment, and health and health care.

Marco Bertoni, Martina Celidoni, and Guglielmo Weber open the section with an analysis of the social consequences of hearing impairment, a very common sensorial deficit among older people. Their study sheds some light on the reported association between hypoacusia and conditions like depression, functional limitations, and cognitive impairment and considers the potential mediating role of social exclusion in this relationship. Based on a longitudinal analysis of data from SHARE Waves 4 and 5, they find that the onset of hearing loss is accompanied by increased feelings of social exclusion and, to a lesser extent, also to reduced actual social participation. In fact, changes in social participation appear to be restricted to the oldest old and those with initially large social networks. Including previous evidence on the adverse effect of social isolation on mental health, the reported findings support the notion of feelings of exclusion and reduced social participation acting as pathways through which hypoacusia may affect.

The following analysis by Roméo Fontaine, Maribel Pino, Marine Jean-Baptiste, Aurore Philibert, Nicolas Briant, and Marie-Eve Joël makes use of the social deprivation measure developed in chapter six of this volume and offers a look on the risk of social deprivation and on the need for social support of older adults facing cognitive or physical limitations. A special feature of the analysis is the cognitive limitations measure employed, which has been developed to serve as a predictor for dementia in the absence of a clinical diagnosis. The authors find that cognitive and physical limitations seem to be similarly predictive risk factors for social deprivation. At the same time, cognitive and physical limitations are both related to the utilisation of formal and informal help from non-co-residents. Unlike older persons with physical limitations, those cognitively impaired or demented appear to be more dependent on constant help by a co-resident and are thus found to less likely live alone.

In the next chapter, Hannes Kröger and Rasmus Hoffmann elaborate on how the interplay of individual health and contextual economic factors may unexpect-

edly affect labour market outcomes – a central component of inclusion. Specifically, they investigate how poor health and a decline in employment are related to a discrepancy between the planned and the actual exit from the labour market. Using data from all available SHARE waves, they find that a decline in employment leads women to adjust the expected start of their pension payments more strongly than men. Further, women's ability to realise their plans is found to be considerably impeded by poor health and particularly so during an employment crisis. Healthy men and women appear to be similarly affected by employment decline. However, unlike men, women in poor health are found to be particularly affected. In other words, among the older workforce, women in poor health are the first ones to drop out of the labour market in the face of an employment crisis.

Stefan Listl and Hendrik Jürges investigate social inequality patterns in oral health, as measured by number of teeth. They argue that tooth status is a relevant marker of health and a useful measure to detect pathways between socio-economic status, health, and general well-being, particularly in older adulthood. Based on the SHARE data, the authors can show that oral health decreases steadily with age and differs substantially across countries. More interestingly, oral health is found to vary across countries with respect to level of average deprivation and within countries according to household income. Furthermore, their findings suggest that inequalities in oral health are partially attributable to treatment costs and associated dental attendance patterns, to a large extent in some countries, to a lesser extent in other countries. However, no clear geographical pattern or clustering according to welfare state regime could be detected.

Fabio Franzese, in his chapter, addresses the health-poverty and looks how different concepts of poverty are related to physical and mental health. One of the findings from this study is that it makes a difference whether income poverty or a broader measure of material deprivation, like the ability to make ends meet, is chosen. Particularly mental health is found to be more strongly correlated with deprivation than with income poverty, both in a cross-sectional and a longitudinal perspective. A second central finding is that poverty or deprivation appear to affect mental health, but not physical health when effectively controlling for time-constant unobserved confounders in a longitudinal analysis. Taken together, the findings suggest that, while cross-sectional results usually yield overestimated effects of poverty on health, there seems to be an effect on mental health. On the other hand, focusing on objective income-based measures of poverty instead of broader measures of deprivation might lead to an underestimation.

The closing chapter of this section, written by Kimberly J. Stoeckel and Howard Litwin, provides a nice transition to the next section. Based on the premise that socially cohesive neighbourhood environments facilitate social inclusion whereas deprived neighbourhood environments indicate social exclu-

sion they look at the interplay of social cohesion and neighbourhood deprivation in explaining older people's well-being. According to the authors, most older Europeans, irrespective of their country of residence, live in environmentally satisfactory neighbourhoods and have socially cohesive relationships with their neighbours. However, there are within-country differences in social cohesion and residents of socially cohesive neighbourhoods are found to report greater life satisfaction. Moreover, this is particularly true for those living in otherwise deprived neighbourhoods. The findings suggest that social ties become even more important for the subjective well-being of older people when they reside in otherwise deprived neighbourhoods.

