

Disappointing poverty trends in rich welfare states.
Which policies for the future?

CASE's 25th Birthday

Bea Cantillon

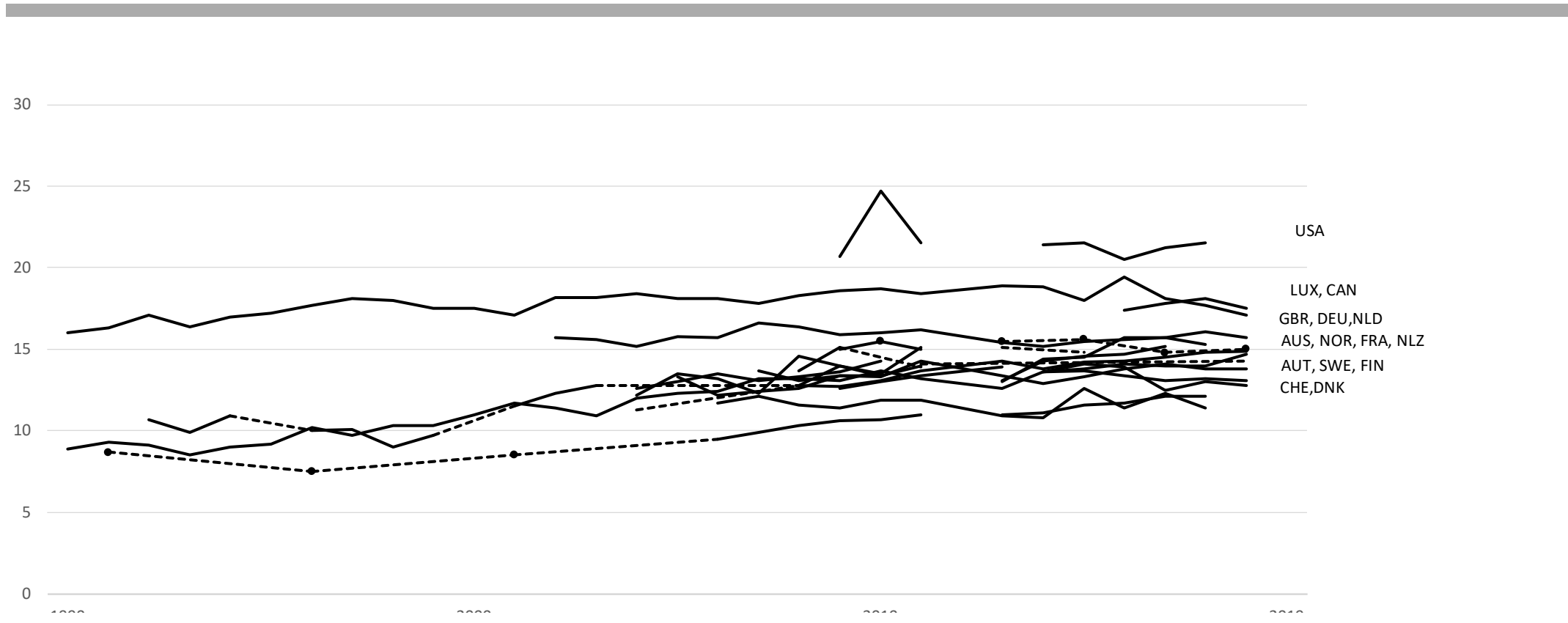
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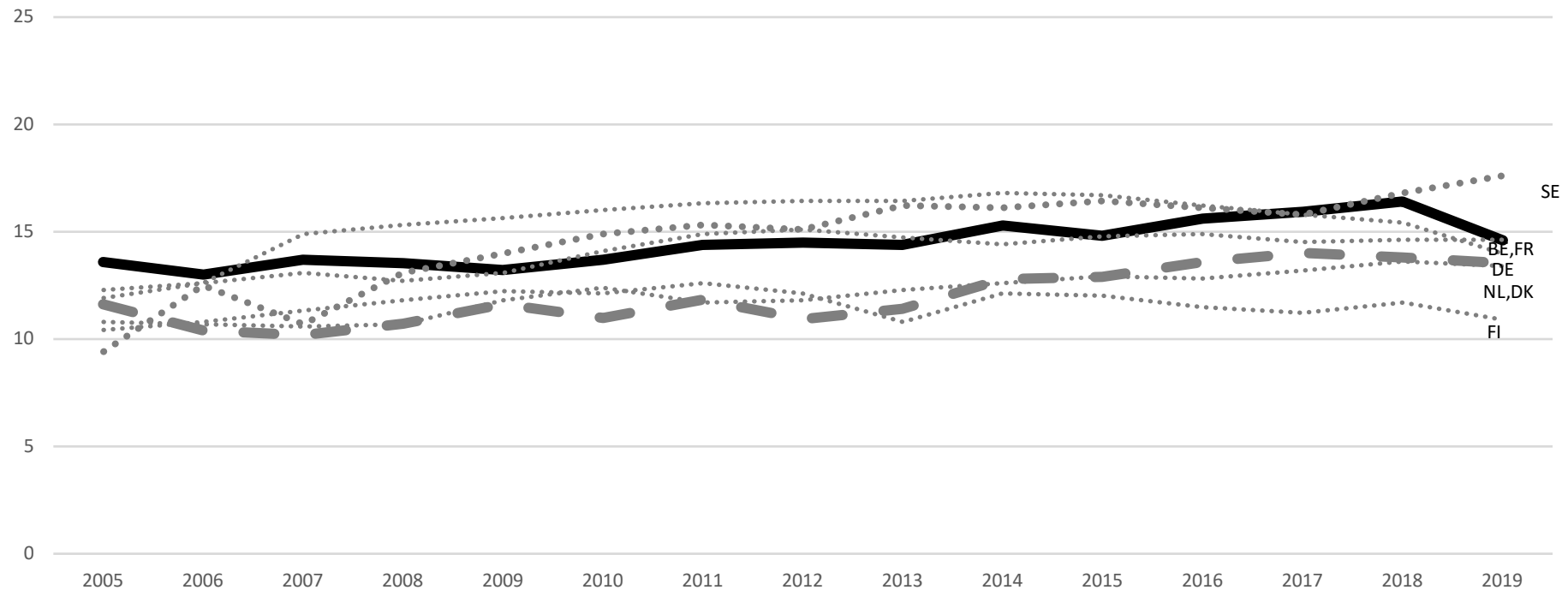
Focus on

