Social Inclusion Policy

To what extent does social policy prevent exclusion and decoupling from society?

41 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

10-9 = Policies very effectively enable societal inclusion and ensure equal opportunities.

8-6 = For the most part, policies enable societal inclusion effectively and ensure equal opportunities.

5-3 = For the most part, policies fail to prevent societal exclusion effectively and ensure equal opportunities.

2-1 = Policies exacerbate unequal opportunities and exclusion from society.

Luxembourg

Luxembourg's welfare system is possibly one of the most substantial and comprehensive in Europe. While other countries in recent years have curtailed welfare benefits, Luxembourg has in contrast expanded its system over the past 30 years. Since 1986, Luxembourg has offered a guaranteed minimum income (revenu minimum garanti, RMG) to ensure all residents have sufficient revenue (European Union and European Economic Area states since 2001) who are older than 24 (with certain exceptions, such as one-parent families and the disabled). Although the youth unemployment rate is 18%, unemployed youth who are under 24 years old receive no financial support.

Luxembourg has a high rate of poverty risk before social transfers (43.8%) and a relatively modest poverty risk after transfers (13.6% in 2011). Income inequality (Gini coefficient in 2011: 0.27) is lower than the EU average and lower than in other countries, such as the United Kingdom, Switzerland, France and Germany.

The country's social assistance services compensates mainly for the lower revenues earned by large families or single parents.

In 1989, Luxembourg adopted a system of care insurance (assurance dépendance) considered one of the most generous schemes worldwide, which includes cash benefits and benefits in kind to give priority to caring for the elderly and disabled at home. Institutional care is also provided for without requiring payments out of pocket. Other allowances provide the necessary means for long-term institutional care.
Child-care services up through the 1990s, while available, were not as extensive and were seen as one of the reasons for Luxembourg's low rate of female employment. Since the enactment of the EU Employment Strategy, Luxembourg has since expanded child care services and now offers some of the highest child benefits within the European Union. Child care service provisions are also partly financed by the state.

In 2011, welfare expenditures covering all social services totaled 18% of GDP. Rising unemployment and higher costs of living, mainly housing, resulted in a 40% increase in welfare recipients between 2008 and 2012. A new housing allowance will be introduced in 2013. The government in 2011 established a system of regional social services offices.

Citation:
http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do;jsessionid=9ea7d07d30d6808b0a0c65954acda3fbed52d04d2295.e34OaN8PchaTby0Lc3aNchuMc34Me0
http://www.snas.etat.lu
http://www.centrest.lu/resources/Fichiers-PDF/AideSocialeA206_2010.pdf
KPMG (2013), Luxembourg - Income Tax

Norway

Score 9

Like other Scandinavian countries, Norway is a relatively equitable society. Poverty rates are among the lowest in the world. The Norwegian government has assumed responsibility for supporting the standard of living of disadvantaged and vulnerable groups. As a result, expenditures for social policy are well above the EU average. Government-provided social insurance is strong in almost all areas. Family-support expenditures exceed 3% of GDP, in the form of child allowances, paid-leave arrangements and child care. Social-insurance spending related to work incapacity (disability, sickness and occupational injury benefits) is also generous.

A major reform of the social-security administration was launched in 2006, the implementation of which has proved more protracted and expensive than anticipated and remains fraught with administrative problems.

Sweden

Score 9

An analysis of Sweden’s social inclusion policy probably yields different results depending on whether it is conducted diachronically or synchronically. In the first approach, which observes Sweden over time, it is not difficult to
see that social inclusion in some areas works fairly well, but is unacceptable in other areas. While gender equality is still improving and life satisfaction continues to be very high, young people find it very difficult to find a job and large groups of immigrants are far from being integrated in Swedish society (see “integration policy”). Poverty is low, but increasing. Likewise, the Gini coefficient measuring the distribution of wealth is low, but also increasing rapidly.

If we compare Sweden with other countries, we find that recent developments challenge the country’s historical position as a leader in the public provision of welfare through wealth redistribution and as a country with extremely low levels of poverty. Together, the data and recent developments suggest that Sweden is gradually losing its leading role in these respects and is increasingly at par with other European countries in terms of its poverty levels and income distribution.

**Denmark**

Denmark has traditionally been known for having a high degree of social cohesion and the country is fairly egalitarian. High taxes allow for generous transfers to less well-off citizens translating into few instances of absolute poverty in Denmark. Welfare programs also have strong legitimacy. A high percentage of people are said to be happy with their life.

A government appointed expert group has recently proposed a new poverty line based on a relative poverty definition and operationalized by the median-income method. A person/family is in economic poverty if the equivalized income in three consecutive years is below 50% of the median-income, and there is no significant wealth. This measure is to be supplemented by analyses of material and social living conditions for a person/family and indictors for risk of poverty. Moreover, an annual report on developments and policies in the area is to be prepared. The government has approved the recommendations of the expert group. Using the abovementioned poverty line, about 42,000 persons were living in poverty in 2010 (of which about 1/4 is below the age of 18), which is almost a quadrupling since 1999.

Various statistics, however, suggest that the situation in Denmark has deteriorated in recent years. Denmark used to have the highest Gini coefficient score (least inequality) among OECD countries. By 2011, however, Denmark had fallen to a 14th place. Denmark also used to have the highest score on life satisfaction. In 2012, Denmark came in on a 5th place. In respect to gender equality, Denmark used to be among the top five. In 2012, Denmark had moved all the way down to 22nd place. Also the poverty gap has increased.
A reform of the rules for financial aid (kontanthjælp) was adopted in spring 2013. The new rules will reduce the amount of aid available for recipients under 30 years of age. The aid will be reduced to the level of study support (SU). It will thus no longer be financially advantageous not to attend university. In 2012, 12% of Denmark’s youth were neither employed nor attending university, putting Denmark in 12th place among OECD countries. The new reform also affects non-married couples living together. They will be considered married, which will reduce the support they can get. The savings will be used to increase the support for the weakest recipients, including creation of jobs and study opportunities. Some money will also be earmarked for a future competitiveness package.

Citation:
Eksperudvalg om fattigdom, 2013, En dansk fattigdomsgrænse - analyser og forslag til opgørelsesmetoder, København.