1.5.3 Inclusion and social cohesiveness

The third section, edited by Howard Litwin, considers the extent and the concomitants of social inclusion among older Europeans mainly from the social capital perspective as described above. A state of social inclusion can be said to exist if people feel valued within the society in which they live, their basic needs are met and their differences, if there are any, are respected. A more proactive version of this same concept sees social inclusion as the actual undertaking of means by which to improve the conditions and the options for participation in society among individuals who may not be fully participating due to any number of reasons. The notion of social inclusion, therefore, reflects both a sense of social solidarity and a feeling of mutual responsibility as well as an active agenda to enhance, enlarge or otherwise augment the involvement of people in their social and inter-personal environments.

The converse of social inclusion is the extent to which social disadvantage and marginalisation reigns in a given society. Exclusion is a process by which certain individuals or entire communities of people are relegated to the fringes of society, denied access to basic rights and needed services, and prevented from integrating into the larger social fabric. This process can lead to profound alienation on the part of those excluded as well as to diminished prospects of prospering, whether personally or collectively. From this point of view, social inclusion can also be conceptualised as the absence of exclusion.

Christian Deindl and Martina Brandt open this section with an analysis of exchange patterns between older parents and their adult children. The exchange of time and money across generations can be said to reflect a state of inter-generational solidarity and, consequently, inter-generational inclusion. The analysis looks specifically at the effects of social exclusion on social exchange between the generations. The investigators find that socially excluded individuals exchange

less time and money than those who are socially included. This may lead to the older generation's losing its support function and potentially becoming a burden on the children (or on the state). Moreover, they reveal that countries with more developed welfare systems and those with lower social inequality are linked to higher levels of intergenerational exchange.

In the next chapter in this section, Sharon Shiovitz-Ezra examines the extent of loneliness among Europeans aged 50 and older. Loneliness is a marker of perceived social exclusion, while its absence underscores an increased sense of inclusion. The analysis reveals that loneliness is more prevalent in Southern and Eastern Europe than in Northern and Western European countries. The researcher also finds that loneliness is related to neighbourhood quality, and particularly to the social cohesion that exists at the neighbourhood level. Moreover, although neighbourhood quality and social cohesion are important among older adults in general, Shiovitz-Ezra shows that they are most important in relation to loneliness among the old-old. These are the very individuals who are most at risk of frailty and those who are most potentially in need of support.

Melanie Wagner and Martina Brandt combine these two important topics, exchange and loneliness, in their study of the association between caregiving and social inclusion in Europe. They consider, in this regard, whether adults who serve as the caregivers of disabled or otherwise frail older people feel lonelier than do persons who are not actively engaged as caregivers. Their findings underscore that caregivers aged 50+ do indeed feel lonelier than non-caregivers of the same age. They also reveal that the loneliness gap between those who provide such informal long-term care and those who do not differs across countries. Nevertheless, such heightened loneliness among the caregivers of frail older adults is lessened by the availability of formal care services.

The topic of elder care is also addressed in the chapter by Andrej Srakar, Maša Filipovič Hrast, Valentina Hlebec and Boris Majcen. Their study adds the component of formal care to that of informal care and ponders whether social exclusion is related to the absence of both (formal and informal care), a condition that they describe as “unmet need for long-term care.” The results of their analysis provide evidence that the level of social exclusion in the respective countries is indeed related to the extent of unmet long-term care need. Moreover, the magnitude of this association differs across countries. Specifically, countries in the Eastern European welfare regime show a stronger link between social exclusion and unmet long-term care need than is the case in countries that are characterised as having continental and social democratic welfare regimes.

The next chapter is the one by Christian Hunkler, Thorsten Kneip, Gregor Sand and Morten Schuth. They report on a study that considers whether people who migrated to their present country of residence in Europe (or whose parents

did) are less socially included today compared to their native born counterparts. Among the 21 per cent of persons aged 50 and older in the SHARE countries with a migration background (i.e. either they or at least one of their parents migrated), it seems that the first generation migrants are indeed the least included, whether materially or socially. Those whose parents migrated are also somewhat less included within the social fabric of their new countries compared to the native born, but only minimally so.

The final chapter in this section, written by Liudmila Antonova, Luis Aranda, Enkelejda Havari and Noemi Pace, considers social mobility among older Europeans. Their analysis compares current difficulties in making ends meet among the SHARE respondents to the extent of social and material deprivation that they experienced in their childhood, as a means for tracing mobility over time. They find that the lowest degree of mobility of any kind is observed in Spain and Italy. In terms of material deprivation, the populations in Denmark, Sweden, the Netherlands and Luxembourg have been the most socially mobile. In relation to social deprivation, on the other hand, Denmark and Germany seem to have provided its residents with the best opportunity to advance oneself, socially.