- Rich (European) welfare states
- Commonalities of slow trends
- Income poverty
- Active age
- AROP 60 at-risk-of-poverty

Relative Income Poverty ,18-65y, 1990-2019, AROP60, OECD

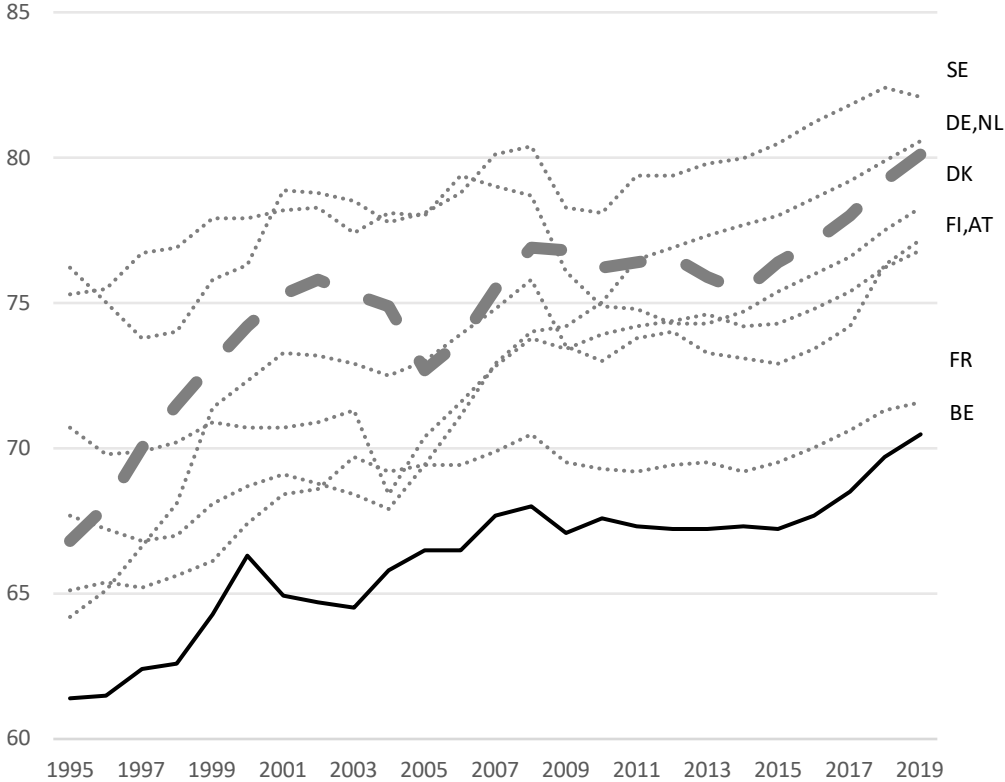


Relative Income Poverty ,<65,2005-2019, AROP60, EUROSTAT



Yet, welfare states started to work harder

Employment rate



Social Spending/GDP



RUNNING HARDER TO STAND STILL WHY ?

Not (only) a matter of choice

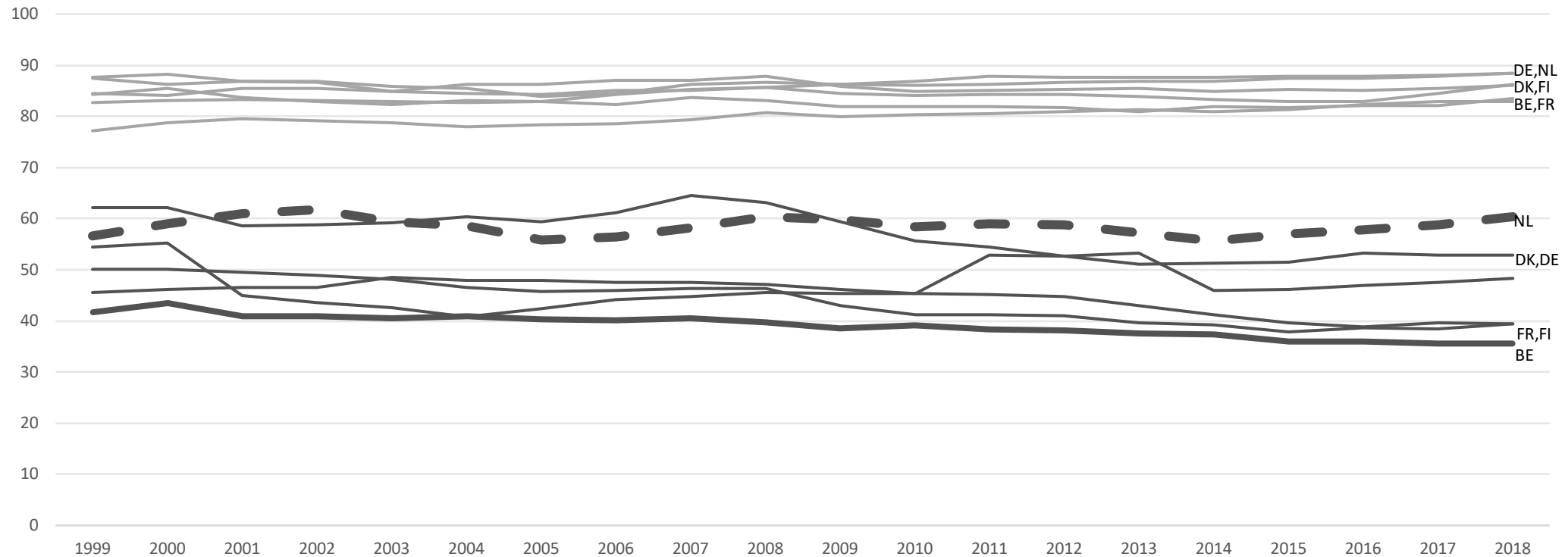
⇒ Unequal distribution of jobs among individuals

