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## A Review of Economic Insecurity

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## Abstract

Economic insecurity has become an increasingly prominent topic in economic research, but there remains little agreement on how it should be defined and quantified. This review seeks to consolidate existing research and clarify the current state of knowledge, focussing on individual-based measures of economic insecurity, their determinants, and their effects. Our assessment is that the field has evolved from single-source indicators to sophisticated, multi-dimensional models, yet a unifying framework remains elusive. This stems from a persistent conceptual trade-off between axiomatic rigour, operational implementation, and the challenge of integrating the dynamic nature of risk with data availability.

Rather than seeking a single "best" indicator, this review categorizes specific metrics according to distinct research objectives. By clarifying the trade-offs inherent in different measurement strategies, the paper provides a roadmap for future research to align empirical tools more effectively with the specific nature of the insecurity under study.

**Keywords:** Insecurity, Uncertainty, Risk, Income, Wealth

**JEL Classification:** D15, D31, D63

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# 1 Introduction

Economic insecurity as a phenomenon to be addressed by policy makers is well defined in Article 25 of the United Nations’ Universal Declaration of Human Rights (1948)<sup>1</sup>, and has been studied by researchers in social science and economics for decades. Nonetheless, its measurement remains fragmented and inconsistent across studies, in sharp contrast with the extensive literature on related concepts such as poverty and inequality. Understanding economic insecurity is crucial, as it has far-reaching consequences for individual and societal outcomes. At the individual level, research shows that economic insecurity reduces investment in education [Stiglitz et al. 2009], lowers consumption [Linz and Semykina 2010], affects reproductive decisions [Ciganda 2015]; [Busetta and Vignoli 2019] and mental health [Kopasker et al. 2018, Bossert and D’Ambrosio 2024]. Beyond the relevance at the individual level, insecurity also shapes political preferences and trust: recent studies indicate individuals experiencing economic insecurity are more likely to show lower political trust [Wroe 2016], adopt right-leaning views [Bossert et al. 2022] and support populist movements [Margalit 2019, Guiso et al. 2024], hence affecting how societies are ruled. Economic insecurity also has important macroeconomic implications. Income volatility directly affects housing demand [Haurin 1991], while labour market transformations [Berton et al. 2012], subcontracting [Heery and Salmon 2000], globalization [Mau et al. 2012], and automation [Frey and Osborne 2017, Nedelkoska and Quintinie 2018] exacerbate it. In turn, at a macroeconomic level rising insecurity can increase unemployment and slow output growth, creating a cycle of deteriorating macroeconomic conditions [Rohde and Tang 2018]. Authors have also highlighted the relationship between insecurity and inequality [Gallo and Pacei 2020], as well as the role of social security systems in mitigating it [Cantó et al. 2023]. International organizations and policy makers have stressed the importance of studying economic insecurity in order to design policies that enhance individual well-being [OECD 2023].

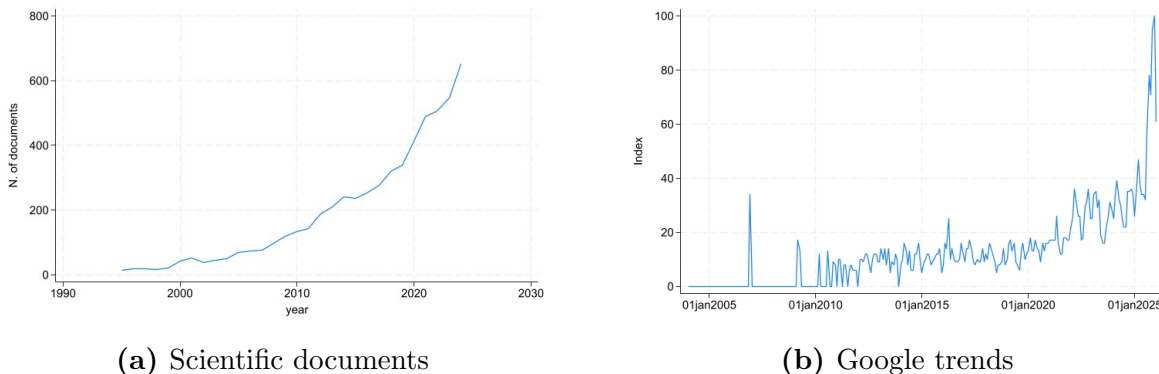
Despite the extensive evidence on its consequences, there is no consensus on how to measure economic insecurity.

As the interest of researchers and the general public for the phenomenon has grown fast in recent years (see figs. 1a and 1b), so have the methods used to capture and explain it. Existing measures vary in scope, methodology, and conceptual underpinnings, which limits comparability between studies. Given a growing literature, this paper provides an assessment of the current status, presenting common themes and differences among the most relevant approaches and identifying gaps in the field.

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<sup>1</sup>Article 25 (1) states “*Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.*”

**Figure 1:** Economic insecurity across sources



N. of documents published in [Scopus](#). Search query: "economic insecurity" within the subject areas "Social Sciences" and "Economics, Econometrics and Finance."

Worldwide Google Index for "economic insecurity".

The review paper is structured as follows: Section 2 discusses the conceptual foundations of economic insecurity; Section 3 discusses the methodological challenges involved in its measurement and presents the main indicators used in the literature; Section 4 reports the main determinants of economic insecurity; finally Section 5 concludes and outlines directions for future research.

## 2 Conceptual Evolution

Researchers have conceptualized economic insecurity as a realized experience of adverse events, a forward-looking perception of risk, or a combination of both aspects.

In one of the first discussion papers looking at economic insecurity, [Osberg \[1998\]](#) defined it as *"the anxiety produced by a lack of economic safety, i.e. by an inability to obtain protection against subjectively significant potential economic losses."*

[Bossert and D'Ambrosio \[2013\]](#) add to the anxiety dimension the anticipation of the difficulty of recovering from the adverse economic events. [Berton et al. \[2012\]](#) describe economic insecurity as the condition of having insufficient resources to maintain an adequate standard of living in the present and in the future. The multidimensional nature of the concept is stressed by the [OECD \[2023\]](#), demanding that measurement accounts for financial, labour market, and health vulnerabilities simultaneously.

The conceptual ambiguity arises mainly from three elements:

- *the anxiety dimension*: inherently difficult to quantify subjective anxiety in economics requires researchers to choose between direct elicitation (subjective measures) or objective proxies (measures that track events expected to cause anxiety);
- *the multidimensional nature*: economic losses can arise from multiple, poten-

tially correlated and reinforcing sources (e.g., job loss, high debt burden, lack of healthcare access), making the construct difficult to fully quantify with a single indicator;

- *the dynamic aspect*: reference is made to both the current insufficiency of resources and the difficulty of recovering from adverse economic events in the future.

