

Disappointing Poverty Trends : Why did Welfare States become less Pro-Poor ? What should be Done ?

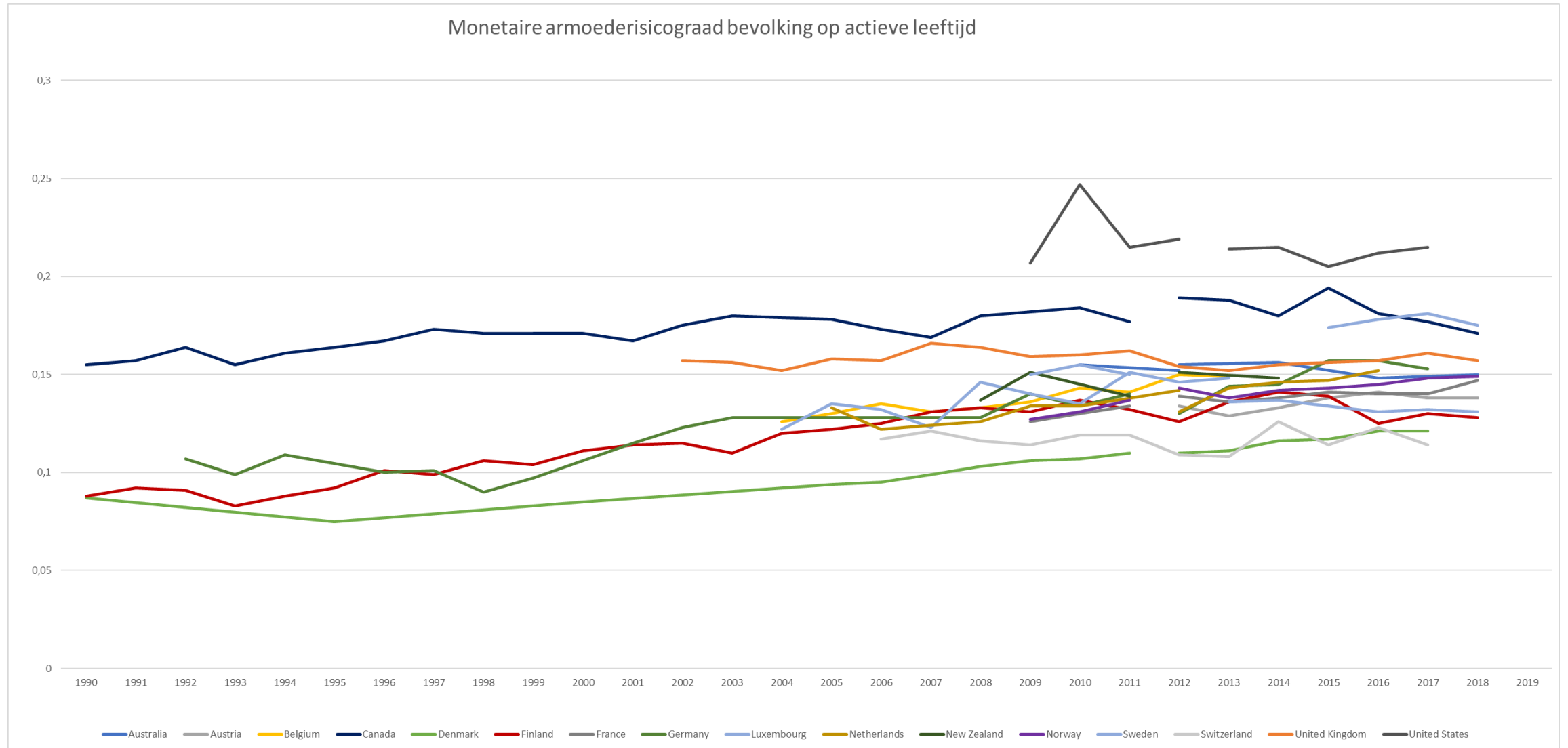
Bea Cantillon

Universiteit Antwerpen

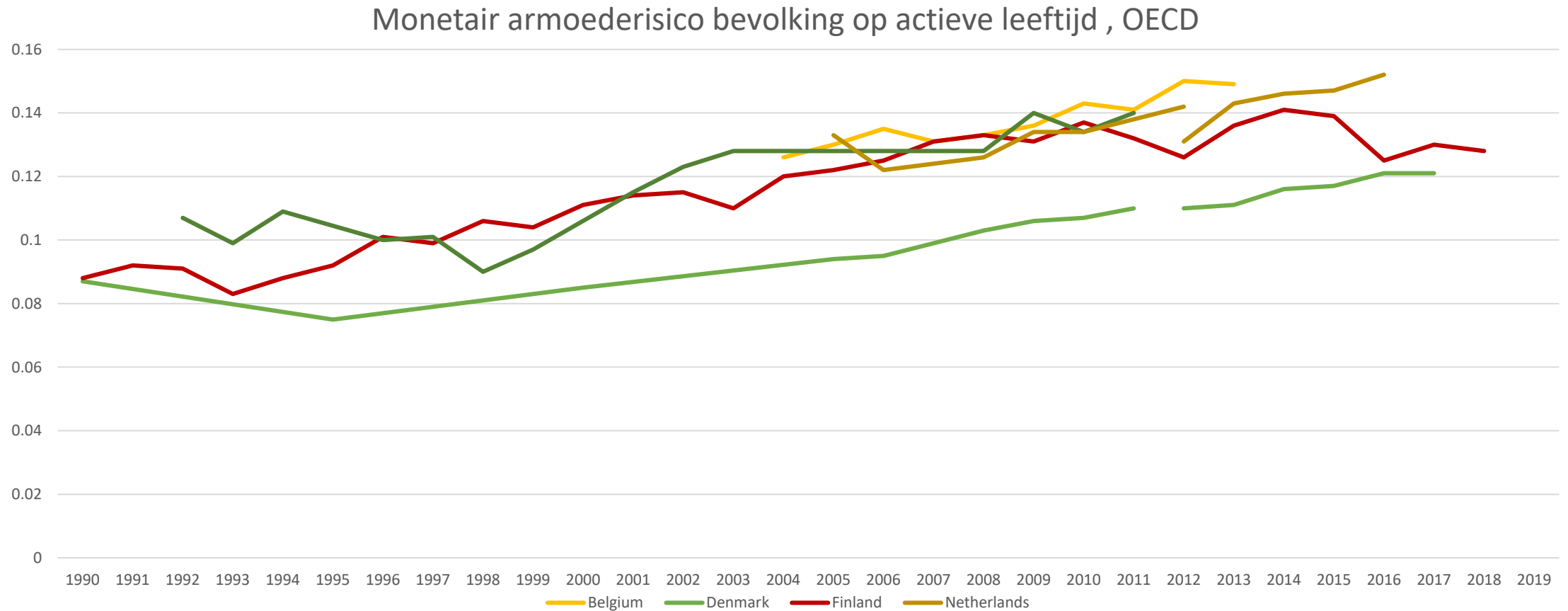
Centrum voor Sociaal Beleid Herman Deleeck

1. Disappointing Poverty Trends
2. The post-war virtuous circle
3. The breakdown of the virtuous circle since the 80's
4. The tragedy of the active welfare state
5. What can be done ?