Finland

Score 8

The Finnish constitution safeguards basic economic, social and educational rights for all people, and the realization of these rights is guaranteed by the state and municipal authorities. The reality for Finnish citizens however does not completely live up to the law. While social policy has largely prevented poverty in Finland and the Finnish income redistribution system has proven to be one of the most efficient in the European Union, pockets of relative poverty still prevail. The global economic crisis has exposed an increasing number of people to long-term unemployment and this has, of course, added to the general level of poverty. Finland in terms of life satisfaction and gender equality has embarked on a number of programs to improve its performance. The government has passed an Act on Equality between Women and Men, and discrimination is also prohibited under other laws. Despite legislation, however, inequalities prevail between young men and women, not least at work. The government has put particular emphasis on programs for at-risk youth, from 15 to 17 years old, who experience social exclusion, as well as programs to create equal opportunities for the disabled. Immigrants are another group that faces social exclusion, especially from a lack of integration in the labor market.

Citation:
Netherlands

Score 8

Income inequality is between 0.28 and 0.29 on the Gini index and has not changed since 2007. Wealth inequality, however, has plummeted since 2008, largely because of a decrease in the value of housing stock (€256,000 in 2008, €233,000 in 2011, and falling), while mortgage debts rose (€143,000 in 2008, €160,000 in 2011). Wealthier and more highly educated people live a more healthy life and live longer (on average seven years). The number of households with a consistently very low income has been decreasing since 1996 (approximately 2.5%, in 2011), and the number of households with an income lower than the low-income threshold was 7.7%. Single-parent families and ethnic-minority families are especially represented in this poverty-exposed income bracket. One in every nine children was at risk for poverty. Elderly people, on the other hand, are hardly exposed to poverty, with the exception of older single women. Since 2011, however, the risk for poverty has risen again (1 million people in 2010, 70,000 more in 2011). Compared to the EU-27, where risk of poverty and social exclusion decreased from 26% to 23%, the Netherlands has a percentage of approximately 15% (comparable to Sweden only). It should be realized that the poverty threshold in the Netherlands is far higher than in most other EU countries (Luxemburg excepted). Poverty policy in the Netherlands is largely an issue for municipal governments, with the national government in the role of facilitator (fewer conditions and more subsidies for youth policy, job mediation, and debt relief).

Citation:
CPB/SCP (2011), Armoedesignalement 2011, Den Haag
CBS (2012), Welvaart in Nederland. Inkomen, vermogen en bestedingen van huishoudens en personen, Den Haag

Switzerland

Score 8

Switzerland is largely successful at preventing poverty. This is due to an effective system of social assistance, in particular with regard to older generations. It is rare to fall into poverty after retirement.

The main social-insurance programs regulated on the federal level (addressing sickness, unemployment, accident and old age) work effectively and are comparatively sustainable. A generous level of benefits is provided. Social assistance is means-tested, and some stigma is attached to its receipt.
Life satisfaction is very high, income inequality is moderate, the share of working poor in the population is small and gender inequality has been reduced substantially in recent years. However, some problems and tensions relating to social inclusion are evident.

First, the transition to a knowledge-based service society entails new social risks. These will be faced by workers who cannot cope with the challenges of such a society, such as young people who lack either the cognitive or psychological resources to obtain sufficient training and start a normal career; single mothers who are unable to finish vocational training; highly skilled female employees who cannot reconcile work and family; persons (in practice, typically women) who have to care for frail elderly people and cannot devote sufficient time to a full-time job, and other such individuals. Like most continental welfare states, Switzerland has not sufficiently reformed a welfare state with roots in an industrial-age economy to address the challenges of a service-based society.

Second, political tension between Swiss citizens and foreigners over the financing of and the benefits provided by the welfare state is increasing in salience. Highly skilled foreign employees effectively subsidize a Swiss welfare state that benefits low-skilled foreign workers and middle-class Swiss workers. In addition, the growing population of foreign workers increases burdens on infrastructure such as railways and highways, compete with Swiss citizens on the housing market, and compete for highly paid and desirable jobs. This has increased the number of conflicts and sparked anger on all sides. As yet, there has been no constructive discussion and search for solutions within Swiss society, a process that could include the termination of the mythology attached to sovereign Swiss citizenship. Instead, right-wing populism is on the rise, with the right-wing populist party today the strongest political force in the country.

Lastly, it is becoming increasingly difficult to reach the kind of political compromise that has enabled modernizing reforms in the past. Previously, Swiss elites have often achieved compromise by compensating those making concessions in another area. However, this requires that resources for such side payments be available, a prospect that can no longer be taken for granted. However, given that Swiss economic growth has regained strength in recent years, the outlook for the near future is not bad. In 2013, the country’s minister for social affairs proposed just such a broad compromise deal in the area of pension policy.
Austria

Score 7

Austria’s society and economy are rather inclusive, at least for those who are Austrian citizens. The Austrian labor market is nevertheless not as open as it could be. For those who are not fully integrated, especially younger, less-educated persons and foreigners (particularly non-EU citizens), times have become harder. The global and European financial crisis had less impact in Austria than most other countries. Nevertheless, competition within the rather well-protected system of employment has become significantly tougher. This can be seen in the rise in the country’s unemployment rate, comparatively mild as this has been.

Outside the labor market, the especially inequitable outcomes within the educational system and the remnants of gender inequality perpetuate some problems of inclusiveness.

Social divides continue to exist along generational, educational, citizenship, and gender cleavages. Moreover, governments at the national, provincial and municipal levels have shown a decreasing ability to counter these trends, as their policy flexibility has been undermined by debt and low revenues. Income inequality has persistently risen in recent years, with the richest quintile growing always richer and the poorest quintile growing poorer. The income differential between men and women is also widening: Correcting for part-time work, women earn around 13% less than men. The number of people living in poverty has declined in recent years.

During the period under review, the prospect of gender quotas for management positions in the business sector were debated. Advocates of this idea say it would help bring women into the most attractive and best-paid positions the economy has to offer.