Hence, the complex nature of economic insecurity demands not only conceptual clarity but also methodological innovation —approaches capable of capturing its evolving character over time and accounting for the diverse sources of economic risk.

In the absence of a unified definition, empirical studies have been forced to adopt varying theoretical frameworks, each capturing only a partial aspect of the broader phenomenon. This lack of consensus translates directly into several fundamental measurement choices that researchers must navigate. The first of these relates to the unit of analysis. While insecurity is inherently an individual condition, scholars like [Western et al. \[2012\]](#) emphasise that individuals operate within household structures. This approach accounts for intra-household risk pooling, where joint labour supply and shared financial resources can either mitigate or amplify shocks. On the other hand, contributions such as [Rejda and Haley \[2004\]](#) and [Osberg and Sharpe \[2014\]](#) have studied economic insecurity at an aggregate macro-level focusing on risk arising from macroeconomic conditions and the institutional capacity of the welfare state to absorb such risks.

Another layer of complexity in measuring economic insecurity is linked to the temporal nature of the concept. Conceptually, insecurity is forward-looking, and concerns future hazards realizations. However, in practice, measures often rely on backward-looking data —such as past income volatility or realized losses— under the assumption that an individual’s current level of security is shaped by past experience, or that the past serves as a reliable proxy for future insecurity [[Bossert and D’Ambrosio 2013](#), [Bossert et al. 2022](#)].

Furthermore, the literature struggles to reconcile levels and changes in available economic resources. Insecurity is not merely a matter of sudden downward shocks; in fact a constant stream of inadequate resources or an insufficient upward trend can equally signal a lack of economic security. This leads to the distinction between absolute and relative measures. Absolute measures (expressed in units like dollars or probabilities) quantify the specific magnitude of risk, whereas relative measures normalize these assessments against a reference population. While relative measures allow for cross-country and cross-group comparability, they can be misleading during widespread crises when resources are reduced for everyone. Under these circumstances, a relative measure might suggest that individual insecurity remains unchanged, masking

the true scale of the hardship.

While economic insecurity is connected with other socio-economic issues, it has to be distinguished from concepts like inequality, poverty, social mobility, and income volatility. Unlike inequality or social mobility, which are distributional measures defined at the population level, insecurity is an individual state. While poverty and inequality describe a current state of deprivation or distribution of resources, insecurity captures the dread of future adverse events. Furthermore, while income volatility and social mobility share insecurity’s dynamic nature, they are retrospective measures of past events; insecurity, by contrast, is defined by the risk of what is yet to come.

Ultimately, the complex nature of economic insecurity forces researchers to face multiple trade-offs: choosing between micro- and macro-level indicators, weighing historical fluctuations against future risks, and deciding whether to define insecurity in absolute or relative terms.

To provide a structured path through these competing frameworks, the following sections categorize the literature into three primary measurement approaches: subjective measures derived from self-reported survey data; objective measures based on observed resource changes and/or realized economic shocks; and mixed measures that integrate both perspectives.

### **3 Measurement of economic insecurity**

Osberg [1998], in one of the earliest efforts to formalize the concept of economic insecurity, defines it along four key dimensions inspired by Article 25 of the United Nations’ Universal Declaration of Human Rights (1948): sickness, old age, unemployment, and widowhood. He emphasises the importance of incorporating both subjective and objective approaches to measurement. Economic insecurity should be grounded in people’s subjective experiences —capturing how insecurity feels and why it matters— while also being constructed from objective indicators that reflect actual exposure to economic risks. The following subsections provide an overview of the main studies in each category.

#### **3.1 Subjective measures of Economic Insecurity**

Empirical efforts to measure economic insecurity have often focused on eliciting the “anxiety dimension” directly through self-reported expectations and perceptions in survey data. By definition, these measures are forward-looking; they rely on respondents’ internal assessments of their future prospects and the anxiety generated by potential economic hazards.

Dominitz and Manski [1997] pioneer the use of subjective probabilities via surveys to gauge perceived risk of adverse events like unemployment, physical unsafety, and loss of healthcare access. Mau et al. [2012], on the other hand, focus on perceived financial insecurity and exclude safety-related risks. More recently, van Wijk and Billari [2024] explore related concepts across a wide range of countries worldwide to capture perceptions of job security, personal economic situation, and employability. Nau and Soener [2017] introduce a different perspective by conceptualizing economic insecurity as arising solely from income fluctuations. These are measured using two distinct indicators. The first, *self-assessed income precarity*, is a downside measure representing the self-reported probability that a household will experience an income loss. To provide a more comprehensive view they then construct a *risk–reward index*, calculated as the perceived probability of an income windfall minus that of a loss. This measure captures exposure to both positive and negative income fluctuations, independently of their magnitude. A more recent study conducted by Rebechi and Rohde [2023] distinguishes between subjective *short-term* and *long-term* economic insecurity indexes, thereby capturing both immediate economic anxieties and perceptions of structural or economic decline with respect to other members of society.

These studies based on subjective measures of economic insecurity —summarized in table 1— provide valuable insights into the perception-based dimension of economic insecurity and capture the anxiety dimension through survey-based elicitation. However, they remain limited by their reliance on self-reported expectations and subjective interpretations, making these measures vulnerable to unobserved individual characteristics [Osberg 2015, Rohde and Tang 2018].

**Table 1:** Summary of Subjective Measures of Economic Insecurity

Source	Data	Country/Year	Measure	Questions
<a href="#">Dominitz and Manski [1997]</a>	Survey of Economic Expectations (SEC)	USA 1993–1995	Risk probabilities	<p><i>“What do you think is the percent chance that you will have health insurance coverage 12 months?”</i></p> <p><i>“What do you think is the percent chance that someone will break into your home and steal something, during the next 12 months?”</i></p> <p><i>“What do you think is the percent chance that you will lose your job during the next 12 months?”</i></p>
<a href="#">Mau et al. [2012]</a>	European Social Survey (ESS)	Multiple Europe 2002–2010	Risk probabilities	<p><i>“Please tell me how likely it is that during the next 12 months you will be unemployed and looking for work at least four consecutive weeks?”</i></p> <p><i>“And during the next 12 months how likely is it that there will be some periods when you don’t have enough money to cover your household necessities?”</i></p> <p><i>“And during the next 12 months how likely is it that you will not receive the health care you really need if you become ill?”</i></p>
<a href="#">Nau and Soener [2017]</a>	Survey of Consumer Finances (SCF)	USA 1995–2013	Income fluctuations	<i>“Last calendar year, [was your] income unusually high, unusually low, about normal?”</i>
<a href="#">Rebecchi and Rohde [2023]</a>	Views of the Electorate Research Survey	USA 2017	Well-being	<p><i>“Would you say that you and your family are better off financially, about the same, or worse off financially than you were a year ago?”</i></p> <p><i>“In general, would you say life in America today is better, worse, or about the same as it was 50 years ago for people like you?”</i></p>