⇒ Unequal distribution of jobs among households

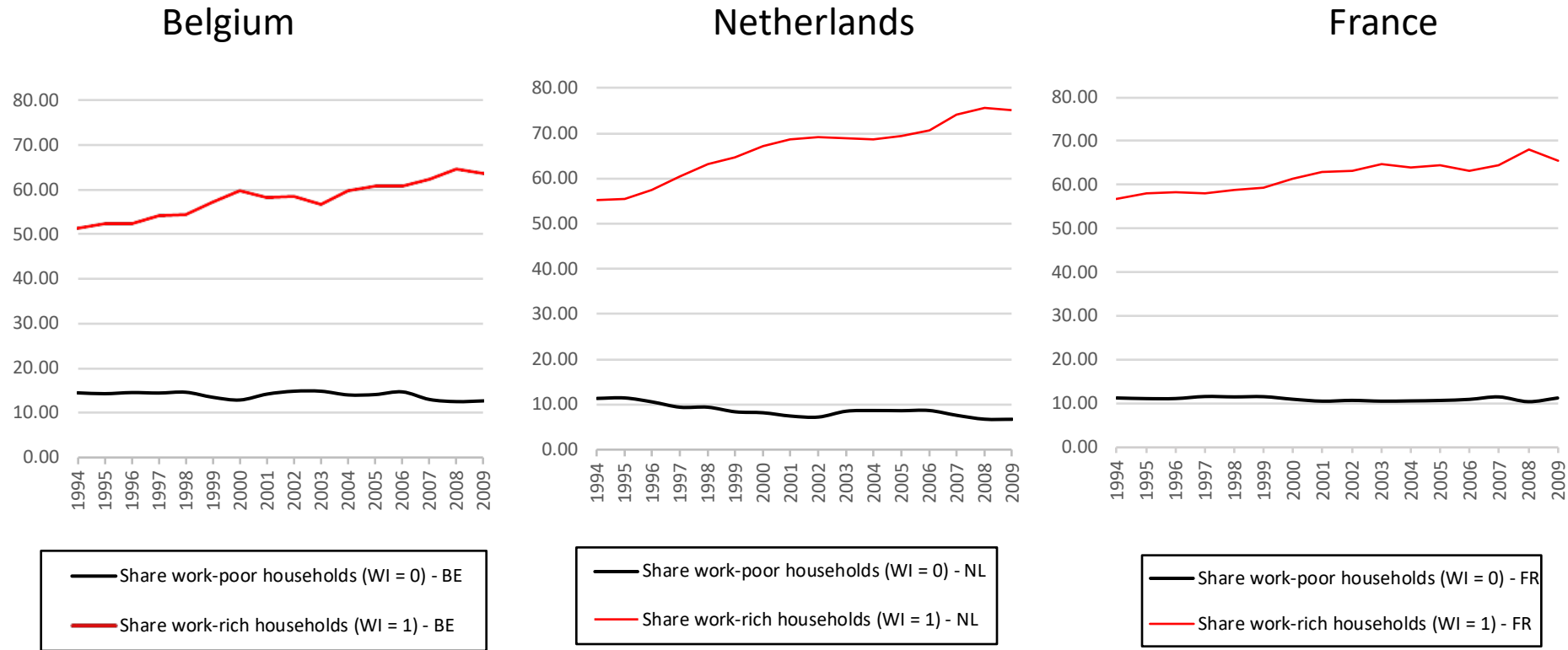
⇒ Sluggish growth of low earnings

⇒ Poverty reduction through work & social security under structural pressure

1. Unequal distribution of jobs among *individuals*, employment rates low and high skilled

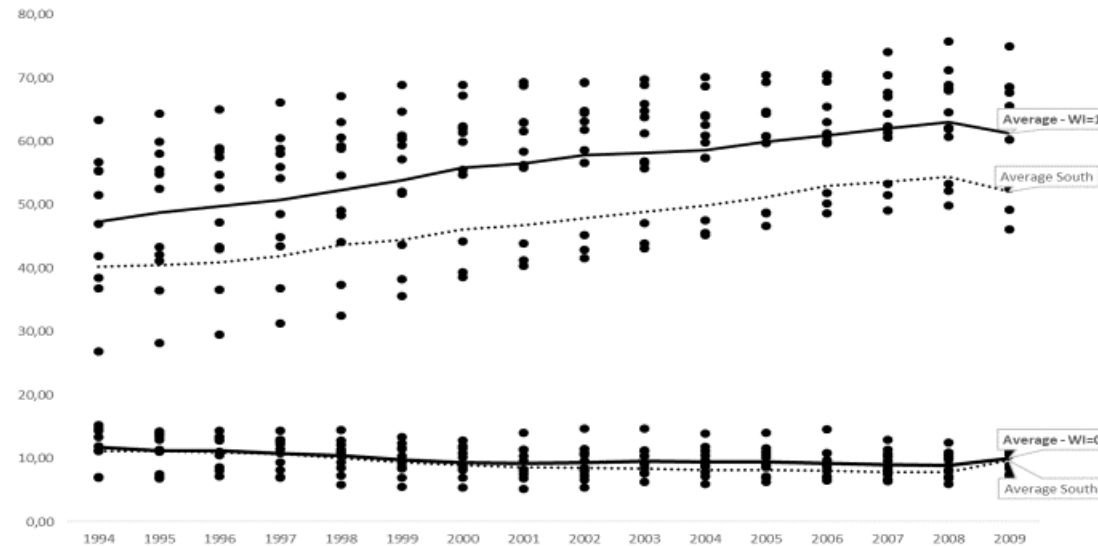