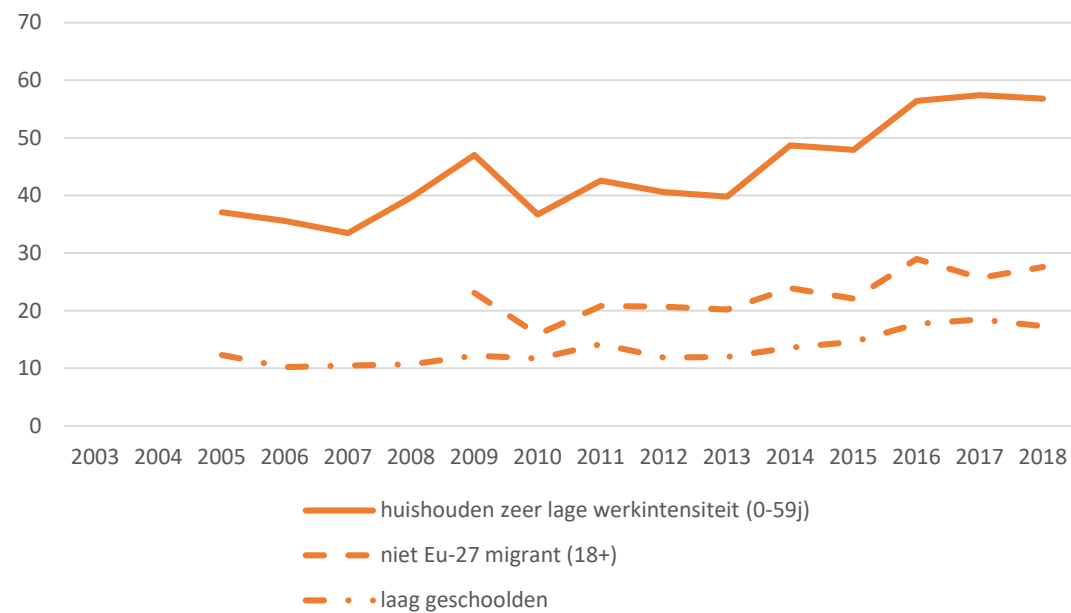
At-risk-of-poverty rates , active age, 1990-2019