Continued on next page

**Table 1 (continued)**

Source	Data	Country/Year	Measure	Questions
van Wijk and Billari [2024]	Russia Longitudinal Monitoring Survey	Russia 2000–2020	Job/work/economic security	<p>“How concerned are you that you might lose your job?” (1. Secure, 2. Somewhat, 3. Insecure)</p> <p>“How concerned are you about the possibility that you might not be able to provide yourself with the bare essentials in the next 12 months?”</p> <p>“Imagine [...] the organization where you work will close tomorrow [...] How certain are you that you will be able to find work no worse than your present job?”</p>
	HILDA	Australia 2001–2020	Job/work security	<p>“I now have some questions about how satisfied or dissatisfied you are with [...] Your job security?” (0-10 scale)</p> <p>“If you were to lose your job [...] what is the per cent chance that the job you eventually find [...] would be at least as good as your current job?”</p>
	German SOEP	Germany 1998–2019	Job/economic security	<p>“How concerned are you about the following issues? [...] Your job security [...] Your own economic situation”</p>
	Korean KLIPS	South Korea 1998–2019	Job security	<p>“How satisfied or dissatisfied are you with regard to [...] Job stability”</p>
	Swiss SHP	Switzerland 1999–2019	Job security	<p>“Would you say that your job is very secure, quite secure, a bit insecure or very insecure?”</p>
	BHPS / UKHLS	UK 2001–2020	Job security	<p>“Thinking about losing your job [...] how likely do you think it is that you will lose your job during the next 12 months?”</p>

## 3.2 Objective measures of Economic Insecurity

After providing an overview of subjective measures of economic insecurity, we turn to objective and quantitative approaches. We organize the discussion of these measures by looking at the level of aggregation. We start discussing the aggregate macro-level indices, then moving to micro-level measures of backward-looking insecurity, and concluding with micro-level measures of forward-looking insecurity.

### 3.2.1 Aggregate Measures

To our knowledge, [Rejda and Haley \[2004\]](#) present the first quantitative attempt to measure economic insecurity, developing the Causes of Economic Insecurity (CEI) index based on 11 macroeconomic indicators, employing a weighting scheme that assigns greater importance to variables exhibiting higher volatility over time. The indicators are related to: (i) premature death of a family head; (ii) unemployment; (iii) real average weekly earnings; (iv) job-related accidents and disease; (v) real out-of-pocket per capita health care expenditures; (vi) proportion of total personal health care expenditures paid out of pocket; (vii) real median income of the elderly (65+) population; (viii) poverty; (ix) inflation; (x) divorce rate; and (xi) violent crime. Although this study focuses on country-level (macro) indicators rather than micro-level data, it represents an important early contribution to the quantitative assessment of economic insecurity.

Following a similar macroeconomic approach, [Osberg and Sharpe \[2014\]](#) develop the Index of Economic Well-Being (IEWB) as a comprehensive measure of economic security, encompassing protection against unemployment, illness, widowhood, and old age. The first component captures insecurity arising from unemployment and is computed as the combined effect of the unemployment rate and the financial loss not compensated by unemployment benefits. The second component measures insecurity related to illness, defined as the proportion of disposable household income spent on health care services that is not reimbursed by either public or private insurance, thereby reflecting the financial risk associated with sickness. The third component accounts for insecurity resulting from household breakup, which is an important determinant of poverty among women. This measure is calculated as the product of the probability of divorce, the poverty rate among single-parent female-headed households, and the average poverty gap ratio within this group. The final component reflects insecurity in old age and is measured as the product of the poverty rate and the average poverty gap ratio among households headed by individuals aged 65 and over. The four dimensions of insecurity are weighted taking into account the relative size of the population which is most

affected.<sup>2 3</sup>

Beyond these multi-component indices, [Hijzen and Menyhert \[2016\]](#) introduce the OECD index of Labour Market Insecurity. This is defined as the expected financial cost of job loss, measured by looking at (i) the probability of becoming unemployed, (ii) the expected duration of unemployment, and (iii) the degree to which unemployment benefits compensate for lost earnings during unemployment. The overall labour market insecurity indicator is defined as unemployment risk times one minus unemployment insurance, and measures the expected proportional loss in earnings due to unemployment:

$$\text{Labour market insecurity} = U \times (1 - I) \tag{1}$$

Subsequent research has emphasised the role of *heterogeneity*, by shifting focus to individual and household-level measures.

### 3.2.2 Backward looking micro-level measures

As researchers shifted from aggregate to individual level measurement, a new branch of literature emerged that utilizes formal axiomatic approaches to measure insecurity. This methodology draws directly from the established traditions in welfare economics used to define indices of poverty and inequality. Just as [Sen \[1970\]](#) and [Atkinson \[1970\]](#) utilised axiomatic frameworks to formalize the measurement of poverty and inequality, [Bossert and D'Ambrosio \[2013\]](#) present a first attempt at analysing economic insecurity at an individual level using a similar approach. The measures they arrive at considers both the current level of wealth and recent wealth changes. Past wealth variations shape the confidence of an individual to overcome a loss in the future, while the current wealth level serves as a buffer stock for potential adverse future event. Their measure, assigns a degree of insecurity to each individual (net) wealth stream:  $w = (w_{-T}, \dots, w_0) \rightarrow V$ . This foundational index is characterised through five core axioms:

- **Difference Monotonicity** ensures that past gains (losses) are evaluated as decreasing (increasing) insecurity:

$$\forall T \in \mathbb{N}_0, \forall w \in \mathbb{R}^{T-1}, \forall \gamma \in \mathbb{R}, \quad V^T(w_{-(T-1)} + \gamma, w) \geq V^{T-1}(w) \iff \gamma \geq 0. \tag{2}$$

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<sup>2</sup>Weights are computed based on simplified assumptions, e.g. the risk of illness only affects the working age (15-64) population; and all married women and their under-age children are at risk of single-parent poverty.

<sup>3</sup>The authors also propose adaptations to developing economies.