Belgium

Score 7

Belgium’s generous employment protections, unemployment benefits and overall social safety net helps contain poverty well. But economic conditions are now forcing the government to take a tougher stance on social security programs, and increasing unemployment often goes hand in hand with increasing poverty and economic inequality. Inequality appears to have been increasing in recent years, even though the measure of the extent of this increase depends on the variables used.

Labor market policy, mostly administrated by regional authorities (with some common federal rules), aims at increasing “incentives to work,” thereby
imposing a reduction in generosity of unemployment benefits. Concretely, the number of months of unemployment after the end of schooling required to start collecting benefits has increased to nine, and, after a period of employment, unemployment benefits can now be reduced at a quicker rate. In a period of acute crisis where few jobs are available, the rates of those at risk of poverty will keep increasing. (The Ministry of the Economy reports that the country’s Gini coefficient increased by 17% over the last 10 years. By contrast, Eurostat data does not show an increase in the percentage of people at risk of poverty).

A chronically weak spot in Belgium's economy that pre-dates the crisis is upward social mobility, which remains fairly limited. Immigrants find it difficult to climb the social ladder; some post-industrial regions suffer from massive unemployment and face a bleak economic outlook for families of these former blue-collar workers. The large number of industrial plant closures will likely add to unemployment concerns.

Citation:

Canada

Score 7

Most social policies, such as income transfers (e.g., child benefits, pensions) and educational policies, support societal inclusion and ensure equal opportunities. A recent Centre for the Study of Living Standards (CSLS) study found that Canada’s after-tax income Gini coefficient, which measures inequality after taxes and transfers, was 0.395 in 2010, 0.123 points or 23.7% lower than the market-income Gini coefficient (i.e., inequality before taxes and transfers) of 0.518. Of the total 23.7% reduction in the Gini coefficient, 70.7% was due to transfers and 29.3% was due to taxes. It is evident that Canada’s redistribution policies considerably reduce market income inequality. The study also found that between 1981 and 2010, the market Gini coefficient increased by 0.084 points, or 19.4%. This growing market-income inequality was partially offset by a larger dampening effect of both transfers and taxes on inequality (by 0.027 points and 0.010 points respectively), resulting in the after-tax Gini coefficient increasing 0.047 points or 13.5%. In other words, 44% of the increased market-income inequality between 1980 and 2010 was offset by changes in the transfer and tax system.

However, certain groups, such as recent immigrants and aboriginal Canadians, are to a considerable degree excluded or marginalized from mainstream society. For these groups, social policy has done an inadequate job of preventing social exclusion. For immigrants, social disparities tend to
diminish with the second generation. Indeed, second-generation immigrants often outperform the mainstream population on a variety of socioeconomic measures (including education, for example). The same cannot be said of the aboriginal population, where the young generation often performs significantly worse than the mainstream. In 2011, the proportion of aboriginals without a degree or diploma was 28%, more than twice as high as that of other Canadians. Aboriginal children represent almost half of all children in foster care across Canada, even though native people account for just 4.3% of the total population.

Citation:
Statistics Canada (2013), Education in Canada: Attainment, Field of Study and Location of Study, National Household Survey 2011 Analytical document 99-012-X

Cyprus

Until recently, poverty rates in Cyprus have been lower than the EU average (7.80% in 2011), with the elderly showing the highest at-risk rates. The country’s social-welfare system has been routinely improved through the identification of and provision of support for vulnerable groups. The state’s approach to combating social exclusion focuses on the risk of poverty, participation in the labor market, assisting children and young persons, and adapting the responsible institutions and relevant mechanisms when necessary.

Measures promoted during the period under review include public-sector quotas for the employment of persons with disabilities, housing programs for young and other families, and special pensions and allowances to specific groups such as the elderly and cleaning personnel, among others. In the country’s present state of economic crisis, some groups have been affected due to reductions in benefits or the loss of employment. As a response to salary, pension and benefits cuts, allowances have been changed and targeted, and special plans for the employment of young persons have been adopted. However, despite mobilization by charity groups and various other institutions, larger groups face problems today. The almost invisible phenomena linked to poverty and exclusion are on the rise. The Gini coefficient of 28.80 in 2011 and the OECD life-satisfaction indicator of 6.2 in 2012 may be valid for the pre-crisis context only. Since the adoption of
austerity policies to counter the financial crisis in 2013, these figures will probably experience a downward turn.

France

Score 7

By international and European standards, the French welfare state is generous and covers all possible dimensions affecting collective and individual welfare, not only of citizens but also of foreign residents, and keeps poverty at a comparatively low level. Therefore, social inclusion in terms related to minimum income, health protection, support to the poor and families is satisfactory and has permitted that, up to now, the impact of the economic crisis has been less felt in France than in many comparable countries.

However, if we also consider the feeling of being fully part of the community and enjoying equal opportunities as part of such a social system, then one observes that some groups or territorial units are discriminated against and marginalized. The so-called second-generation immigrants, especially those living in the suburbs, as well as less vocal groups in declining rural regions, have the feeling of being abandoned to their fate as their situation combines poor education and training, unemployment and poverty. Gender equality and in particular the right to equal pay is still an issue despite progress in recent years.

Germany

Score 7

Germany has a mature and highly developed welfare state, which guarantees a subsistence level of income to all citizens. The German social-security system is historically based on the insurance model. However, job-loss benefits have over the last decade required some supplementation, and to some extent have even been replaced by need-oriented minimum levels of income. Furthermore, the amalgamation of unemployment assistance and social-security benefits into a basic jobseekers’ assistance scheme led to the creation of minimum-income levels for low-skilled single parents that may exceed this population’s actual earning potential.

There is ongoing debate over whether the current definition of the subsistence level is sufficient. Minimum-income benefits recipients are also entitled to goods and services such as health insurance and education free of charge. Nevertheless, according to the latest figures released by the Federal Statistical Office, 15.8% of Germany’s population was considered to
be at risk of poverty in 2010 (Statistisches Bundesamt 2013). This rate has shown a slightly declining trend as a consequence of significant reductions in long-term unemployment.