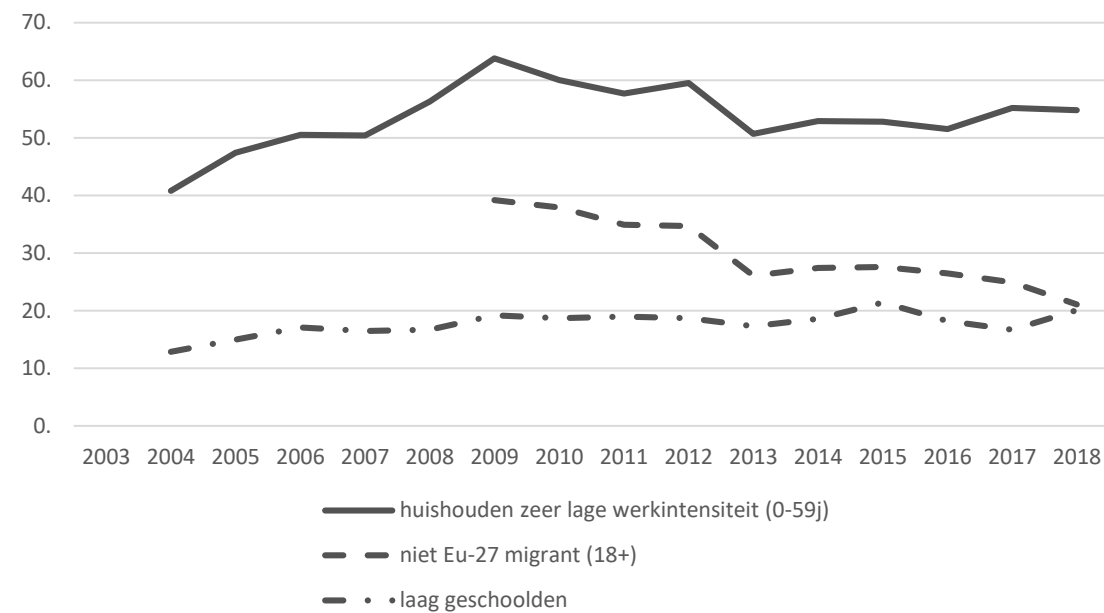
At-risk-of-poverty, active age



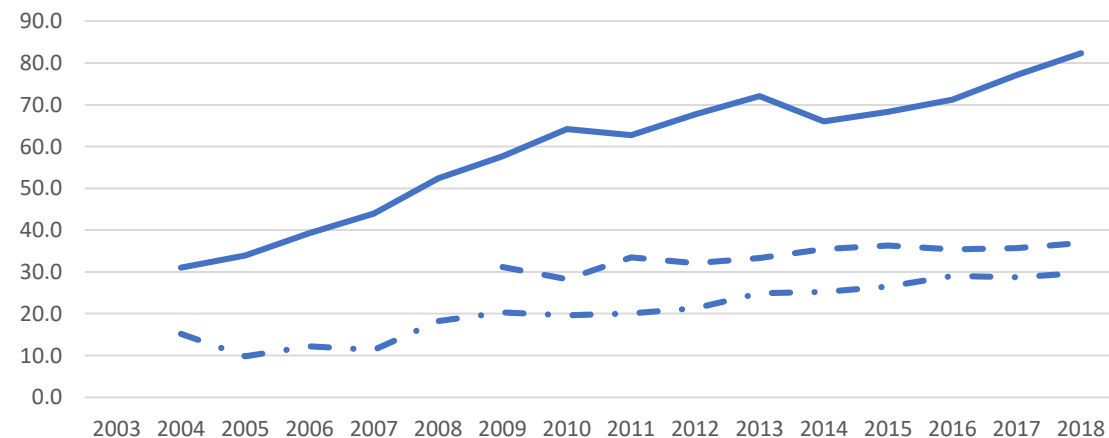
Nederland



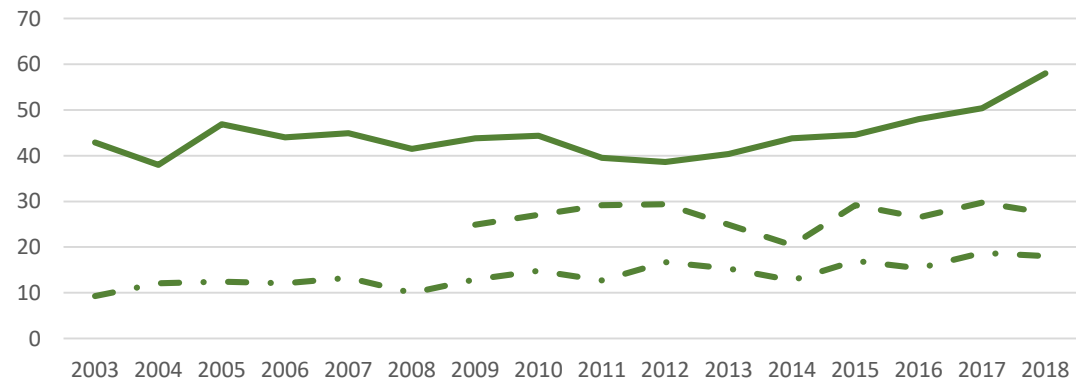
Finland



Zweden



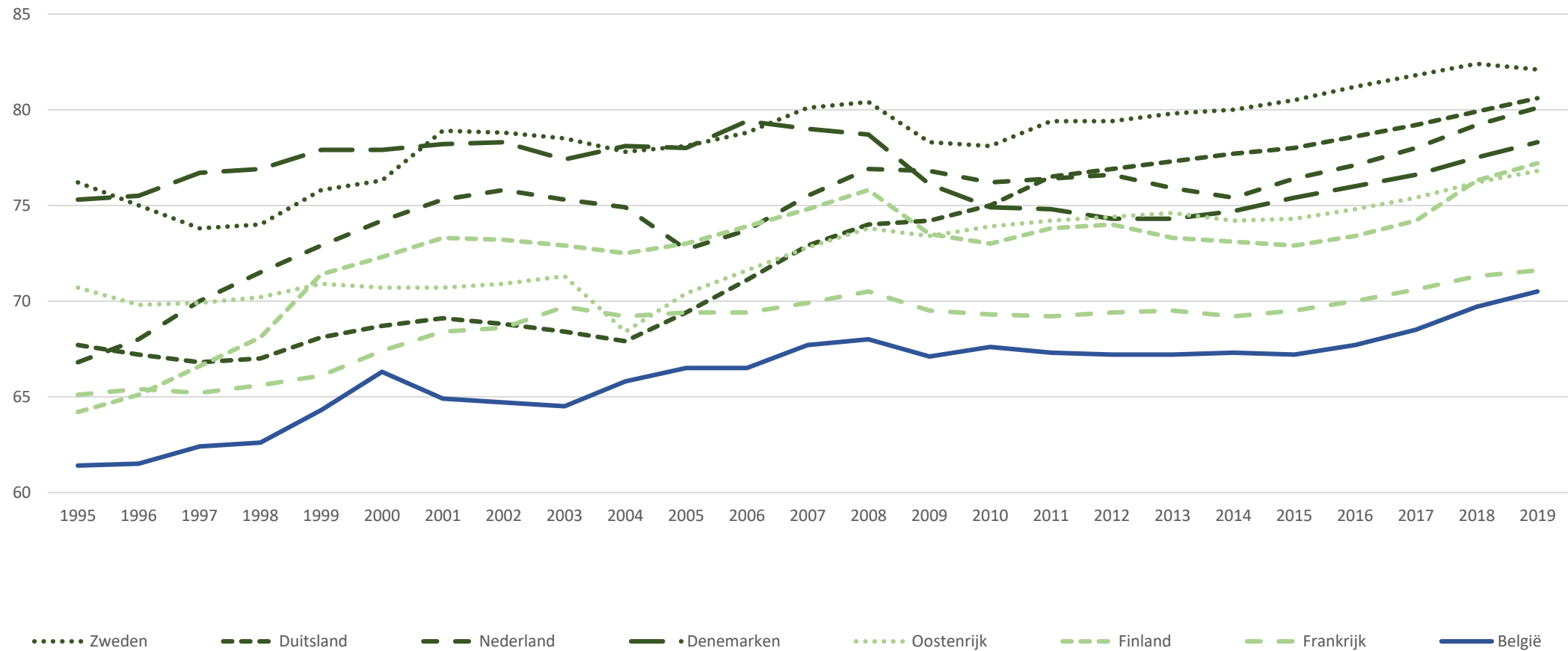
Denemarken



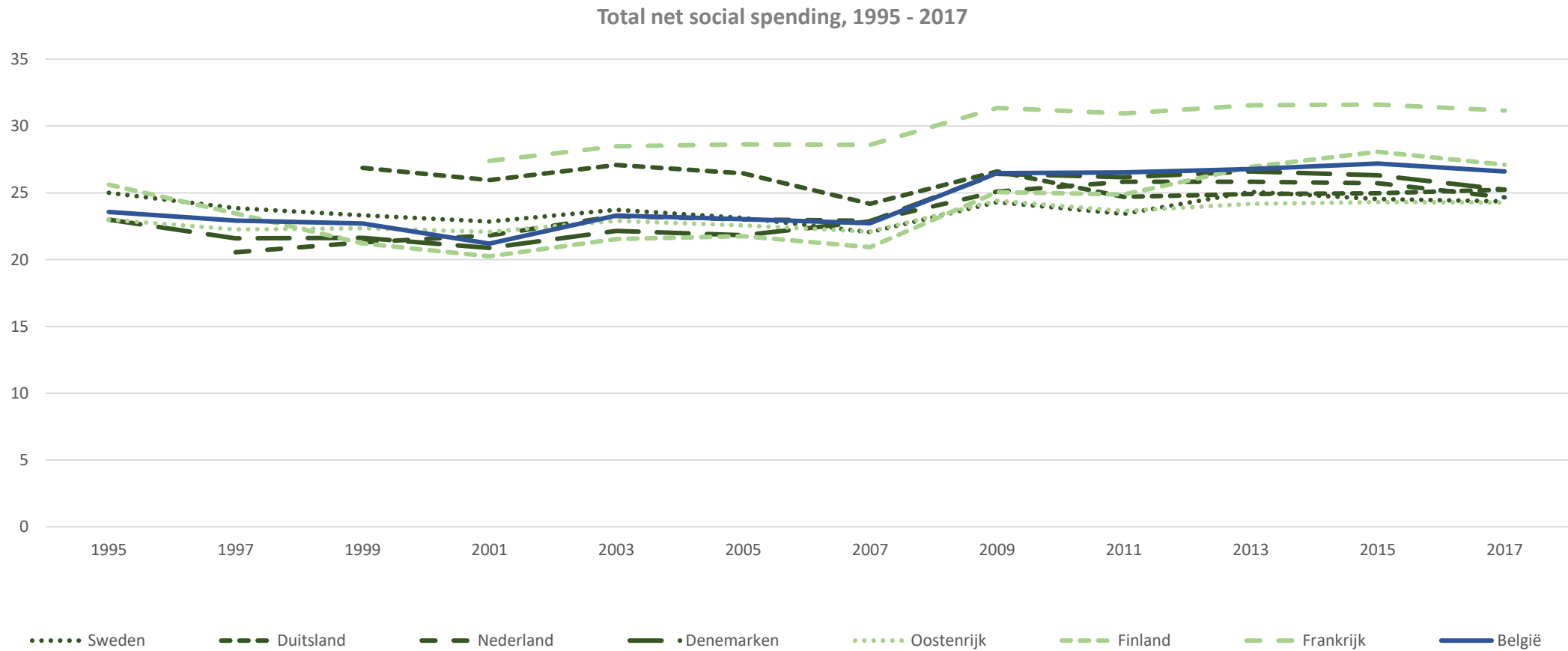


And yet, welfare states are running harder

Employment rates , EUROSTAT-LSF



Net Social Spending , OECD



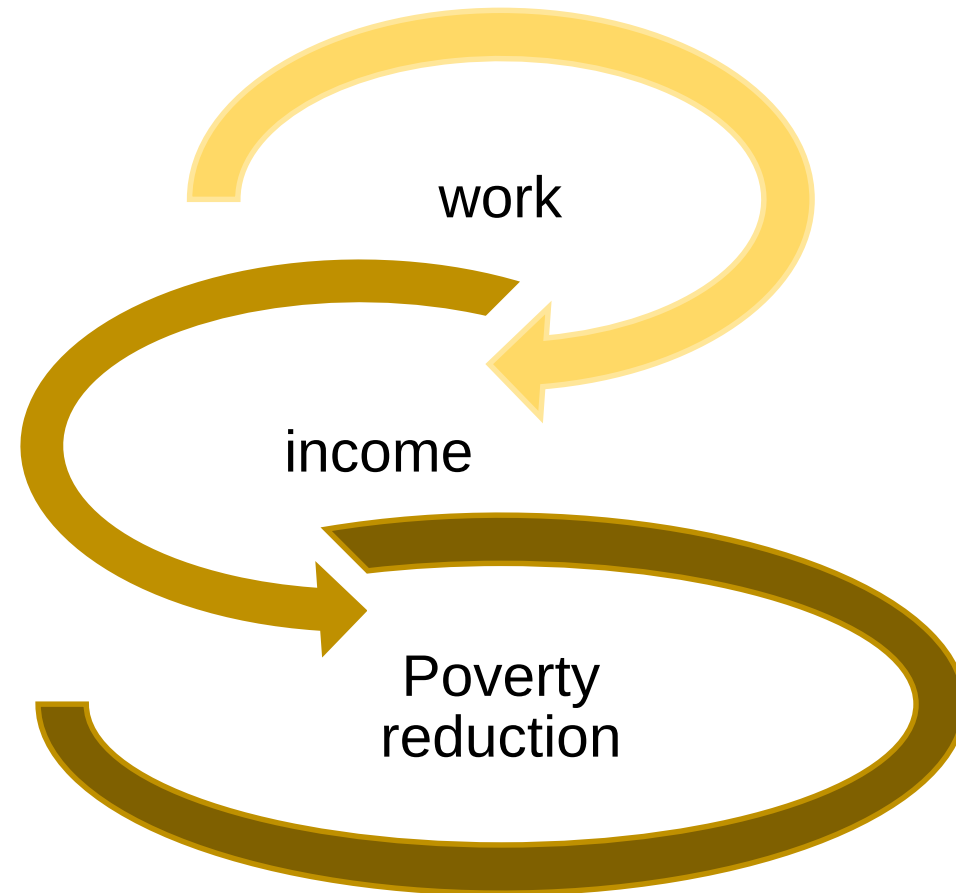
Why ?

- Neoliberalism ?
- Inefficient policies ?
- Cynic politicians ?
- Structural/Systemic ?

1. Disappointing Poverty Trends
2. **The post-war virtuous circle**