- **Proximity Monotonicity** allows for recent experiences of insecurity to have more weight than those occurred in the past:

$$\begin{aligned}
& \forall T \in \mathbb{N} \setminus \{1\}, \forall \mathbf{w} \in \mathbb{R}^{(T)}, \forall t \in \{1, \dots, T-1\}, \\
& V^T \left( w_{-T}, \dots, \underbrace{w_{-(t+1)}}_{t+1}, \underbrace{w_{-(t+1)}}_t, \underbrace{w_{-(t-1)}}_{t-1}, \dots, w_0 \right) \\
& \geq V^T \left( w_{-T}, \dots, \underbrace{w_{-(t+1)}}_{t+1}, \underbrace{w_{-(t-1)}}_t, \underbrace{w_{-(t-1)}}_{t-1}, \dots, w_0 \right) \\
& \iff w_{-(t+1)} \geq w_{-(t-1)}.
\end{aligned} \tag{3}$$

- **Translatability** requires the value function to respond linearly to additive shifts:

$$\forall T \in \mathbb{N}_0, \forall w \in \mathbb{R}^T, \forall \delta \in \mathbb{R}, V^T(w + \delta) = V^T(w) - \delta. \tag{4}$$

- **Homogeneity** imposes proportionality with respect to scaling of the outcome sequence:

$$\forall T \in \mathbb{N}_0, \forall w \in \mathbb{R}^T, \forall \lambda \in \mathbb{R}^{++}, V^T(\lambda w) = \lambda V^T(w), \quad \forall \lambda > 0, \tag{5}$$

- **Temporal Aggregation** states that insecurity can be measured recursively along the wealth streams:

$$\begin{aligned}
& \forall T \in \mathbb{N} \setminus \{1\}, \exists \Phi^T : \mathbb{R}^2 \rightarrow \mathbb{R} \text{ such that, for all } w \in \mathbb{R}^{(T)}, \\
& V^T(w) = \Phi^T \left( w_{-T} - w_{-(T-1)}, V^{T-1}(w_{-(T-1)}, \dots, w_0) \right).
\end{aligned} \tag{6}$$

The resulting measure is a weighted sum of absolute monetary losses and gains between consecutive time periods, which they call a “two-parameters Gini index”, as each component looks like a generalised Gini applied longitudinally (different measures for the same individual at different times) rather than cross-sectionally (different measures for different individuals at the same time):

$$\begin{aligned}
V^{(T)}(w) = & \sum_{t \in \{1, \dots, T\} : w_{-t} > w_{-(t-1)}} [\alpha(w_{-t} - w_{-(t-1)})] \\
& + \sum_{t \in \{1, \dots, T\} : w_{-t} < w_{-(t-1)}} [\beta(w_{-t} - w_{-(t-1)})] - w_0
\end{aligned} \tag{7}$$

The parameters  $\alpha$  (for losses) and  $\beta$  (for gains) satisfy the loss priority axiom ( $\alpha >$

$\beta$ ) and determine the degree of Proximity Monotonicity (if time-dependent, meaning that gains or losses affect insecurity differently depending on when they happened) or Proximity Indifference (if constant). D’Ambrosio and Rohde [2014] applied this measure to the Italian and US contexts, using data respectively from the Panel Study of Income Dynamics (PSID) and the Survey of Household Income and Wealth (SHIW).

Subsequently, Bossert et al. [2022] refine this framework to simplify the measurement of economic insecurity. Firstly, they shift the focus from wealth to resource streams ( $x$ ) in general. This generalization acknowledges that insecurity can be driven by fluctuations in any economic resource, rather than just accumulated net wealth. The 2022 index simplifies the parameter space by introducing three axiomatic shifts:

- **Gain-Loss Monotonicity:** This ensures that a gain (loss) in resources in the earliest period strictly decreases (increases) insecurity relative to a constant stream of resources.
- **Quasilinearity:** Replacing the earlier *Temporal Aggregation* axiom, Quasilinearity establishes that total insecurity can be expressed as the sum of insecurity from the recent past and a function of the more distant past. This is the structural foundation that allows the measure to be represented as a parsimonious, weighted sum of variations.
- **Stationarity:** This property requires that the relative importance of any two periods depends only on the time elapsed between them, not their specific position in the sequence. This transition from the 2013 "time-dependent" weights leads to the adoption of a constant geometric discount factor ( $\delta$ ).

The resulting 2019 measure adopts a more parsimonious form:

$$I_T(x) = \ell_0 \sum_{t:x_t > x_{-(t-1)}} \delta^{t-1}(x_{-t} - x_{-(t-1)}) + g_0 \sum_{t:x_t < x_{-(t-1)}} \delta^{t-1}(x_{-t} - x_{-(t-1)}) \quad (8)$$

where  $\ell_0$  and  $g_0$  represent weights for aggregate losses and gains, and

$$\delta \in (0, \min\{\ell_0/g_0, g_0/\ell_0\})$$

is the discount factor.

Bossert and D’Ambrosio [2024] lay the theoretical ground for the next evolutionary step of the axiomatic approach. Their new index trades off earlier translatability for scale invariance. This shift is motivated by the desire to expand the measurement of economic insecurity. While the methodology proposed before was translation-

invariant—where insecurity is defined by nominal resource changes— this new expansion provides the analytical tools to derive scale-invariant measures. Formally, Scale Invariance requires that the index remains unchanged when the entire resource stream is scaled by a positive constant  $\lambda$ :

$$\forall T \in \mathbb{N}, \forall x \in \mathbb{R}^{T+1}_{++}, \text{ and } \forall \lambda \in \mathbb{R}_{++}, \quad I_T(\lambda x) = I_T(x) \quad (9)$$

This transition is theoretically grounded in the same logic applied to the measurement of income inequality, where both absolute and relative indices serve distinct analytical purposes. The introduction of scale-invariant measures expands the researcher’s ”tool box”, allowing for insecurity comparisons that are independent of the unit of measure.

While [Bossert and D’Ambrosio \[2024\]](#) provide the necessary axiomatic characterization for these relative measures, their work remains theoretical. To our knowledge, [Gallo et al. \[2025\]](#) are the first to empirically operationalise this new theoretical framework by proposing a logarithmic relative index ( $I_R$ ), based on data from the German Socio-Economic Panel (SOEP). This measure fundamentally shifts the focus from absolute differences to relative changes in resources, calculated as a logarithmic ratio of resource levels between consecutive periods:

$$I_R(\mathbf{y}) = \sum_{t=-T+1}^0 \delta^{-t} \left[ \beta \cdot \max \left( 0, \ln \left( \frac{y_t}{y_{t-1}} \right) \right) + \gamma \cdot \max \left( 0, -\ln \left( \frac{y_t}{y_{t-1}} \right) \right) \right] \quad (10)$$

The logarithmic transformation is considered under this framework because it is symmetric, additive, and expresses changes in terms of percentage growth. However, they acknowledge a significant trade-off: unlike the [Bossert and D’Ambrosio \[2013\]](#) wealth-based measures which can handle absolute differences, the logarithmic relative index requires strictly positive values ( $y > 0$ ). This index satisfies scale invariance, guaranteeing that the insecurity score is unaffected if the entire resource stream is multiplied by a constant, thereby ensuring the measure is independent of the order of magnitude of the resources.