In general, following the last decade’s reforms to the social-security system, an increasing number of people have received social benefits despite being employed. The number of these so-called Aufstocker – that is, working poor who top up a low work-derived income with basic jobseekers’ assistance – has increased considerably in recent years. In 2011, for example, 1.36 million people in Germany were dependent on just such a mixed income. Despite the aid of various programs, the proportion of working poor in the population has increased, and the issue has gained prominence on the political agenda. While some observers point to the positive work incentives of these in-work benefits, others stress the risk of continuing to subsidize cheap labor. Equally controversial has been the idea of minimum wages as an additional tool to fight poverty. In the past, Germany has left wage determination to negotiations between employers’ associations and trade unions. However, the last two governments showed a more open stance on sectoral minimum wages. Empirical research has shown that no negative employment effects occurred in sectors in which minimum wages had been introduced since 2005 (Bosch/Weinkopf 2012). Looking ahead to the future, some observers expect that the risk of exclusion for the older generation will rise, due to lower expected pensions and increasing social isolation derived from the loosening of family ties. The current government has started to design counter-strategies based on supplementing pensions of a particularly low level.

Overall, Germany has an effective welfare state, but has clearly reduced its generosity in favor of stronger work incentives in recent years. The marked reduction of long-term unemployment that has resulted represents a substantial contribution to the limitation of employment-related exclusion.

Citation:

Iceland

Score 7

During the years before the 2008 crash, the degree of inequality grew in Icelandic society due to a regressive tax policy, which included a creeping reduction in real terms in the level of income at which low-income households were exempted from paying income tax. Due to rather high inflation rates, this development increased the tax burden of low-income wage earners. After the left-wing government came to office in 2009, measures were taken to readjust the tax system. Driven by the necessities of
the crisis, the government raised taxes for all income groups, but with proportionately smaller increases for the lowest income groups. In the post-crisis years, the Gini coefficient for Iceland has decreased significantly, from 29.6 in 2009 to 23.6 in 2011.

This does not tell the whole story, however. The post-2008 crisis has led to significant cuts in public expenditure. Pensions and social reimbursements have also been cut, and remain well below their 2007 level. The strain on charity organizations that provide food and clothes free of charge to the needy increased markedly after the collapse, and still remains high. The crisis has increased the risk of social exclusion. During the period under review, the government's social policy was not able to arrest this development fully. However, medical statistics on emergency-room admissions, the use of antidepressants and the incidence of suicides do not suggest significant changes in trends since before the crash. Iceland also performs well in international poverty comparisons, suggesting that social policies during the crisis were reasonably successful even if the economic situation remains difficult.

Citation:
http://www.oecd.org/els/soc/income-distribution-database.htm

Ireland

Score 7

During the recession, Irish social and economic policy has continued to place a high priority on poverty reduction. The poorest groups in society have been protected from the worst effects of the recession. Although the rise in the unemployment rate and the fall in the employment rate has drastically reduced household income for many, the real value of the principal social welfare payments has been protected in successive budgets since 2008 over a period when the take-home pay of those in employment fell significantly.

The most recent published results of the Survey on Income and Living Conditions (SILC) show that the incidence of poverty rose from 14.1% in 2009 to 16.0% in 2011, and the deprivation rate from 17.1 to 24.5.

The continuing recession places a severe strain on the country’s ability to maintain its relatively high rates of social welfare payments. Public spending on social protection was 65% higher in 2012 than in 2007, and rose as a percentage of total current public spending from 17% to 31%.

Citation:
The 2013 Budget contains an Annex that reviews the effects of recent budgetary changes on income distribution:
New Zealand

Score 7

New Zealand has a long tradition of making an egalitarian society a social goal. Governments have established a comprehensive system of social security benefits, including income support. Increased efforts have been put into reducing general disparities, most evident between New Zealand Europeans and the Maori, Asian and Pasifika populations. These differences, however, are more of a reflection of economic, structural and geographic influences rather than race-based discrimination. With regard to gender equality, based on the ratio of female-to-male earned income, New Zealand has slipped behind in recent years.

Citation:

Poland

Score 7

Social inequalities have decreased since the early 2000s. This has partly been due to the country’s strong economic growth, which slowed in 2011. In addition, the Tusk government has been successful in mitigating regional disparities through successful regional development policies, in improving the financial situation of families, especially those suffering from poverty, and in increasing educational attainment and in reducing unemployment. However, labor market participation has remained low, and unemployment has risen in the period under review.

Slovenia

Score 7

Slovenia has a strong tradition of social inclusion and one of the lowest Gini coefficients in the OECD. In the past, social policy focused on providing selective benefits to the elderly and to families with children. Since the onset of the economic crisis, however, social disparities have widened. The Fiscal Balance Act, adopted by the Janša government in May 2012, cut several social benefits and has made social protection for the unemployed less generous.
United Kingdom

Score 7

The overriding aim of the post-1997 New Labour governments was to combat the high degree of inequality that had developed in the United Kingdom during the 1980s and early 1990s. A number of policy initiatives were employed, ranging from tax policy to reforms of the benefit system and initiatives in the education system.

Social inclusion has also been a core aim of the coalition government’s policy under the rubric of the “Big Society,” a policy orientation that has proved too vague to have much impact. Austerity program cuts in housing and child benefits counteracted that goal. The bottom decile suffered a 12% loss in their income over the last decade, and the Gini Coefficient is currently at its highest in the last 20 years. Recent government programs such as Youth Contract have particularly focused on the problem area of youth unemployment.

Although income inequality has increased during the economic downturn, social exclusion has been more complex. There is an undoubted problem of youths “not in education, employment or training” (NEETs), but the United Kingdom has a relatively good record in promoting the inclusion of disadvantaged groups or ethnic minorities, and also has a relatively good record on gender equality. While there are reservations about multiculturalism and anti-immigrant pressures, immigrants do tend to be socially more integrated than in many other countries. The approval of same-sex marriage was recently made law.

Australia

Score 6

Australia continues to have a mixed record of social inclusion. The indigenous population continues to be largely excluded from Australian society, and the gap between rich and poor is big and widening. Successive governments have made considerable efforts to promote social policies that reduce social exclusion caused by poverty and to promote the principle of equal opportunity. However, promoting social inclusion did not become an explicit policy goal at the federal level until the election of the Labor government in 2007. At that time, the government created a Social Inclusion Unit (SIU) within the Department of Prime Minister and Cabinet that reports to the deputy prime minister. While the social inclusion agenda has produced few tangible improvements in social inclusion, its impact on raising awareness of the issue in policy domains of the federal government has been substantial. For example, in developing welfare, employment and
housing policies, it is clear that social inclusion metrics developed by the SIU have helped inform policy settings.