3. The breakdown of the virtuous circle since the 80's
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5. What can be done ?

“Les trentes glorieuses”

- Full Employment for men
- Increasing wage share
- Poverty reduction through work and social security



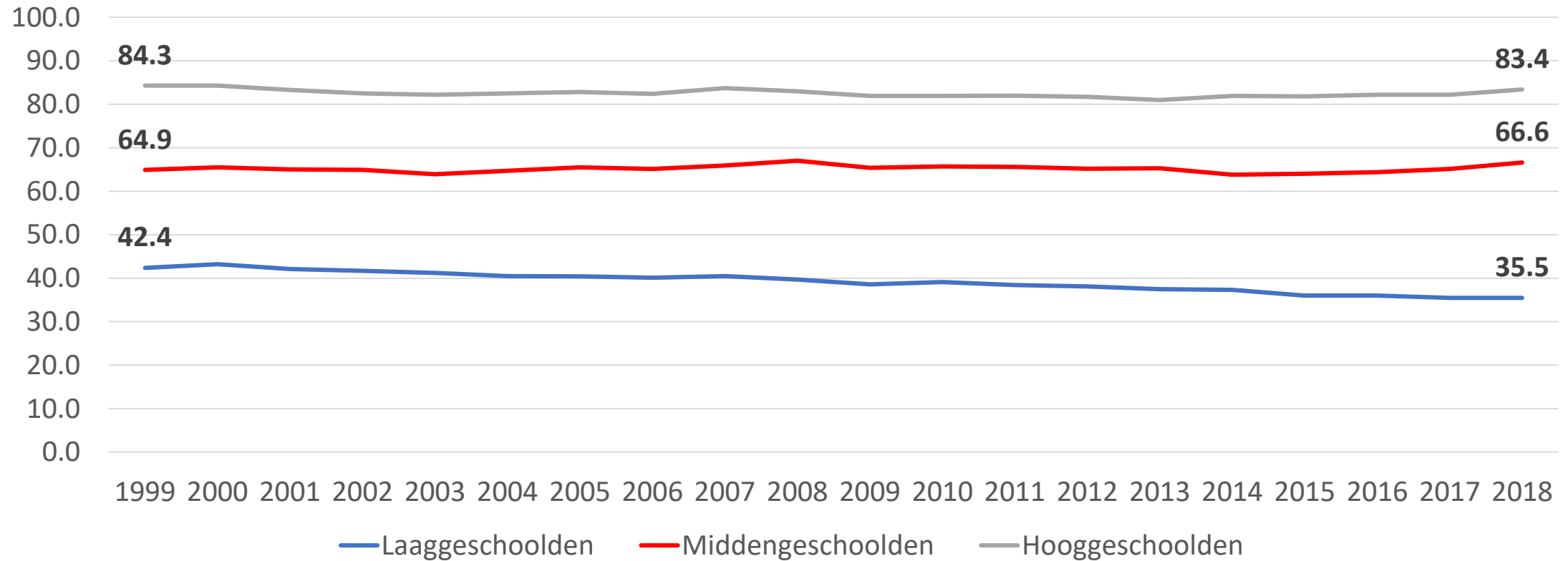
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- Postindustrial transition
- Changing women's role
- Individualization

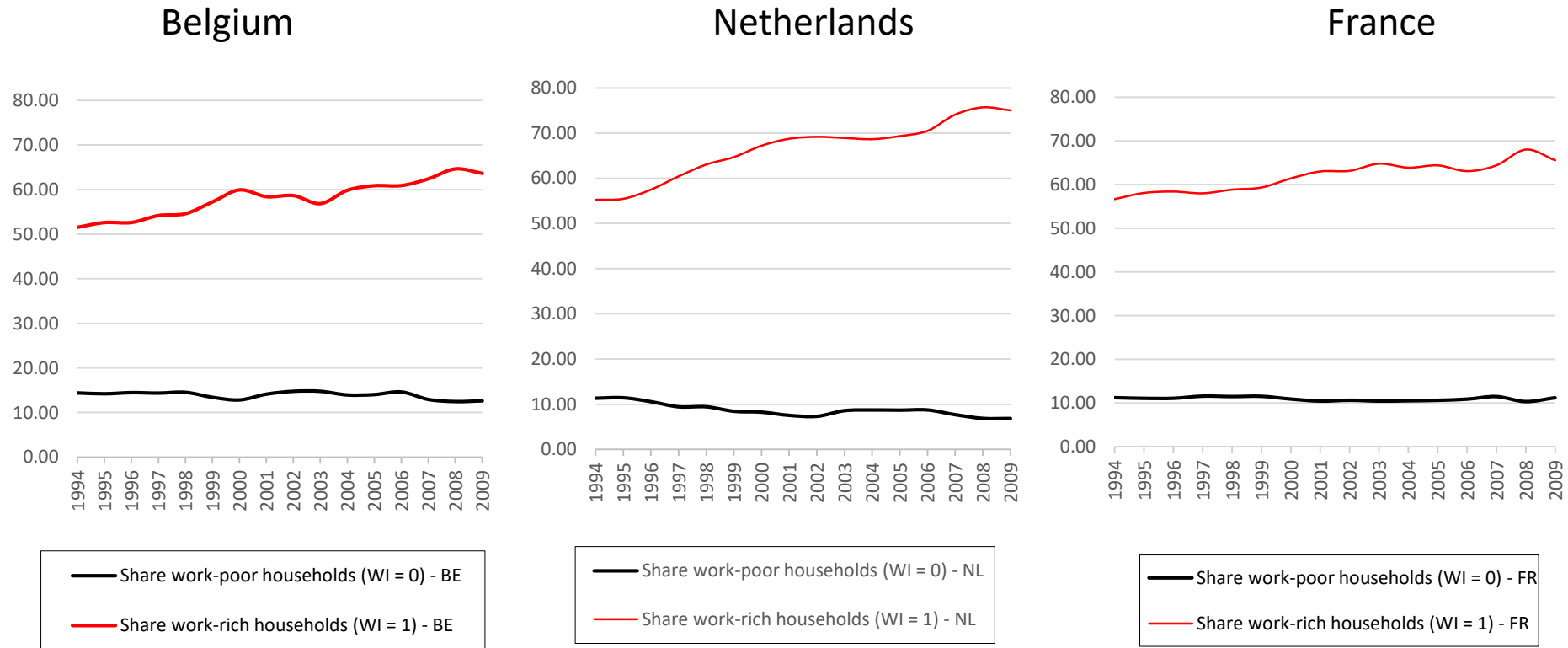
- ⇒ Unequal distribution of jobs among individuals and households
- ⇒ Sluggish growth of low earnings
- ⇒ Poverty reduction through work & social security under pressure