[Maroto \[2021\]](#) shifts the perspective of objective measurement of insecurity from a household’s capacity (wealth/liquidity) to its realised strain, capturing insecurity through a consumption perspective. Specifically, the study categorises a household as insecure when its spending exceeds income in the previous year.

### 3.2.3 Current and forward-looking micro-level measures

While the measures presented above define economic insecurity based on realised past event, other scholars characterise economic insecurity by the household/individual current capacity to face future potential risks.

#### The Buffer approach: Income and Wealth

Hacker et al. [2014] introduce a concept of economic insecurity which depends on a economic shock intersecting with the lack of a buffer. Their approach identifies individuals as economically insecure when they experience a substantial (25 percent) decline in available household income from one year to the next and simultaneously lack sufficient liquid financial resources to replace the lost income. The measures demands that a household must fail on both dimensions simultaneously:

$$L_{it} = \begin{cases} 1, & \text{if } \left( \frac{y_{it}-M_{it}-D_{it}}{e_{it}} < \frac{3}{4} \times \frac{y_{it-1}-M_{it-1}-D_{it-1}}{e_{it-1}} \right) \cap (W_{it} < W^*) \cap (1 - R_{it}) \\ 0, & \text{Otherwise.} \end{cases} \quad (11)$$

where available household resources are total gross income ( $y$ ) minus out-of-pocket medical spending ( $M$ ) and annual debt service ( $D$ ), adjusted by an equivalence scale ( $e$ ). The measure is based on an individual-level occurrence of substantial year-to-year declines in available household resources (the income shock) combined with a dichotomous indicator for lacking sufficient financial wealth,  $W_{it} < W^*$  (the minimum buffer). Although the 25-percent threshold may appear arbitrary, it is grounded in survey evidence indicating that a drop of this magnitude is widely perceived as causing financial hardship in the United States.

Coherently with this approach, the OECD [2023] measure of economic insecurity relies on the same contingent criteria: high income instability and insufficient liquid assets. However, applying this methodology to the European context presents significant empirical challenges due to data fragmentation. Unlike the US-based PSID used by Hacker et al. [2014], European datasets typically isolate these dimensions: wealth data is primarily contained in the Household Finance and Consumption Survey (HFCS), while income dynamics are tracked in the EU Statistics on Income and Living Conditions (EU-SILC). Because no single pan-European survey combines these variables at the individual level, the OECD relies on machine learning-based statistical matching to merge these distinct sources, creating a synthetic dataset to satisfy the dual-condition. Petrov and Romaguera-de-la Cruz [2025] further refine the approach by considering that economic insecurity depends not only on liquid assets but on a broader range of

incomes streams deriving from wealth itself through fluctuations in asset holdings and prices.

### **Multidimensional measures of Economic Insecurity**

Another line of the literature on objective measures of economic insecurity has developed around extending the concept to include multiple sources of risk and create composite indexes of vulnerability. The work by [Prieto \[2022\]](#) offers a multidimensional objective index that integrates various economic indicators into a single measure while extending the conceptual scope to include dimensions beyond income and wealth. The framework combines four indicators into two thematic dimensions to create a unique Multidimensional Economic Insecurity Index (MEII). This hierarchical structure allows the index to capture both the occurrence of an economic shock and the structural inability of the household to absorb it:

- **Dimension 1: Vulnerability to Economic Loss:** This dimension represents the latent risk of a "downside" event. It is captured by a single indicator: the predicted probability of experiencing a large, unexpected income drop or expense.
- **Dimension 2: Lack of Household Economic Buffers:** This dimension represents the structural inability to absorb shocks. It is operationalized through three specific indicators that expand upon the traditional "buffer" concept:
  - Unprotected Employment: Measured by the presence of household members lacking social security or unemployment benefits in case of work dismissal or accident.
  - Over-indebtedness: Indicated by a debt-service-to-income ratio exceeding a critical threshold of 40%.
  - Asset Poverty: Defined as possessing insufficient non-housing wealth to cover essential expenses for 3 months.

By combining these four sources, [Prieto \[2022\]](#) identifies insecurity not just as a singular event, but as a state of "compounded vulnerability". This approach is current and forward-looking because it utilizes the household's present structural characteristics to calculate the probability of a future economic loss and combines it with a variety of lack of buffers, creating a comprehensive picture of a household's overall insecurity.

### **Prospective measures**

Another distinct methodological approach uses dynamic microsimulation to generate synthetic life course trajectories and assess the correspondence of future resources and

needs, in a probabilistic sense [Richiardi and He 2020]. They generate a distribution of possible future incomes given initial conditions observed in survey data, discounting income flows for household composition (and possibly health conditions), as jointly determined within the model. Connection to a tax-benefit microsimulation model determines disposable income based on realistic eligibility rules. Income streams in the different simulated trajectories are evaluated using a CRRA social preference function, ensuring that volatility is penalised and that a given loss carries a higher welfare cost at a lower rather than at a higher income level. Being model-based, the approach lends itself to counterfactual analysis, from alternative policy scenarios to stress-testing of individual resilience to adverse shocks. The approach however requires longitudinal plausibility of the simulated life course trajectories, a high bar considering that dynamic microsimulation models are generally employed for cross-sectional projections. No implementation of the framework currently exist.

### 3.3 Mixed measures

Rohde et al. [2015] construct a variety of indexes of economic insecurity that consider both subjective and objective measures through the use of longitudinal survey data. The study uses three objective dimensions that capture insecurity related to income, future consumption distress, and unemployment risk. The first objective measure, Income Drop ( $ID_{it}$ ), is a dichotomous variable defined to identify households experiencing a simultaneous substantial short-term income reduction and a shortfall relative to their permanent income. Specifically,  $ID_{it}$  is defined as:

$$ID_{it} = \begin{cases} 1 & \text{if } x_{it} < 0.75 \cdot x_{i,t-1} \quad \text{and} \quad x_{it} < \bar{x}_{it} \\ 0 & \text{otherwise} \end{cases} \quad (12)$$

where  $x_{it}$  is the current household income,  $x_{i,t-1}$  is the income in the previous period, and  $\bar{x}_{it}$  is the permanent income (defined as the long-run average household income). The second objective measure addresses current expenditure distress, operationalised as an aggregate index (ranging from 0 to 4) based on four realised adverse consumption events: rent arrears, pawning of household items, utility payment arrears, and reported meal skipping. To incorporate a forward-looking risk component, the authors utilise the fitted probability from a probit model to estimate the likelihood that an individual will exhibit extreme expenditure distress (scoring 3 or 4 on the index) in the subsequent year. Crucially, the third objective measure captures unemployment risk in the near future. A similar, independent probit model is fitted based on the individual’s current characteristics and unemployment status to calculate the estimated probability of a person facing an episode of unemployment in the forthcoming short-term period. This