2. Unequal distribution of jobs among *households*



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

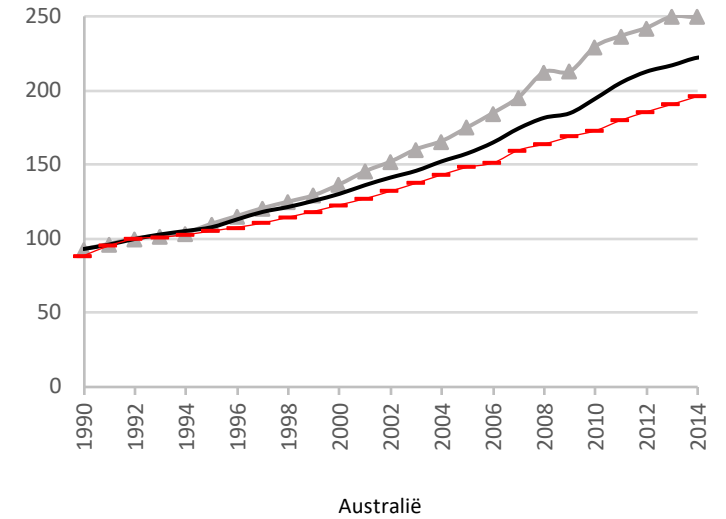
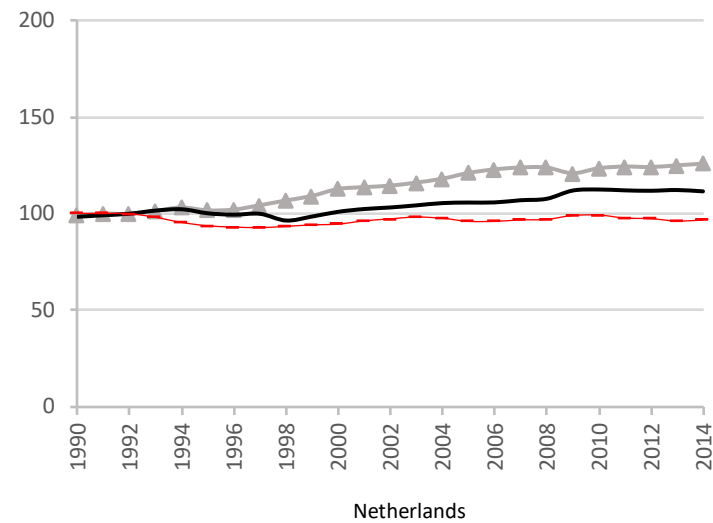
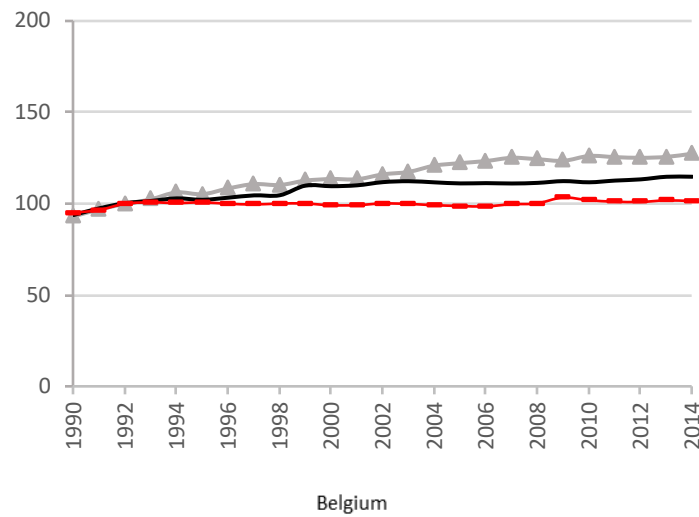
=> Dualization of social risks



Job rich HH => parental leave, child care ...