Perhaps the most significant policy development for promotion of social inclusion in the review period has been the creation of the National Disability Insurance Scheme, an enormously expensive scheme that will, once running, provide individualized and demand-driven care and support to people with profound and severe disabilities. Also, to its credit, Australia is very successfully providing employment opportunities for elder citizens.

Citation:

Czech Republic

Due to a relatively favorable employment picture and a rather redistributive social policy, income inequality in the Czech Republic remains one of lowest among the OECD countries, and the poverty rate, at 9%, is the lowest. Income inequality measured using the Gini index has shown a slight increase, but is still very low among OECD countries. The life satisfaction could be marked as average and remains stable. Since 2009, there have been significant changes in the social benefit system in line with the government’s policy of reducing state spending. However, there has been no effective structured support system allowing marginalized groups to overcome their initial disadvantages, which austerity policies have tended to worsen. Nor have laws introduced to combat discrimination contributed anything to an improvement in the position of marginalized groups. This has been the greatest problem with respect to the Roma minority. The combination of geographical segregation into very poor housing, high unemployment and cases of public disorder and criminal activity from some within the Roma communities has given support to demonstrations to drive out the Roma minority (for example, one held by 500 people in the town of Varnsdorf in September 2011) which have become significant public order issues.

Estonia

As result of the transition period, Estonia has established a welfare system that resembles the liberal welfare model. Its poverty and inequality figures are at similar to those in the United Kingdom, Ireland and some Eastern European countries in the Baltic Sea region. In general terms, Estonia’s social policy can be regarded as successful because poverty and inequality
did not increase during the last decade. In fact, there has been a slight decline in the Gini coefficient. At the same time, some social groups are still at serious risk of poverty, and the government has not addressed the problem with any significant policy initiative. Indeed, a number of social problems persist, namely high child poverty rates, an extremely high rate of long-term unemployment and significant proportion of young people not in employment or education. Moreover, income levels are much lower in rural and remote regions compared to the capital area, mirroring great regional disparities. The absence of relevant policy measures has accelerated emigration of the working age population, which in turn puts an additional burden on families and makes the formulation of sound social policy all the more difficult. On the positive side, the government has established some policies for disabled people, such as labor market and social integration measures.

Despite the average objective poverty and inequality levels, the subjective perception here is much more critical. The majority of Estonians feel that income disparities are too high and that their job income does not correspond to their personal contribution. Furthermore, life satisfaction is lower than in comparable countries.

Japan

Score 6

Japan, once a model of social inclusion, has developed considerable problems with income inequality and poverty during the course of the past decade. Gender equality is also a serious issue. Equity concerns underlay considerable portions of the DPJ’s successful electoral manifesto of 2009.

The New Growth Strategy of 2010 was based on creating new demand and employment opportunities. The DPJ-led government was unable to create additional demand effectively, despite the goal of establishing the country as a leading center for green and creative industries. In addition, it was unable to devote sufficient funds to develop truly substantial policies to improve social inclusion.

Major social-system reform measures formed an integral part of a Comprehensive Reform of Social Security and Tax package that was introduced in January 2012 and eventually passed by parliament in August 2012. However, the change of government shortly thereafter makes implementation of the full reform package doubtful. The new LDP-led government wants to focus on social-security reforms that harmonize with its growth agenda, as for example by increasing child-care options for working mothers.
Lithuania

Score 6

Social exclusion is a key challenge for Lithuania’s social policy. In 2011, Lithuania was the fourth-worst-performing EU member state in terms of poverty and social exclusion, with 33.4% of the Lithuanian population at risk of poverty and social exclusion, compared to an EU-27 average of 24.2%. The Lithuanian authorities have set a goal of reducing the size of the population at risk of poverty or social exclusion to 814,000 individuals (from 1.08 million in 2011), but the increasing number of people put at risk during the financial crisis has made this goal very difficult to reach. The country’s most socially vulnerable groups face the greatest risk of poverty and social exclusion; this includes the disabled, people suffering from addictive disorders, Roma individuals, and former prisoners or homeless people who lack relevant social or labor-market skills, thus becoming marginalized as a result of their physical/mental condition or sustained economic inactivity.

The growing levels of poverty and social exclusion have necessitated increasing levels of social expenditure, undermining the government’s ability to achieve a sustainable budgetary position. In its 2012 assessment of Lithuania’s national reform program, the European Commission pointed out that the government’s plans and interventions have not effectively addressed the root causes of increasing poverty rates and social exclusion. A mix of government interventions (general improvements to the business environment, active labor-market measures, adequate education and training, changes to the system of social benefits, and social services targeted at the most vulnerable groups) is needed in order to ameliorate Lithuania’s worsening problems of poverty and social exclusion.

Citation:

Malta

Score 6

Malta has a consolidated social benefits system that supports those with low incomes; in addition, health care and education for everyone is available free of charge. However, the high risk of poverty among the unemployed and the elderly suggest that welfare benefits and pensions are not sufficient. In 2009, expenditure on social protection benefits amounted to a fifth of Malta’s gross domestic product, a figure considerably lower than that of the EU average, or a quarter of GDP in 2008. However, between 2005 and 2008, while social protection benefits in the EU-27 grew by 9.5%, Maltese benefits increased by
22.3%. Malta is also committed to achieving a target of 6,560 persons at risk of poverty by 2020; however, according to the National Statistics Office, the figure at the time of writing stands at over 63,000, or one in every five individuals. At 21.4%, this is nearly three percentage points lower than the average for the European Union, but still rather high. This is explained through Malta’s lower-than-average poverty or social exclusion rate for children (25.8% vis-à-vis the EU-27 average of 27%) and adults (20.1% vis-à-vis the EU-27 average of 24.3%). It is also to be noted that Malta has a slightly higher than average rate of poverty among the elderly (21.5% vis-à-vis the EU-27 average of 20.5%). In Malta, 26% of individuals under the age of 18, compared to an EU average of 27%, are considered to be at risk of poverty. However, Eurostat shows that 31.7% of children where parents have sub-standard education levels were at risk of poverty, compared to an EU-27 average of 49.2%, while 11.6% of children with parents with a medium standard of education were at risk of poverty (EU-27, 22.4%) and only 4.2% of children with parents with a higher level of education were at risk of poverty (EU-27, 7.5%).