**Table 2:** Summary of Objective Measures of Economic Insecurity

<b>Unit of Measure</b>	<b>Approach</b>	<b>Authors</b>	<b>Measurement</b>
<b>Aggregate</b>  (Macro)	Macro- indicators	<a href="#">Rejda and Haley [2004]</a>	11 macro indicators
	Well-being Indices	<a href="#">Osberg and Sharpe [2014]</a>	Risk-weighted average of 4 societal risks
	Labour Market	<a href="#">Hijzen and Menyhert [2016]</a>	Expected earnings loss from unemployment
<b>Backward</b>  (Micro)	Axiomatic (Abs.)	<a href="#">Bossert and D’Ambrosio [2013]</a> , <a href="#">Bossert et al. [2022]</a>	Weighted sum of realized wealth/income changes
	Axiomatic (Rel.)	<a href="#">Gallo et al. [2025]</a> , <a href="#">Bossert and D’Ambrosio [2024]</a>	Logarithmic changes (Scale-invariant)
	Realized Strain	<a href="#">Maroto [2021]</a>	Consumption-to-income expenditure gaps
<b>Current &amp;</b>	Buffer/Wealth	<a href="#">Hacker et al. [2014]</a> , <a href="#">OECD [2023]</a> , <a href="#">Petrov and Romaguera-de-la Cruz [2025]</a>	Income shocks intersecting with lack of liquid assets; Extended well-being (wealth-to-income flows)
<b>Forward</b>  (Micro)	Multidimensional	<a href="#">Prieto [2022]</a>	Probabilistic risk and structural deprivation
	Microsimulation	<a href="#">Richiardi and He [2020]</a>	Dynamic life-cycle microsimulation (CRRA)

third measure thus is a predictive indicator of economic insecurity arising from labor market uncertainty. In addition to the objective measures, the authors capture also subjective dimensions of economic insecurity exploiting questions on perceived job security, self financial satisfaction and perceived ability to raise emergency funds over a short period of time.

While [Rohde et al. \[2015\]](#) use six different metrics to capture the nuanced nature of economic insecurity, [Guiso et al. \[2024\]](#) synthesize subjective and objective measures to produce a single index derived from the first principal component and rescaled to vary between 0 (least insecure) and 1 (most insecure). This index combines answers to individual survey responses on being unemployed for some time in the past five years, respondents perceiving self reported income difficulties and lastly, an indicator of

exposure to globalisation, constructed exploiting information on type of employment, industry and skill level.

Other scholars employ additive methods to capture economic insecurity. For instance, [Ranci et al. \[2021\]](#) utilise subjective and objective measures to calculate a headcount indicator that reflects multiple distinct dimensions of economic insecurity. By applying a principal component analysis (PCA) over a wide variety of subjective and objective dimensions of economic insecurity they establishes that there are two key dimensions to be considered: financial strain and over-indebtedness. The final index integrates these two PCA-derived factors with a measure of temporary poverty, defined as spells below the poverty line. They identify as economic insecure those households that fall below an arbitrary cut-off for each single dimension of economic insecurity. They hence track the duration and continuity of insecure spells, considering higher weighting for consecutive years of insecurity. By focusing on these trajectories, the index effectively differentiates between transitory, one-dimensional insecurity and long-term, multidimensional economic insecurity.

The intersectional and multidimensional nature of insecurity is studied in a recent policy research conducted in the UK context by [Tunstall et al. \[2025\]](#). The report uses Understanding Society data to track the overlap of five distinct dimensions that characterise *multiple insecurity*: financial, health, housing, work, and care. By defining specific objective and subjective thresholds —such as being in relative income poverty, having a monthly pay below two thirds of the median, having a precarious housing tenure, and suffering from psychological distress— the authors identify a ‘multiplier effect’ where vulnerabilities cluster. The analysis for 2022/23 identifies financial insecurity as the most common form of insecurity in the UK, with 47% of all UK adults experiencing it. The most common double insecurity involved financial and health insecurity (25% of the population), while the most prevalent triple combination involved financial, housing and health insecurity (9% of UK adults).

This intersectional foundation is also central to the work of [Giambona et al. \[2022\]](#), though their focus is not on the static clustering of risks but rather on the dynamics and persistence of these states over time. While the [Ranci et al. \[2021\]](#) index tracks observed spells and weights for continuity, [Giambona et al. \[2022\]](#) assume that economic insecurity is unobservable and introduce latent transition modelling (LTM) to classify households into discrete, ordered latent statuses based on patterns in observed proxy variables. The variables used are derived from EU-SILC data capturing home ownership status, possession of durable goods, house conditions, ability to make ends meet, difficulty in repaying debt, capacity to afford a meal with meat every second day, and capacity to afford unexpected expenses. Their core concept is the transition probability ( $\tau$ ). They estimate the matrix of transition probabilities, which quantifies the likelihood

of a household moving from status  $s$  at time  $t$  to status  $s'$  at time  $t+1$  hence identifying stayer households, those with persistent insecurity, and measuring the flow of households out of or into insecurity.

### 3.4 Is there a consensus?

While the previous sections categorized economic insecurity through various methodological lenses, this study further seeks to provide evidence of the existence of an emerging consensus around its measurement. To this aim, we conduct a citation analysis using Google Scholar and Scopus. Table 3 presents the results, distinguishing between raw citation counts (Columns 1 and 2), citations excluding self-references (Column 3), and the number of studies that actively adopt the methodology suggested by the paper (Column 4).

The discussion, consistently with the preceding analysis, proceeds by considering each type of measure in turn.

**Subjective measures** In this class, [Dominitz and Manski \[1997\]](#) and [Mau et al. \[2012\]](#) maintain high Google Scholar citation counts (353 and 164 respectively), and are among the highest in the overall economic insecurity literature. While these two initial contributions are frequently cited as foundational references for the role of subjective perceptions of economic insecurity, their specific methodological frameworks see limited empirical adoption, as reported in column 4 of Table 3 ( $n = 2$ ). This discrepancy suggests that researchers primarily utilise these studies to establish the conceptual relevance of subjective insecurity rather than to replicate their survey-based methodologies. This is partly explained by the lack of standardized question formulations across longitudinal datasets, which makes exact replication difficult. Second, the specific dimensions of insecurity captured by [Dominitz and Manski \[1997\]](#) and [Mau et al. \[2012\]](#) may not be exhaustive or may not capture the broader range of insecurity dimensions that subsequent authors aim to explain. Consequently, these works serve more as theoretical anchors than as standardized measurement protocols.