Job poor HH => unemployment, sickness

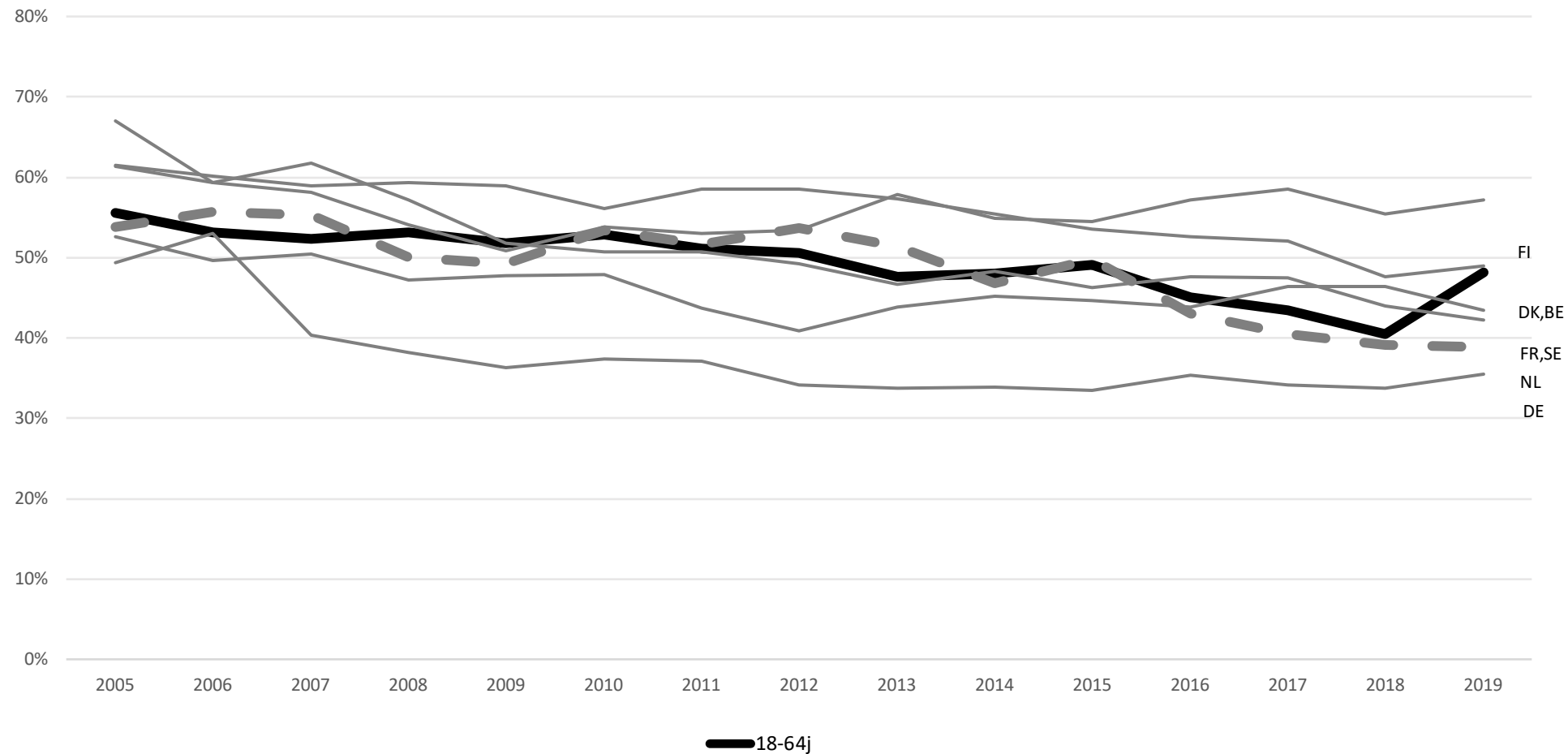
3. The great decoupling between productivity and profit gains