1.5.4 Employment, social inclusion and social protection

It is not by chance that the EU Commission's DG EMPL, as this directorate general is abbreviated, carries both employment and social inclusion in its full name, and covers many aspects of social protection. Except for those who are born with a silver spoon in their mouths, employment is the essential path to social inclusion for a society. From a sociological point of view, employment has an anchoring function which integrates workers into society while unemployment is often connected with social exclusion. From an economic point of view, employment is essential to finance our social protection systems which prevent poverty due to old-age or disability.

This section, edited by Axel Börsch-Supan with a lot of support by Thorsten Kneip, exploits the richness of the SHARE data to draw connections between several aspects of work and employment on the one hand and social and economic inclusion on the other hand. The papers show how living standards, assets, education, work conditions and policy intervention are influencing the interaction between employment and social inclusion. We thus observe a complex set of interactions and associations which should be interpreted quite carefully when causal attributions are concerned.

Andrea Bonfatti, Martina Celidoni and Guglielmo Weber begin this section by investigating the role played by assets to support the living standard of the (more

affluent) older population. They exploit the longitudinal dimension of the SHARE data and the fact that SHARE covers the most important years of the Great Recession: they analyse whether and how those households who were financially distressed in Wave 4 coped with their financial problems by liquidating their assets, real and financial, between Waves 4 and 5. Social inclusion comes into play as a resource of informal support which, as the paper shows, indeed reduces the probability of falling into financial distress.

Flavia Coda Moscarola, Anna Cristina d'Addio, Elsa Fornero and Mariacristina Rossi look at the same interaction between assets and living standards from a different angle. For most households, owner-occupied housing is the largest asset. They argue that a more efficient use of this housing wealth could protect a relevant segment of the older population from the risk of low living standards. Among the instruments that could be used to convert housing equity into cash, they point out that reverse mortgages have the advantage, at least for those households whose housing wealth is considerable relative to their income, of allowing the elderly to continue to live in their home thus maintaining the familiarity, memories and affective links, which are essential elements of social inclusion.

The next three papers take a direct look at the relation between employment and social inclusion. Mauro Mastrogiacomo and Michele Belloni start with the observation that those who work in an organisation, firm or institution, are typically more socially included than those who do not. So what happens when they are dismissed? They argue that transitions into self-employment could be a good option to get back into work if these workers do not find wage employment if – and this if is the main question of this paper – they indeed end up in a satisfying business. Looking at transitions from wage to self-employment, they find that those who shift into self-employment are the more motivated individuals who actually manage to maintain social inclusion. Hence, they conclude, social exclusion is not a likely outcome of shifts into self-employment later in life.

Michele Belloni, Agar Brugiavini, Elena Meschi and Giacomo Pasini investigate whether participation in training helps keeping older workers in employment. They look at training in Wave 4 to see whether this has precipitated changes in labour market status in Wave 5. Indeed, they find that those individuals who took part in training activities in the year prior to the Wave 5 interview are significantly less likely to leave the labour market. Training older workers may therefore prevent them from being exposed to the risk of poverty and social exclusion because training reduces human capital depreciation. Going one step further, the authors conclude that this also reduces the probability of lower pensions and/or early retirement and therefore material and social deprivation in old age.

The third paper on the link between employment and social inclusion takes both methodologically and substantively a very different angle. As opposed to

most other papers in this “First Results Book”, the paper by Axel Börsch-Supan, Benedikt Alt and Tabea Bucher-Koenen is not based on international comparisons across the SHARE countries but advertises a special feature of the SHARE data in some countries which SHARE wants to expand in the future, namely record linkage to administrative data. Such data is produced by internal processes, e.g. in social insurances, especially public pension systems. In terms of substance, the paper investigates whether the new early retirement pathway introduced in Germany has reached its aim to provide less privileged workers with relief from unhealthy work. The administrative data identifies the eligibility to this new form of early retirement while the SHARE data offers data on the household context, education and very detailed health measures. Their results may surprise: beneficiaries of the reform are not the underprivileged as claimed by the government. They actually have a higher average net household income, and there is no evidence that they are more often ill than non-beneficiaries. In fact, the opposite appears to be the case.

The final paper in this section by Danilo Cavapozzi, Elisabetta Trevisan and Guglielmo Weber investigates how the use of Personal Computers at work and PC literacy interrelates with job satisfaction and the intention to take early retirement, exploiting the new variables on the use of computer at work and the self-reported PC literacy included in the Wave 5 questionnaire. Their estimates show that individuals who have high PC skills and a job that requires the use of a PC are more satisfied and less likely to desire to retire as soon as possible compared to workers with low PC skills whose job requires using a Personal Computer.

1.5.5 Health and health care

The final section, edited by Guglielmo Weber, addresses some issues that are of particular interest to economists, social scientists and policy makers: the demand for and access to health care and long-term care to the ageing population.