1. Employment & schooling

Tewerkstellingsgraad naar opleidingsniveau, België

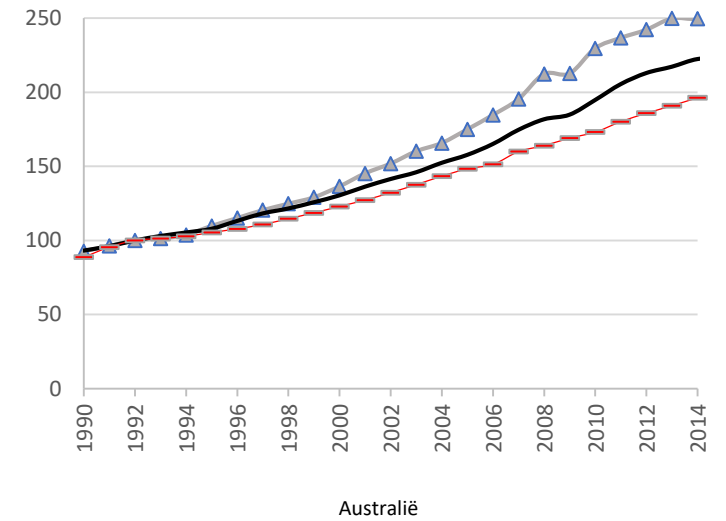
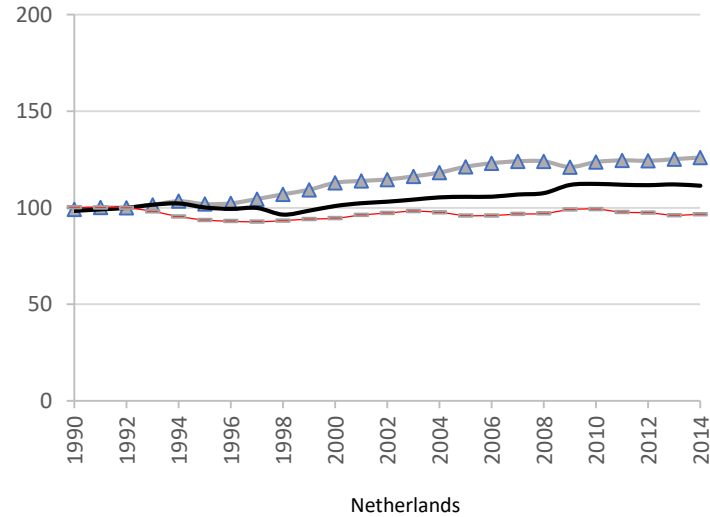
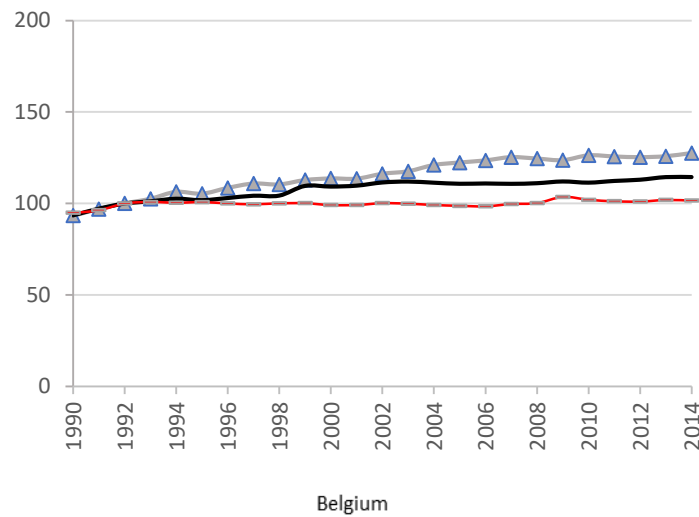


2. Polarisation of work across households



Source: Labor Force Survey data, calculations by Vincent Corluy and Eurostat, 2017.

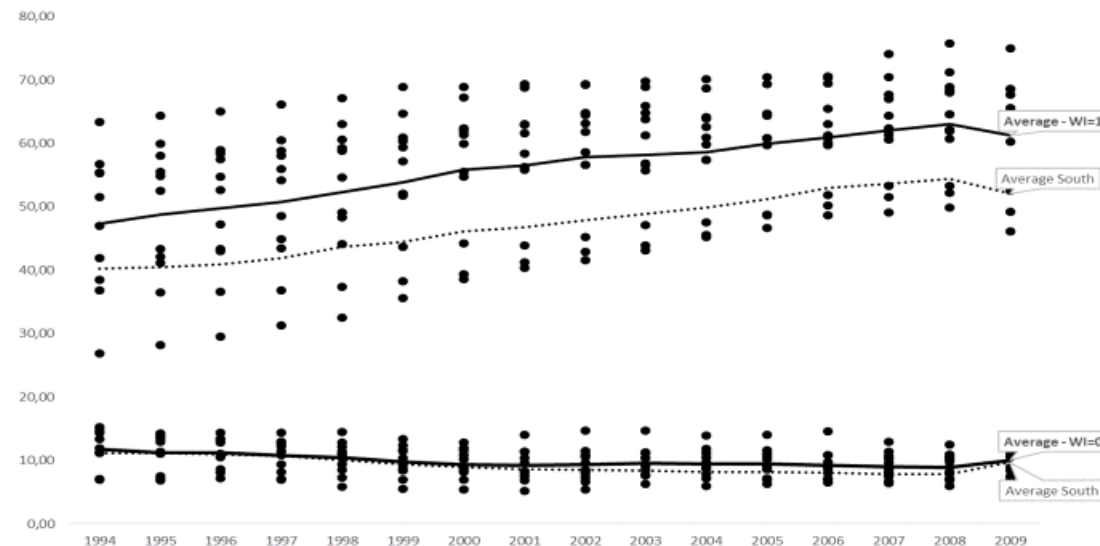
3. Sluggish growth of low wages



—▲— GDP per hour worked - 1992 = 100
— Average wage (in FTE) - 1992 = 100
— Guaranteed minimum wage - 1992 = 100

Source: OESO: productivity data, Labour – earnings data.