Disabled persons remain relatively marginalized. Of the 3,000 “individuals of working-age registered with the National Commission for Persons with Disability, only 28.1% were in employment” according to Malta’s Operational Program II Programming document. Furthermore, unemployed disabled persons receive only 55% of the minimum wage, a situation that reinforces their exclusion and their risk of poverty.

Citation:
Europe 2020 Strategy, 2010 p.3
Eurostat News Release (3 December 2012)
Eurostat News Release (26 February 2013)
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National Reform Programme April 2013 p.60, p.154, p.159, p.161
Malta’s Children at Higher Risk of Poverty than Children of Immigrants. The Independent 28/02/13
Europe an Employment Observatory EEO Review: Adapting unemployment benefit systems to the economic cycle, 2011 Malta Manwel Debono Centre for Labour Studies, University of Malta

South Korea

Score 6

The gap between rich and poor has widened in the past 15 years and during the observation period, and criticism of the government’s lack of action on this issue is growing in strength. The Korean welfare system is not designed to reduce inequality, and even its capacity to prevent poverty is very limited
given the very low level of social transfer payments. These small payments force unemployed individuals to accept any job offer, even if wages are much lower than in their previous employment. This explains why Korea has the highest share of working poor in the OECD. The welfare system also depends on family-based security, in which parents are willing to support their children even after completion of a university degree. Young people in particular still suffer from social exclusion. Gender equality is also still far below the OECD average.

In Korea, it is also common that the more well-off members of a group (colleagues, friends, high-school alumni, etc.) invite out less-fortunate members, so that these individuals can continue to participate in social activities. However, in Korea's increasingly money- and consumption-oriented society, poverty is becoming a source of shame, which partly explains the low levels of life satisfaction in Korea. Suicide rates in Korea are one of the highest in the world, particularly for the 60-plus generation.

In the past two years, the Lee administration has shown little enthusiasm for the previous government’s plan to transform Korea into a modern welfare state. Rather, Lee has sought to solve social problems through high growth rates and job creation linked to public work programs and infrastructure projects. Since 2011, however, the discussion slowly changed as the election year of 2012 came closer. Park Geun-hye, the newly elected president, put welfare high on the agenda of the governing party. The recent massive influx of North Korean defectors from low social classes has made the issue of their integration into South Korea's workforce worrisome. Available data on the work integration of North Korean defectors casts a spotlight on this group's marginalization in the primary labor market, as well as on other indicators of their poor level of work integration.

Citation:

United States

The United States has long had exceptionally high levels of economic inequality, and these levels have been increasing dramatically. In recent years, there has been persistent poverty along with exceptionally large gains for the top 1% and especially the top 0.1% of the income scale. The United States ranks in the top (i.e. worst) five among 41 OECD countries in the proportion of the population (17.3%) that receives less than 50% of the median income. The richest 1% of Americans in 2005 claimed 19% of the nation's income, the most since the beginning of the Great Depression in
1929. Using a variety of relatively recent data sources on sixteen “long-standing democracies in advanced economies,” Stepan and Linz show that the United States compared to other developed countries has the highest poverty rate for single mothers (both before and after transfers), the smallest effect of transfers on that poverty rate, the highest poverty rate for individuals over 60 years old, and the highest overall level of economic inequality (Gini index). Poverty has increased as a result of the recession in 2008, and is especially high among blacks and Hispanics.

Although the Obama administration has not focused specifically on poverty, a number of Obama initiatives especially benefit low-income families. Many elements of the stimulus package (the American Recovery and Reinvestment Act, or ARRA) tried to address the hardship caused by the recession. These included an extension of employment benefits and increases in benefits; transfers to the states for Medicaid, education and housing; increasing benefits for families with children; increasing food stamp benefits and expanding tax credits for the working poor. The Affordable Care Act expands Medicaid health coverage to an enlarged share of the low-income population. The Earned Income Tax Credit was, in the past, a significant factor in lifting families out of poverty while rewarding work. Currently, however, it provides minimal benefit to individuals and families without children.

In general, Obama’s major social policy initiatives are just implemented on a temporary basis. All together, the social policy approach of the Obama Administration is to rely heavily on tax policy instruments that benefit working poor households and help the non-working poor to a lesser degree.

Citation:
Stepan, Alfred, and Juan J. Linz (2011). Comparative Perspectives on Inequality and the Quality of Democracy in the United States. Perspectives on Politics, 9, pp 841–856
doi:10.1017/S1537592711003756

Hungary

Score 5

The basic social message of Fidesz in the 2010 election campaign was that a Fidesz-led government would struggle for upward mobility in Hungarian society and represent the interests of the middle class and of low-income earners. In fact, however, the impoverishment of people in the lower-income deciles and the fragmentation and weakening of the middle classes have continued. The poorest strata of the population, first of all the Roma, have become more isolated from other strata and more dependent on state support. The plight of the hundreds of thousands of individuals holding foreign currency debt testifies to the struggle of the middle classes. The Orbán government has provided some relief by shifting part of the debt
burden to foreign banks, but has done little for the poor. The government has also failed to reduce the significant gap in economic and social development between Western and Eastern Hungary.

Latvia

Score 5

While economic growth and stabilization is evident in some of Latvia’s social indicators (employment and unemployment, poverty index), the deep economic crisis and continuing high unemployment rates have created a lasting impact on Latvian citizens’ welfare and quality of life. Latvia still has one of the EU’s highest levels of income disparity, with a Gini index of 35.4 in 2011. Some policy choices in Latvia have tended to favor rapid economic recovery over the improvement of conditions for at-risk population groups.