**Objective measures** Regarding objective measures, [Hacker et al. \[2014\]](#)'s ESI measure represents the reference for empirical applications. With 350 Google Scholar citations and empirical following ( $n = 14$ ) it emerges as the most adopted measure in the economic insecurity literature. Its popularity stems from its ability to capture multiple risks (income, health, and wealth) in a way that is intuitive for researchers and policy analysis.

Researchers frequently utilise the ESI as a benchmark among various alternative definitions of economic insecurity. For example, [Kopasker et al. \[2018\]](#) and [Panarello \[2021\]](#) propose multiple measurement approaches to evaluate the impact of economic insecurity on mental health and environmental perceptions, respectively, including the ESI. Other studies, such as [Sharpe \[2019\]](#), use the ESI as an instrumental variable to explain migration destination of immigrants.

Several scholars have opted for a partial adaptation of the ESI, isolating specific components of the index to suit their data or research focus. For instance, [Watson and Osberg \[2019\]](#), focus exclusively on the income-shock dimension of the index. They define insecurity as a 25% or greater decline in cycle-over-cycle income, omitting the ESI’s original requirement regarding the lack of a financial buffer.

In a similar way, [Petrov and Romaguera-de-la Cruz \[2025\]](#) employ the ESI as a baseline but significantly broaden the scope of its wealth component. Their adaptation incorporates the nuances of household portfolios by capturing the distinct roles of liquid and illiquid wealth in determining economic security.

A distinct subset of objective measures focuses on capturing economic insecurity at the country level for comparative studies and high-level policy analysis, following the measures developed by [Osberg \[2015\]](#) and [Hijzen and Menyhert \[2016\]](#). While these works are relatively influential —123 and 48 Google Scholar citations respectively— their practical implementation in subsequent empirical studies remains however notably limited.

In parallel, a distinct axiomatic niche has emerged, initialised by the work of [Bossert and D’Ambrosio \[2013\]](#) 219 Google Scholar citations. This subgroup of research focuses on the mathematical foundations of insecurity; more specifically how volatility in economic resources and the ‘buffer’ effect of wealth should be formally treated. This niche shows a clear lineage of subsequent refinements and improvements of the measure in time. We observe a specialized cluster of work, from the foundational 2013 paper to the recent extensions in [Bossert et al. \[2022\]](#), [Bossert and D’Ambrosio \[2024\]](#) and [Gallo et al. \[2025\]](#).

**Mixed measures** Among the mixed measures, [Rohde et al. \[2015\]](#) ( $n = 5$ ). The index combines subjective and objective measures of insecurity and past experiences of economic distress while predicting key future states that are most likely to determine the insecurity felt in the present. The studies referring to this methodology, such as [Cantó et al. \[2023\]](#), are usually interested in the multidimensional nature of economic insecurity.

While the [Rohde et al. \[2015\]](#) framework remains the most widely adopted among mixed measures, the work by [Guiso et al. \[2024\]](#) has emerged as highly influential.

Their analysis of the nexus between economic insecurity and the demand for populism is highly cited, with 194 Google Scholar in a relatively low time span. Although it serves as an important reference for understanding the link between economic conditions and voting behaviour, it is worth noting that their specific methodology has not been widely replicated in subsequent studies.

**Table 3:** Citation Analysis by Paper

Category	Reference	1 Google Scholar	2 Scopus	3 Scopus No Selfcite*	4 Method. adopted
Subjective	<a href="#">Dominitz and Manski [1997]</a>	353	84	72	2
	<a href="#">Mau et al. [2012]</a>	164	57	53	2
	<a href="#">Nau and Soener [2017]</a>	38	17	17	-
	<a href="#">Rebechi and Rohde [2023]</a>	39	19	19	-
	<a href="#">van Wijk and Billari [2024]</a>	64	28	25	-
Objective	<a href="#">Rejda and Haley [2004]</a>	8	-	-	-
	<a href="#">Bossert and D’Ambrosio [2013]</a>	219	57	53	3
	<a href="#">Hacker et al. [2014]</a>	350	84	84	14
	<a href="#">Osberg and Sharpe [2014]</a>	123	29	26	1
	<a href="#">Hijzen and Menyhert [2016]</a>	47	na	na	na
	<a href="#">Maroto [2021]</a>	14	8	7	-
	<a href="#">Prieto [2022]</a>	26	3	3	1
	<a href="#">Bossert et al. [2022]</a>	40	19	17	4
	<a href="#">Bossert and D’Ambrosio [2024]</a>	1	1	1	-
	<a href="#">Gallo et al. [2025]</a>	2	1	-	-
<a href="#">Petrov and Romaguera-de-la Cruz [2025]</a>	11	2	2	-	
Mixed	<a href="#">Rohde et al. [2015]</a>	41	19	16	5
	<a href="#">Ranci et al. [2021]</a>	42	18	18	-
	<a href="#">Giambona et al. [2022]</a>	7	1	1	-
	<a href="#">Guiso et al. [2024]</a>	194	26	26	-

*Notes:* Data retrieved in March 2026 from [Google Scholar](#) and [Scopus](#). Scopus citations are restricted to peer-reviewed journal articles within the fields of Economics and Social Sciences.

As a summary of results presented in Table 3, the ESI [[Hacker et al. 2014](#)] has established itself as the primary empirical standard due to its intuitive design and adaptability across various research domains. In contrast, subjective and macroeconomic measures hold significant conceptual authority (high citations), but lower adoption rates. The axiomatic approach has developed into a separate niche, while the fortune of a single paper adopting a mixed-measure might mislead about the importance of the measure, while at the same time inducing follow-ups in the future.

The main take, however, is that adoption rates across all the proposed measures remain relatively low, suggesting that the consensus is not moving toward a single

commonly adopted metrics as seen with the Gini index in inequality studies. Instead, the field continues to develop refinements of the approaches where the choice of measurement is driven by the researchers’ distinct objectives and data availability.

### 3.5 Methodological discussion

This lack of a unified metric stems from a central methodological tension between subjective “anxiety” and objective mathematical frameworks. Subjective approaches [Dominitz and Manski 1997, Nau and Soener 2017] effectively capture internal perceptions but are often susceptible to psychological or reporting biases [Osberg 2015, Rohde and Tang 2018]. Conversely, while axiomatic frameworks [Bossert and D’Ambrosio 2013] provide significant analytical rigour, they may overlook the “lived experience” of decline; for instance, they frequently treat resource fluctuations with equal weight regardless of whether they are planned or unforeseen. Furthermore, macro-level indices like the IEWB [Osberg and Sharpe 2014] face inherent trade-offs regarding aggregation, where population-weighting might not capture the acute distress of marginalized cohorts.