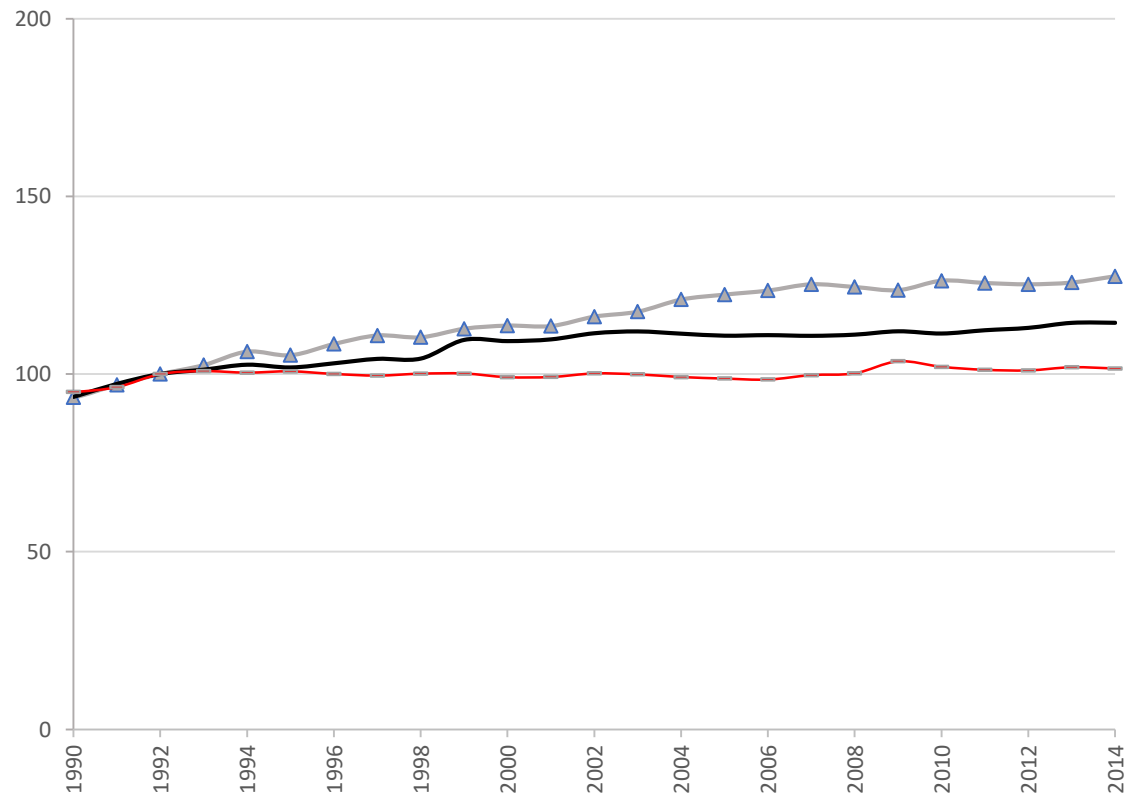
4. Dualization of social security



Job rich HH : parental
leave, child care ...

Job poor HH : unemployment,
Sickness...