On 1 January 2011, several changes in tax policy came into force. The personal-income tax rate was reduced from 26% to 25%; compulsory state social-insurance contribution rates for workers increased from 9% to 11%; the tax-exempt monthly minimum wage increased from LVL 35 to LVL 45; the tax-exempt benefit for the care of dependents increased from LVL 63 to LVL 70. As of 1 January 2013, income tax rates decreased by an additional 1%, to 24%. The government has a stated goal of reducing the rate to 20% by 2015. These changes are expected to reduce the risk of poverty for workers.

European Union Statistics on Income and Living Conditions (EU-SILC) indicators suggest that the size of the at-risk population in Latvia decreased from 2009 to 2010, but experienced a slight increase in 2011, to 19.4% of the population as a whole, or roughly every fifth individual in the country.

Latvia’s economic recovery package included policies to address poverty and unemployment. Some of these policies are ongoing, such as emergency food provision and temporary job-creation programs, which have been extended through June 2014.

Unemployment rates have dropped substantially, from 19.8% in 2010 to 10.8% in March, 2013. However, job creation remains a policy priority.

A major indicator of marginalization and the lack of opportunity is Latvia’s out-migration rate. A total of 167,766 people left Latvia during the 2006 – 2011 period. The out-migration figures for 2012 were 30,380. In 2012, a governmental working group was charged with devising policies to promote re-emigration. The resulting document, called Proposals for Measures to Support Re-emigration, was approved on 29 January 2013, and calls for the following policies: the provision of relevant information to potential returnees
using a single one-stop site, including labor-market information; a focus on attracting a highly skilled workforce; the provision of Latvian language training when necessary; engaging in active cooperation with the diaspora (especially regarding development of business relationships); and the provision of support for students and school-aged children returning to the country.

Citation:
3. Central Statistical Bureau, Database, Available at: http://data.csb.gov.lv

Portugal

Score 5

There are government social policies that seek to limit socioeconomic disparities, but they are poorly funded and do not prevent poverty effectively. Taxes were first imposed and then increased on pensions, which are taxed as though they are income. The government is seeking to improve the social situation through laws and programs but rising unemployment increases social inequalities. Also, in view of the need to reduce social costs of the government, there is pressure to reduce contributions to poverty reducing programs, including pensions.

Slovakia

Score 5

The Slovak social protection system covers standard social risks. Social policy measures include financial and non-financial benefits, direct and indirect payments as well as tax measures. Social protection expenditures are below the EU-27 average and social inclusion expenditures slightly it. According to Eurostat, the share of people at risk of poverty was 13.7% in 2011, which means a slight increase from 13.1% in 2010. As Slovak citizens tend to compare themselves to more “happy and rich” nations, the percentage of those feeling poor is substantially higher and life satisfaction is low. The part of the Slovak population most dramatically endangered by poverty is the Roma minority. Here, the unemployment rate amounts to 70%.
Spain

Social exclusion remains a perennial problem for Spain: 20% of Spaniards lived under the poverty threshold before the crisis. Among the groups with a higher risk of marginalization are the young unemployed, elderly people with low pensions, and immigrants. Women (particularly those with a precarious employment and heading a single-parent family) are also in more danger than men. The long recession in 2011 – 2013 has led to a further impoverishment of vulnerable households, broadening the gap between these and the wealthiest sectors of the population (the Gini coefficient shows that Spain ranks as the 7th most unequal country in the OECD, in a better position than the United States but worse than Greece or Poland).

Due to the economic difficulties, the social spending cuts and the growth of unemployment, social exclusion has increased. However, Spain is still in the average of OECD countries regarding welfare spending on the pension system, family, health and integration policies. The current government has not been very active in fighting against social disparities but it approved a draft law in 2013 that tried to help societal inclusion of people with disabilities.

Turkey

According to the World Bank, the country’s Gini coefficient measuring income inequality fell from 0.43 in 2006 to 0.40 in 2010. Income distribution however in Turkey is still among the OECD’s most unequal. During the review period, the government took steps to ensure a more equal income distribution, enabling the poor to benefit more from the emerging economy. The proportion of the population living below the poverty line fell from 28.1% in 2003 to 18.1% in 2009, and is expected to have fallen further for 2012, based on the recovery of the labor market after the crisis and a slight increase in GDP per capita. Poverty in Turkey exists particularly among the less educated, workers in the informal market, unpaid family workers or among the rural population. Educational background especially is a key variable that is associated with poverty levels.

The Ministry of Family and Social Policies during the period worked to strengthen social inclusion. Plans included home-based care services for the disabled and the elderly, and an action plan for the inclusion of the Roma minority (such as issues of housing, education and employment); yet a policy framework for poverty alleviation was missing. The ministry is working on a social housing project to meet the housing requirements of the poor, in cooperation with the General Directorate of Social Assistance and the
Housing Development Administration (TOKI). Some 12,000 houses have been constructed.

In general, the social security system has reported increasing deficits due to increased health expenditures. To tackle pension system deficits, the government must tackle the growth of informal labor and salary under-declaration.

**Bulgaria**

Score 4

Compared to other EU countries, Bulgaria achieves poor results in preventing exclusion and decoupling from society. Bulgaria also suffers from a relatively high level of inequality, as measured by the Gini coefficient. Even though by historical standards, the material well-being of Bulgarians is at its highest point, there is a general level of dissatisfaction with the state of society. The reasons for this dissatisfaction include the loss of subjective security during the transition to a market economy, the inability of state social policies to replace social networks which have been severed by the transition, and the unfavorable international comparison in terms of rates of material deprivation and poverty. Successive governments, including the GERB Cabinet in 2009 – 2013, have focused on maintaining fiscal discipline and have done little to deal with these problems. Public discontent over social exclusion, in particular over the inability of a substantial number of people to pay their utility bills, led to widespread demonstrations in February 2013 and the resignation of the GERB government.