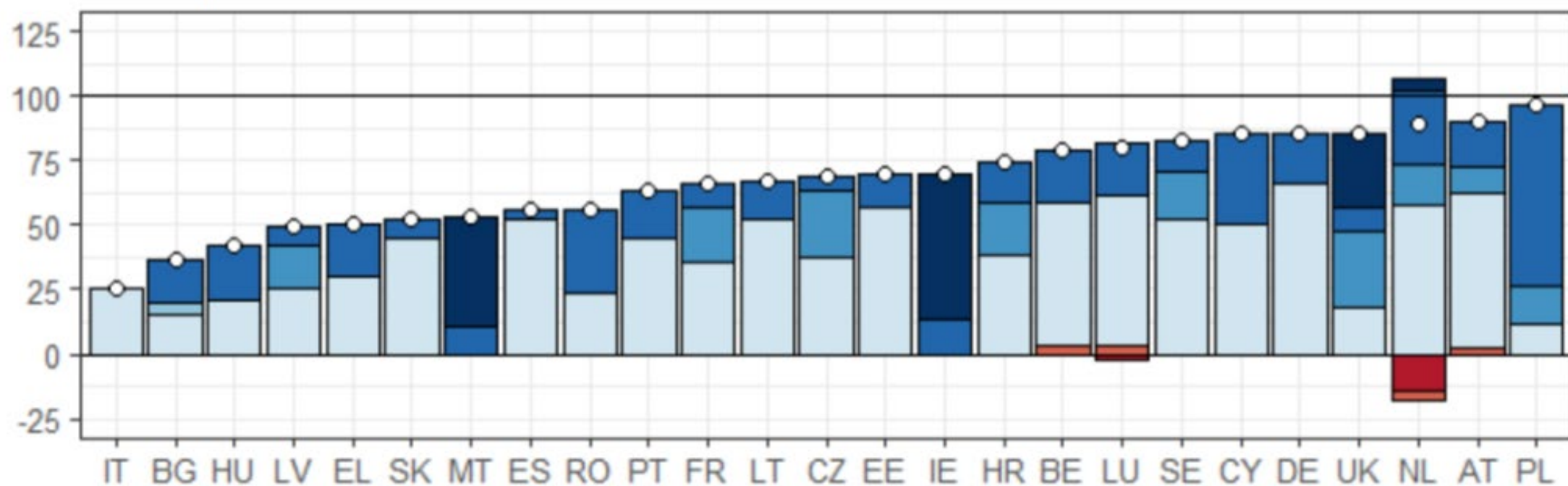
- ▲ GDP per hour worked - 1992 = 100
- Average wage (in FTE) - 1992 = 100
- - - - - Guaranteed minimum wage - 1992 = 100

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

Decreasing impact of social transfers on poverty reduction

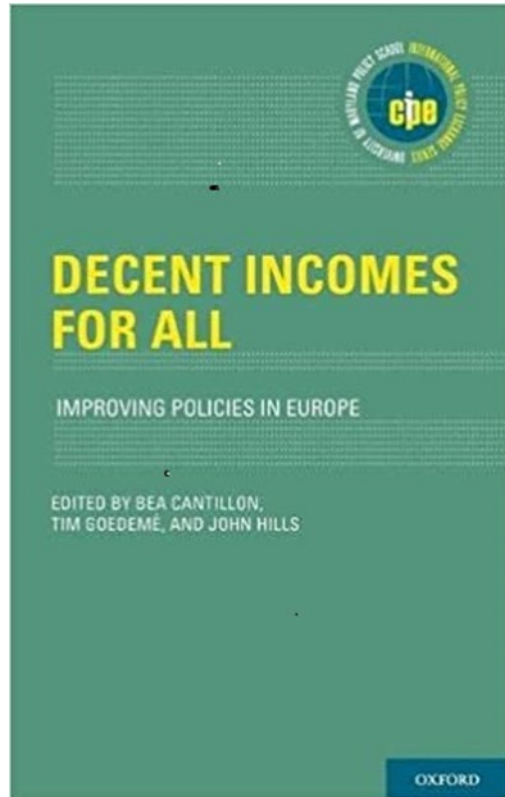


Lone parent with two children



The end of cheap talk about poverty reduction : the cost of raising the social floor

	Cost with 100% withdrawel	cost with "overspill"
BE	2,2	4,2
DK	3,2	7,1
UK	2,5	5,7



A NECESSITY for a just transition

- Raising & indexing the floor : higher minimum wages & partial basic income
 - Jobs in the third sector, social & ecological innovation
 - Fair distribution of the ageing cost
 - Wealth taxation
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=> The need for a new social contract