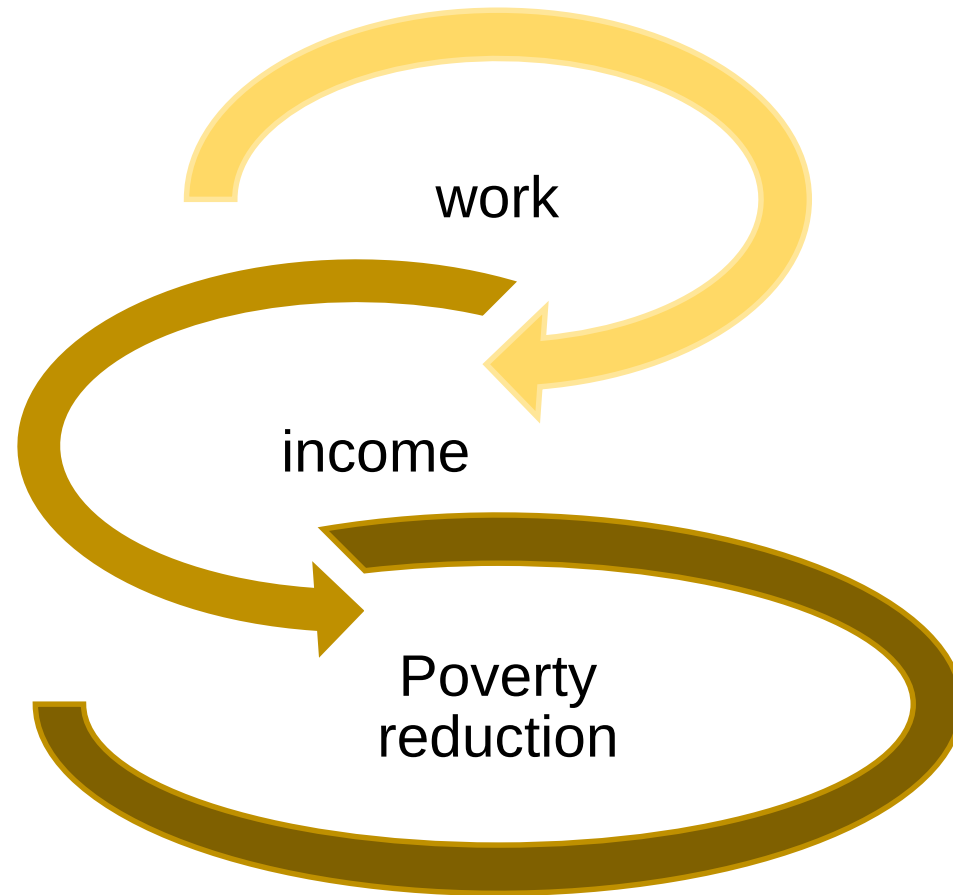
4. Glass ceiling of the social minima



Inadequate minimum wage => inadequate social floor

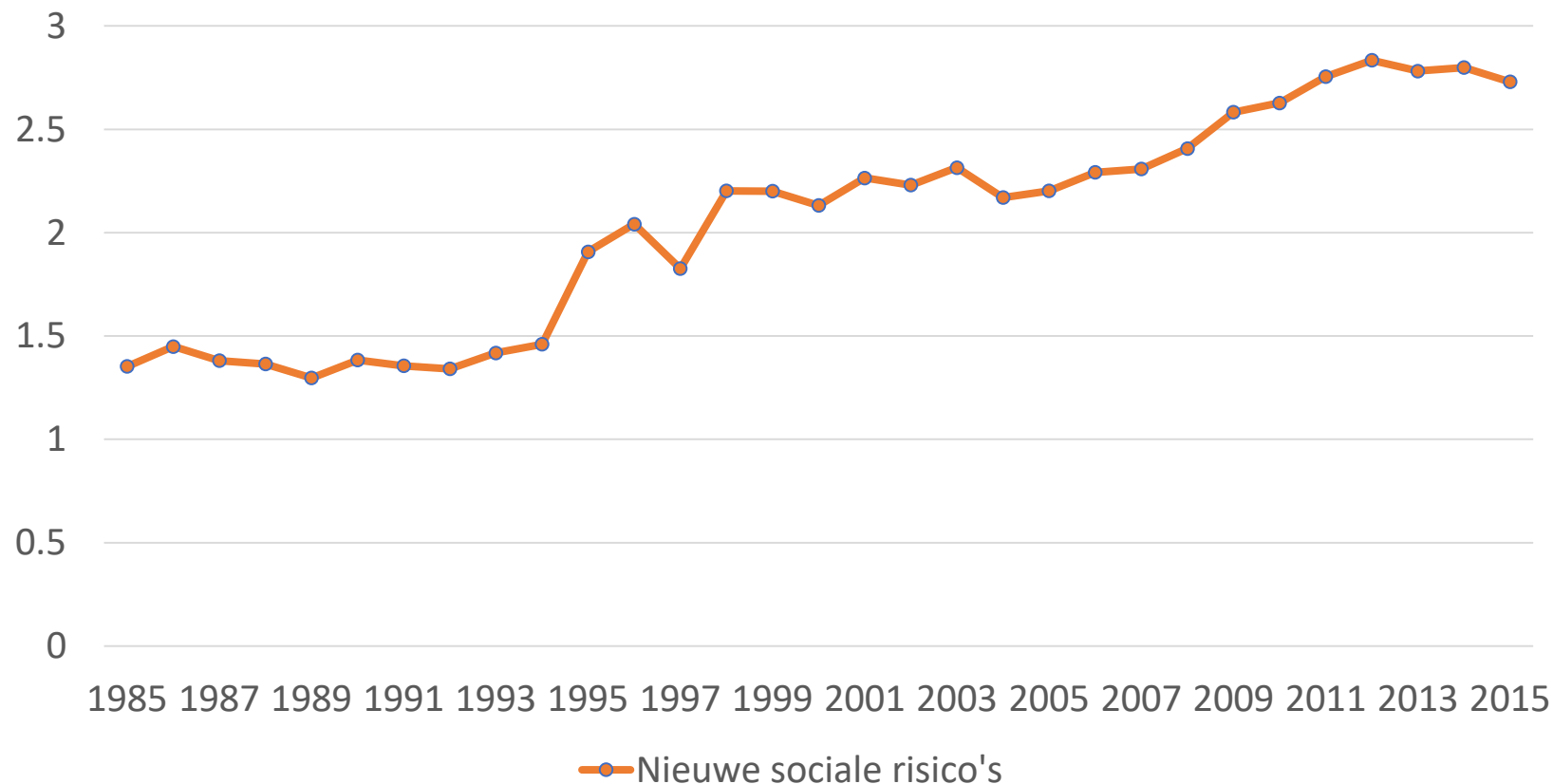
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The Active Welfare State



- New jobs costs
- Jobs protect less against poverty
- Social protection becomes less pro-poor

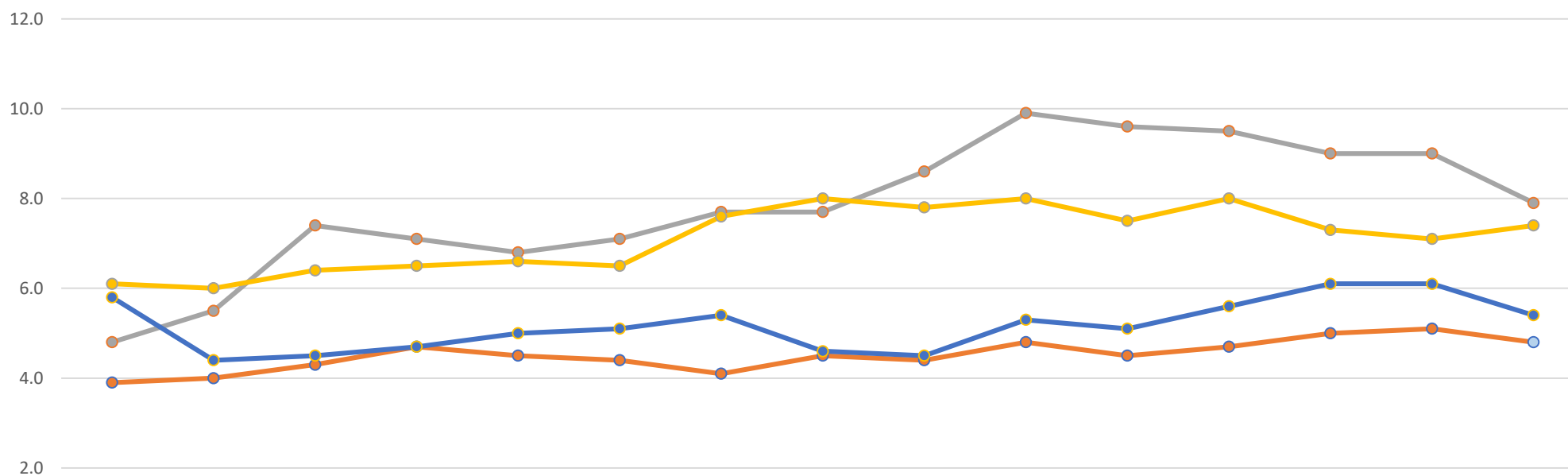
New jobs costs : spending on new social risks, Belgium



