



DATI ALLA MANO

I PODCAST

ASPECTS OF ECONOMIC HARDSHIP

There are different factors that can be seen as the cause of the living conditions of people and families. And economic hardship can stem from discontinuous work, or from a single income that supports a family with minor children, or from an unexpected expense that cannot be afforded because daily needs have not allowed for any form of saving. And then there is inflation eroding purchasing power, and wages trying to catch up without reaching it. In short, there is more than one situation that, from an economic point of view, can represent a complication.

I am Cristiana Conti and this is Dati alla mano (Data at Hand), a podcast by Istat, the National Institute of Statistics, where I work in the Directorate for Communication, Information and Services to Citizens and Users. This initiative is part of a public communication project. In this episode we talk about different aspects of economic hardship. We try to understand what is meant by risk of poverty and social and material deprivation and we see how Italy compares to other European countries in this regard.

There is a project of the European Union called EU-SILC, a soft-sounded name but related to very concrete things: income and living conditions. A regulation defines the indicators to be collected in the 27 Member States and which represent one of the main data sources on which the European Union relies to produce its regular reports on the social situation and the spread of economic hardship in these countries. Through Istat, Italy takes part to this report with its annual survey on 'income and living conditions of households'.

The most recent data, from 2024, do not tell us exactly good things about our country, because they tell us that over 13 million and a half people – that is, more than a fifth of residents in Italy - are at risk of poverty or social exclusion. But what does that mean exactly? What situations determine this condition?

I asked Stefano Gerosa, an Istat expert on this subject.

Cristiana. Welcome Stefano.

Stefano. Thank you, hello everyone.

C. What does it mean to be at risk of poverty or of social exclusion?

S. Well, it is a composite indicator, meaning it is a synthesis of different indicators, three to be precise: the risk of poverty, severe material and social deprivation, low employment intensity.

C. So we are talking about the sum of these different situations of hardship, which are not necessarily experienced by the same people, can we say that?

S. Yes, but in general, 23.1% of those residing in Italy experience at least one of these situations.

C. I understand. Shall we go into detail about the three indicators? Shall we start with the risk of poverty?

S. Okay. We consider people at risk of poverty who live in households that, in the year prior to the Primary survey, had a net equivalent income below 60% of the median income.

C. Wait, what does net equivalent income mean?

S. It means we divided the household's net income by a coefficient that varies according to the number and age of its members. This allows us to compare households of different sizes and compositions.

C. And what does median income mean?

S. It means that if we line up the incomes of all families living in Italy, the median income is the one that divides the line into two numerically identical parts.

C. And how many people are in this situation, meaning they have less than 60% of this median income?...by the way, how much is it?

S. It amounts to 12,363 Euro, just over a thousand euros per month, for a single-adult household; then, as I mentioned, coefficients are applied for different types of households, also to account for scale economies, meaning this figure is not simply multiplied by the number of members. And in any case, in 2024, approximately 11 million people lived in this condition, that is, at risk of poverty, and this figure is stable compared to the previous year.

C. What does severe material and social deprivation consist of?

S. It consists of showing at least seven out of 13 identified indicators and agreed upon at European Union level.

C. 13 indicators, that's a lot, can you tell us something about them?

S. Yes, there are six household-level indicators, for example, not being able to afford an unexpected expense or not being able to adequately heat the home, and there are other seven indicators related to individuals, such as not being able to afford an internet connection or two pairs of shoes in good condition. People with at least seven of these indicators, a combination of household and individual ones, are considered to be in a situation of severe material and social deprivation.

C. And how many people are in this situation?

S. Just over 2,700,000. This figure is also stable compared to 2023.

C. The third indicator is low employment intensity. Can you explain what that means?

S. It means being between 18 and 64 years old and living in families whose members worked less than one-fifth of the time potentially available in the year preceding the survey. And in this case, the number of people living in families with low employment intensity increased if compared to 2023: just over 3,870,000. They have increased particularly among single people under 35 and single-parent families.

C. And I imagine that some of these people find themselves in more than one of the three conditions we said before.

S. For sure, almost a quarter of the population at risk of poverty or social exclusion, or more than 3 million people, show at least two conditions of hardship at the same time, and more than half a million people present all three conditions.

C. Is the proportion of people at risk of poverty or social exclusion homogeneous across the territory?

S. No, in the North-East we have the minimum proportion: 11.2%, and in the South the maximum proportion: 39.2%.

C. A strong difference! But how do we compare to other countries at a European level?

S. Well, we don't yet have the 2024 data for all 27 Union countries, so I cannot tell you if we are above or below the European average. However, we can compare Italy with some countries that have already released their data, as we did.

C. And what is the situation?

S. Unfortunately, at the moment we are in the high range, meaning among the countries where the proportion of people experiencing hardship is most important. Bulgaria, Romania, Spain, and Latvia are doing worse than us, while among the countries doing better than us we find Germany, Belgium, Luxembourg, Denmark, Sweden, and the Netherlands.

C. But, as you said, we don't have everyone's data.

S. No, but we have those for 2023. And in that case, the European average was 21.3% while our share stood at 22.8.

C. So we were in a worse situation than the average. By the way, how are we doing, instead, in terms of inequalities?

S. Let me explain it in these terms: imagine dividing families into five groups according to the availability of their income amount. In 2023, the first group, the wealthiest families, had five and a half times the income of the least wealthy families, those in the last group.

C. A huge difference! And compared to the previous year?

S. The gap between the richest and the poorest has increased. Slightly, but it has increased. Then, to assess the trend of inequalities, we have the Gini index, which is the most used system in Europe.

C. And what does the Gini index tell us?

S. The same thing, that inequalities have increased. At a territorial level, they only decreased in the Northeast.

C. I also wanted to address another topic: work that does not protect against economic hardship.

S. It's true, employment income does not always eliminate the risk of poverty for the worker and their family.

C. Why does this happen?

S. The causes can be discontinuous work or a low wage. But also a large family to support for a single income earner.

C. I understand. But considering low-income workers, how many are there in our country?

S. 21% of the total. The risk of being a low-income worker is higher for women, for young people under 35, for foreigners, and for those with low education.

C. Thank you Stefano for explaining these data to us. See you next time!

S. Thank you, and goodbye.

(short interview recorded)

As we have seen, the gap between the wealthiest and poorest segments of the population tends to increase, even if only slightly. And having a job does not always protect against the risk of financial difficulties. Compared to other European countries, Italy is in the country group with the highest proportion of individuals living in difficult situations, while the number of people asking for loans or financial assistance appears significant.

I am Cristiana Conti and this was Dati alla mano (Data at Hand), a podcast from the National Institute of Statistics.

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Are there any topics you would like to explore further? Write to me at the address: datiallamano@istat.it.

Stefano Gerosa, Gabriella Donatiello, Paolo Consolini, Maria Giuseppina Muratore, and Francesco Gosetti worked on this episode.