The most widely adopted objective measures, the ESI and the axiomatic measures, face constraints regarding structural rigidity and data requirements. For instance, the Hacker et al. [2014] index utilises a fixed 25% income-drop threshold. While providing a clear benchmark, this “cliff-edge” approach may fail to capture the intensity of insecurity for households positioned marginally above or below the cutoff. Similarly, the evolution of axiomatic frameworks toward scale-invariant versions [Bossert et al. 2022, Bossert and D’Ambrosio 2024, Gallo et al. 2025] has enhanced simplicity but potentially reduced versatility; these indexes often require strictly positive arguments, hence excluding from the analysis households with negative net assets or experiencing net income losses, and rely on continuous longitudinal data which can be affected by survey attrition.

Finally, mixed measures [Rohde et al. 2017, Guiso et al. 2024] and latent transition models [Giambona et al. 2022] attempt to synthesise multiple dimensions of economic insecurity. However, the use of techniques such as PCA or probit-based modeling can make it difficult to isolate the primary drivers of insecurity. This complexity can be a limit for targeted policy interventions, as it becomes challenging to discern whether a score is driven by labour market volatility, consumption distress, or subjective anxiety. These hurdles are exacerbated by data constraints; as the OECD [2023] notes, the institutional separation of wealth and income data in Europe necessitates a reliance on statistical matching of backward looking variables.

This fragmentation in measurement ultimately reflects the heterogeneous nature of

the phenomenon itself. To understand why insecurity remains so difficult to capture, one must look to the diverse macroeconomic, financial, and individual factors that generate it.

## 4 Determinants of Economic Insecurity

The drivers of economic insecurity can be analysed through interaction between aggregate macroeconomic conditions, household resources, and individual demographic characteristics and perceptions. At the macro level, insecurity is inextricably linked to the business cycle, where variables such as inflation and aggregate unemployment act as primary contributors [Rejda and Haley 2004, Osberg 2015]. However, favourable macroeconomic conditions are not sufficient; the “Great Risk Shift”, as defined by Hacker et al. [2014], demonstrates that the rising cost of non-discretionary expenses has created a structural “floor” of insecurity that persists even during periods of growth. This is compounded by a *hysteresis effect*, where insecurity remains path-dependent also after controlling for contemporaneous shocks [Rohde et al. 2015]. Consequently, a primary adverse event can negatively affect household resilience, making them fragile to even minor future fluctuations regardless of broader institutional protections like unemployment insurance or pension benefits [OECD 2023, Romaguera-de-la Cruz 2020].

Beyond aggregate trends, a defining feature of studies looking at insecurity is the role of household portfolio and the adequacy of liquid assets and levels of indebtedness. Insecurity is increasingly determined by the *liquidity-to-needs ratio*; in European OECD countries, approximately 17% of working-age households are estimated to be insecure because they lack the liquid assets to support themselves above the poverty line for three months [OECD 2023]. Contrary to neoclassical views of debt as a consumption-smoothing tool, analysis on the link between economic insecurity and household indebtedness suggests that high household debt acts as a primary determinant of financial strain [Maroto 2021, Ranci et al. 2021]. This creates a “squeezed middle class” phenomenon, where households in the upper-middle deciles remain highly insecure due to fixed debt-servicing obligations.

Finally, at the individual level insecurity is shaped by human capital and the capacity for risk-pooling within the household, as well as by demographic characteristics. Marriage acts as primary private insurance mechanisms; thus, single-parent households and unmarried individuals represent a disproportionate share of the insecure populations [Rohde et al. 2015, Prieto 2022]. Young households face high objective insecurity as new labour market entrants with unstable contracts [OECD 2023], but their future prospects are difficult to evaluate with inherently backward-looking data. At the same time, the elderly population has to confront with insecurity driven by the

erosion of fixed pensions and rising care costs [D’Ambrosio et al. 2023, Romaguera-de-la Cruz 2020]. Furthermore, racial disparities persist as determinants in observed insecurity as reported for indigenous people in Canada [Watson and Daley 2024] and black individuals [Dominitz and Manski 1997].

## 5 Conclusions

This review has shown that economic insecurity is a concept of clear substantive importance but persistent methodological ambiguity. The literature agrees that insecurity is related to the risk of adverse economic events and to the ability to cope with their consequences, yet it diverges on how this should be translated into an empirical measure. The main disagreements concern a set of fundamental choices: whether insecurity should be measured subjectively or objectively; at the individual, household, or aggregate level; with a backward-looking or forward-looking perspective; in absolute or relative terms; and through a single indicator or a multidimensional framework.

These differences are not merely technical. They reflect alternative views of what economic insecurity is. Subjective measures are well suited to capturing expectations, perceptions, and the anxiety associated with uncertain futures, but they are vulnerable to reporting heterogeneity and framing effects. Objective measures offer greater transparency and comparability, but often depend on restrictive assumptions, ad hoc thresholds, or data structures that are not available across settings. Mixed approaches and multidimensional indices broaden the scope of analysis, but can make interpretation more difficult and weaken the link between the measure and a clearly identified mechanism. The lack of a dominant metric is therefore not surprising: the phenomenon itself is multidimensional, dynamic, and closely tied to the purpose of the analysis.

A useful way to read the literature is therefore not as a search for a single best indicator, but as a menu of approaches that map onto different research objectives. If the aim is to study perceived vulnerability, subjective measures are appropriate. If the aim is cross-country policy comparison, aggregate or harmonised objective indicators may be preferable. If the aim is to understand how realised shocks, buffers, and future risks interact at the individual level, more structural and longitudinal approaches are needed. In this sense, the main contribution of the recent literature has been less the emergence of consensus than the clarification of the trade-offs involved in measurement.

At the same time, the review highlights several directions for future research. First, greater effort is needed to relate alternative measures to one another, both conceptually and empirically, to understand when they identify the same individuals or households as insecure and when they do not. Second, more work is needed on forward-looking

measures that combine current resources, exposure to risk, and the capacity to absorb shocks without relying exclusively on realised past fluctuations. Third, future measures should better accommodate multiple domains of insecurity, including labour market risk, health, family change, debt, and wealth, while preserving interpretability. Finally, the field would benefit from validation exercises linking different insecurity measures to subsequent behaviour and outcomes, such as consumption smoothing, family formation, health, and political attitudes.

Overall, the literature has made substantial progress in recent years, but economic insecurity remains a field in which conceptual development and empirical implementation have not yet fully converged. Advancing the field will require measures that are theoretically coherent, empirically feasible, and explicitly matched to the question at hand. Rather than expecting a single index to play the role that the Gini coefficient plays for inequality, research on economic insecurity may progress more fruitfully by developing a transparent taxonomy of measures, clarifying their assumptions, and identifying the contexts in which each is most informative.

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