Access to health care is the subject of the chapter by Tur-Sinai and Litwin on the reasons why older adults forego doctor visits, and the chapter by Jürges, that investigates the role played by health insurance. Inadequate health care provision may explain social gradients in health that are documented in Croda's chapter on pain and in Bohacek et al.'s chapter on the educational gradient in mortality. Provision of – and access to – long-term care are addressed in the remaining chapters.

The chapter by Aviad Tur-Sinai and Howard Litwin reports that a small but important minority of older adults forego doctor visits due to their cost and/or because of lengthy waiting time. Forgone health care is found to be related, first and foremost, to having limited financial means.

In a related chapter, Hendrik Jürges investigates income-related inequity in access to health care along three important dimensions: Subjective unmet need, catastrophic out-of-pocket expenses for health care, and satisfaction with basic health insurance coverage or the coverage in the national health system. He finds that insufficient access and lack of insurance coverage are most prevalent in poorer countries with low health care expenditures and in countries with large income inequalities. He also reports that there is an important socio-economic gradient in health insurance coverage and access to care in almost all countries and argues that this may contribute to social inequalities in health status.

In her chapter, Enrica Croda notes that chronic pain has an important impact on peoples' lives and is a fundamental dimension of well-being. She finds that significant fractions of the 50+ population are troubled by pain – women more than men, older individuals more than younger individuals. She reports the existence of a strong association between pain and social exclusion, measured by material or social deprivation. Her findings point to the need for public policy intervention promoting pain prevention and management strategies addressing the most vulnerable groups of the population.

Radim Bohacek, Laura Crespo, Pedro Mira and Josep Pijoan-Mas investigate the extent of long-term socio-economic inequality in health outcomes by computing survival rates as a function of age, gender and educational attainment across different European countries. Education may play a direct role in an individual's ability to access health care services and avoid behavioural risks, but the authors are more interested in its role as a measure of life-time socio-economic status. They find that lower education is associated with higher mortality rate, but the mortality-education gradient varies a lot across countries. In particular, Eastern European countries have a much more pronounced gradient than Northern and Southern countries – suggesting that the social insurance provided by the state (in the north) and by the family (in the south) have been effective in promoting access to health care. The gradient is also smaller for women than for men, but not in all countries.

The remaining chapters in this section investigate the highly policy relevant topic of long-term care: in fact, the combination of increased longevity and decreased fertility raise doubts about the ability to meet the increasing demand for long-term care services in the years to come. Anne Laferrère and Karel Van den Bosch analyse the data on long-term care needs (defined on the basis of missing abilities to carry out activities of daily living, ADLs and IADLs) and find that older people needing long-term care are more likely to suffer from both social and material deprivation than those without such needs. They also find that older people in countries where the responsibility for long-term care is mainly placed upon families are more likely to have unmet needs for care than their counter-

parts where the government takes on a larger part of the responsibility. For people requiring care, unmet need is associated with material and social deprivation, but at high levels of need, the association is only with social deprivation.

Ludovico Carrino and Cristina Elisa Orso focus on public home-based programmes of long-term care for older adults. They explore the determinants of access to formal home care taking into account the institutional regulations for public LTC programmes, which allow them to label individuals as “eligible” or “non-eligible” to in-kind/in-cash benefits, according to their medical status. They investigate potential “failures” of LTC programmes, which arise when vulnerable individuals who are legally entitled to receive formal service, do not receive any or when, conversely, individuals make use of home care even though they are not eligible for it. They find that eligibility matters and differs across countries and that education plays a crucial role in determining the access to formal home care for eligible individuals.

The two final chapters of this section investigate the role of private long-term care insurance policies in meeting the demand for long-term care by older adults in Europe. Tabea Bucher-Koenen, Johanna Schütz and Martin Spindler notice that relatively few 50+ Europeans hold private long-term care insurance (LTCI) policies – only in some countries (France and Israel) policy holders are not a small minority. These large country-specific variations in LTCI coverage rates are mainly related to differences in the institutional design of long-term care provision. By using the data from countries where LTCI markets are more developed they are able to estimate the determinants of demand for this type of insurance policy. They find that education, income, widowhood, good subjective health status and chronic conditions are positively related with the demand for LTCI policies. They also find that low LTCI coverage in other countries is not explained by lack of demand, rather by factors affecting supply.

Eric Bonsang and Jérôme Schoenmaeckers investigate one such factor, which is the role played by the family in meeting the demand for long-term care by older adults. In particular, they ask whether the availability of potential caregivers substitutes for long-term care insurance. In their analysis they find that children, especially daughters, play an important role in the supply of informal care, and that the availability of potential informal caregivers decreases the probability of purchasing private voluntary long-term care insurance. They argue that since the burden of care can have adverse effects on multiple dimensions of health and labour market outcomes of the caregivers, public policies should encourage the purchase of voluntary long-term care insurance by tax incentives, or even making this type of insurance mandatory.

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