Nieuwe sociale risico's: ouderschapsverlof, ouderzorg, kinderopvang, activering

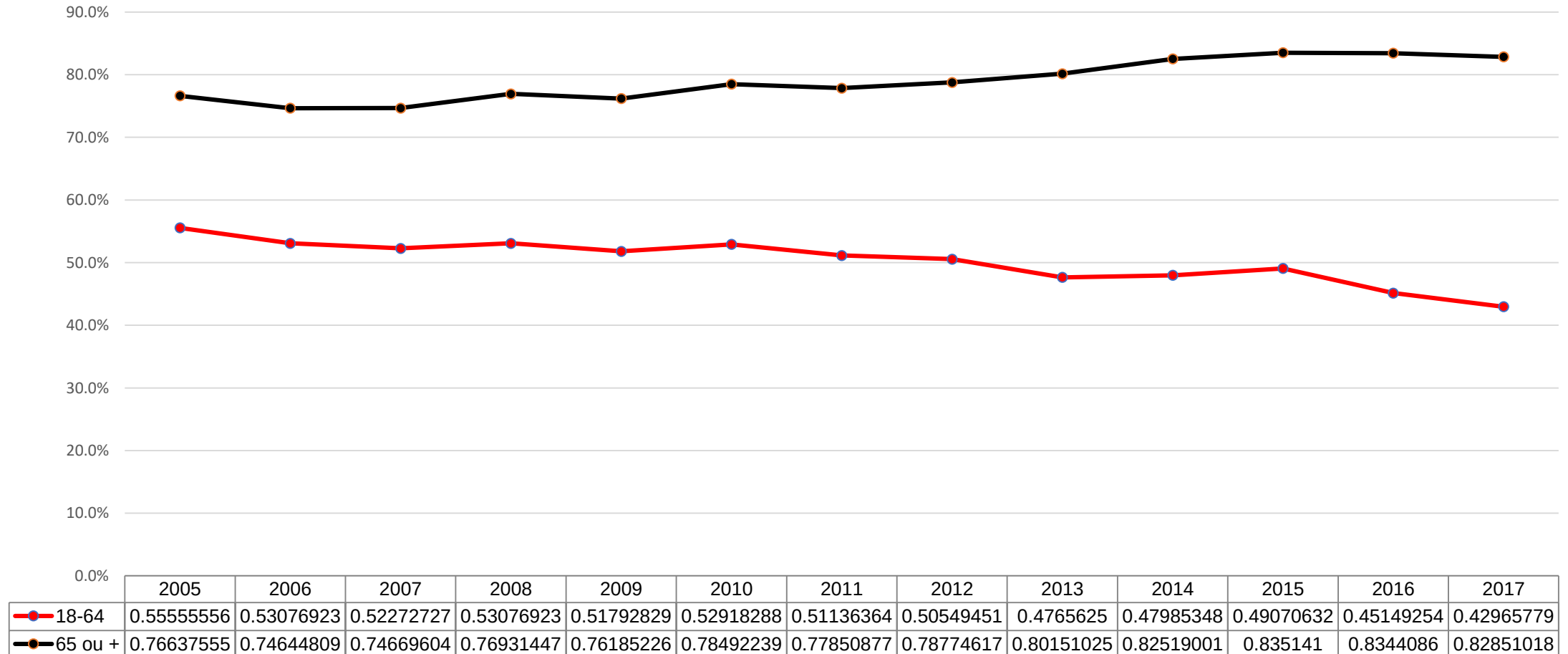
Bron: OECD SOCX database

Jobs protect less against poverty , Eurostat

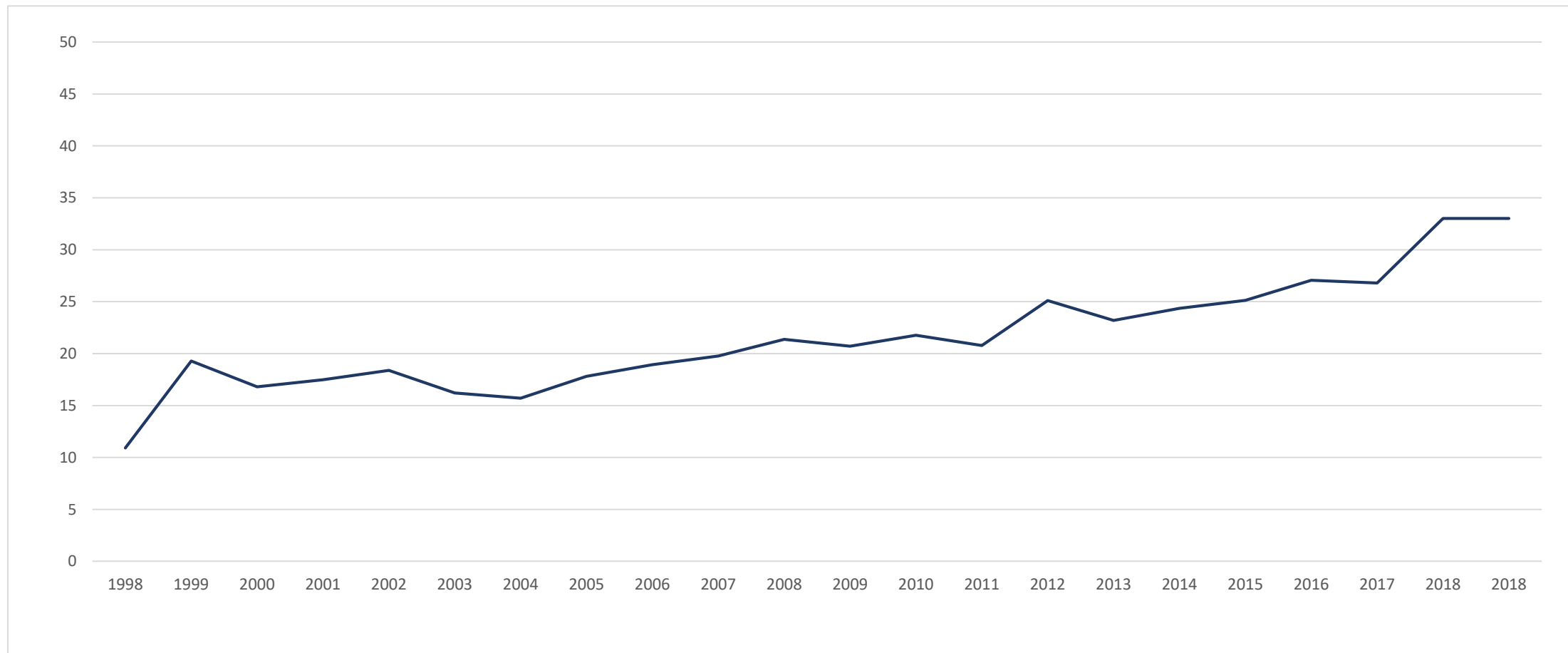


	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Belgium	3.9	4	4.3	4.7	4.5	4.4	4.1	4.5	4.4	4.8	4.5	4.7	5	5.1	4.8
Germany	4.8	5.5	7.4	7.1	6.8	7.1	7.7	7.7	8.6	9.9	9.6	9.5	9	9	7.9
France	6.1	6	6.4	6.5	6.6	6.5	7.6	8	7.8	8	7.5	8	7.3	7.1	7.4
Netherlands	5.8	4.4	4.5	4.7	5	5.1	5.4	4.6	4.5	5.3	5.1	5.6	6.1	6.1	5.4

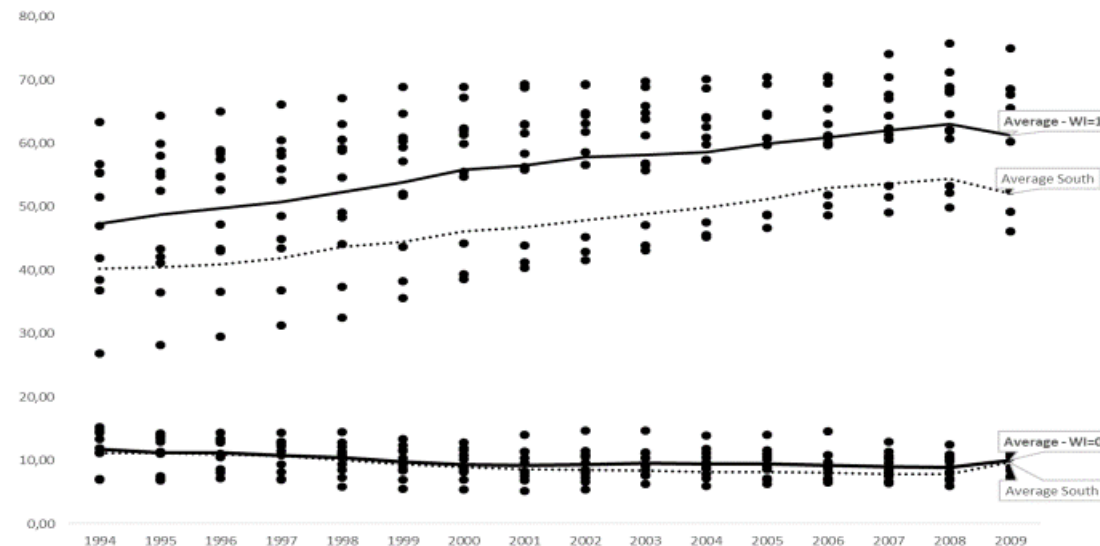
Social Spending became less pro-poor



Unemployed without unemployment benefits, Belgium



Running harder to stand still, at best



Spending on new social risks

Spending on jobless households



RECONCILING WORK AND POVERTY REDUCTION

HOW SUCCESSFUL ARE
EUROPEAN WELFARE STATES?

EDITED BY BEA CANTILLON
AND FRANK VANDENBROUCKE

OXFORD

The tragedy of the active welfare state

The Social Trilemma

=> three-way choice, or 'trilemma', between budgetary restraint, income inequality and employment growth

What can be done ?

- Increase minimum wage 
- Invest in low productivity jobs in the third sector
- Increase access to social protection (partial basic income ?)
- Include Wealth and carbon taxation in the distributional process