**Chile**

Score 4

In terms of possibilities for upward mobility, Chile still fails to overcome a long lasting and broadening social gap. There still is, for example, much exclusion along ethnic lines and a considerable gap between poor parts of the population and the middle class. There is also little upward mobility within higher income groups. The middle class in general and especially the lower middle class can be considered to be highly vulnerable given the lack of support for those suffering unemployment or health problems. Middle class wealth tends to be based on a high level of long-term indebtedness and its share in the national income is low even by Latin American standards. Furthermore, poverty among elderly people constitutes a spreading phenomenon. The public education system provides only low-quality education to those who do not have adequate financial backing and a patronizing approach in social policies maintains this very unequal social structure. Although some social programs have been established in order to
improve the situation of the poorest part of society, the economic system (characterized by oligopolistic and concentrated structures in almost all domains) does not allow the integration of larger parts of society into the country’s middle class.

Croatia

Score 4

Poverty and social exclusion are major problems in Croatia. According to Eurostat estimates, based on the EU-Survey on Income and Living Conditions, one third (32.7%) of the Croatian population were at risk of poverty or social exclusion in 2011, compared to just one quarter of the population of the European Union as a whole. Social inclusion policies to combat poverty and social exclusion are generally weak. Income inequality is relatively low: the income quintile share ratio (S80/S20) is 5.4 compared to 5.1 for the European Union as a whole, and the Gini coefficient is 31.0 compared to 30.7 for the European Union. There are few isolated and segregated pockets of poverty in addition to the still war-affected areas of Eastern Slavonia and elsewhere that have still not recovered economically. The problems of social exclusion and poverty are mostly caused by the weakly performing labor market, where a significant portion of the active age population is trapped in long-term unemployment. Labor market policy and policies dealing with social exclusion are weakly institutionalized, often prone to changes, lacking strategic objective and focus, and are almost never evaluated on the basis of efficiency. Social transfers have low replacement rates and are not structured in such a way that they can have any significant impact on social exclusion. Education still constitutes the best route out of social exclusion. However, vulnerable segments of the population are transferred into the vocational stream of secondary education, which does not allow access to higher education. An additional problem is that regional development policy has failed to address the geographic distribution of poverty and exclusion, and as a consequence regional disparities have widened consistently over the period of transition since Croatia became an independent country (Bicanic and Pribicevic 2013).

Citation:

Israel

Score 4

Israel’s social system has shown disturbing trends in recent years, including a rise in inequality and exclusion.
According to a 2012 report, the socioeconomic gap between the five highest income deciles and the five lowest deciles had grown in the foregoing year, contributing to an ongoing reduction in the middle class. In fact, Israel's middle class is among the smallest in the Western world, and inequality levels in Israel are among the OECD's highest. Measured by the Gini coefficient, Israel ranks fifth out of 27 countries in the area of income inequality.

The report points out the dissonance between moderate growth rates on the one hand and ongoing social polarization on the other. This polarization is reflected in several dimensions, including:

- A persistent gender-based pay gap, with average differences between woman’s and men’s wages remaining constant over the past few years.

- Significant average wage differences between the Jewish and Arab communities, and between the Ashkenazi (East European or Western origin) and Mizrahi (Middle Eastern origin) Jewish communities.

- Significant inequality within the elderly population relative to their pre-pension state.

- Access to higher education. According to a Adva Center report, only 28.8% of Israelis who were 17 years old in 2002 had enrolled in universities or academic colleges by 2010. This rate was 33.5% among Jews and just 17.6% among Arabs.

On the basis of this persistent polarization, it is difficult to identify significant social-policy successes in Israel in recent years, other than unplanned fiscal transfers such as those made recently to holocaust survivors organizations.

Citation:
Italy

Score 4

The impact of the crisis on the incomes of a significant percentage of households and the increasing levels of unemployment – particularly among the youth – have had important negative effects on social inclusion. The gap between the more protected sectors of the population and the less protected ones has increased. The traditional instruments of social protection (such as those guaranteeing unemployment benefits for workers with permanent labor contracts) do not cover a large part of the newly impoverished population and new policies conceived for them have started being discussed although not yet put in place.

In general, allowances for families with children are rather small, and do not compensate for the costs of raising a large family. The problem of poverty is thus particularly serious for young families, especially where only one adult is employed. Some of the pensions of the elderly are also extremely low.

The progressive tax system and a series of deductions and benefits for low-income individuals – which should have accomplished redistributive functions – have largely ceased to work in this direction. The system’s redistributive efforts have been curtailed by the rise in tax rates and the erosion of benefits and deductions due to inflation, as well as the prevalence of tax evasion among certain parts of the population. Moreover, the system’s redistributive effects fail to reach that part of the population which earns less than the minimum taxable income. An effective poverty reduction policy would require larger and more effective instruments.

In this period of economic crisis all the weaknesses of Italy’s social policy have been unveiled. Social policy means in the first place pensions. There are just a few other instruments which might reduce social exclusion. Furthermore, Italy is really not performing well in national standards. On average, social programs in the north of the country can deliver an amount three times higher than in the south. Italian families are still the most important and informal instrument of social policy.

Romania

Score 4

Poverty levels in Romania remain the highest in the European Union. More than 30% of the population lives on less than $5 per day, while over 50% of its inhabitants are either unemployed or underemployed, thereby triggering massive migration to Western Europe in search of work. According to EUROSTAT data, the population percentage facing the risk of poverty and social exclusion remains elevated when compared to similar numbers from
most of the East-Central European countries. After some gains from 2000 – 2008, quality of life has deteriorated considerably in the aftermath of the global financial crisis, particularly due to the effects of the austerity measures, which included 25% wage cuts for public employees. On a more positive note, the Gini coefficient of disposable income, after a steady growth for most of the last decade, has declined since 2007, though it is still above the EU average. Similarly, the proportion of residents who cannot afford to pay for basic necessities (as captured by the material deprivation rate) has somewhat improved since 2010 but was still three times higher than the EU average in 2011. It is also encouraging that youth participation rates in education have been slowly but steadily increasing in the last decade.

The country’s large Roma minority is particularly vulnerable to this poverty and marginalization, as its economic and educational disadvantages are exacerbated by discrimination. On the other hand, gender equality has benefited from joint projects with EU institutions (such as the Commission for Equal Chances and Treatment and the Consultative Inter-Ministerial Commission on Equality of Treatment of Men and Women). However, the Romanian Government still has a long way to go with respect to the establishment of an effective safety net for the poorest and the formulation and implementation of long-term strategies creating more equal education and employment opportunities for the marginalized.

**Greece**

**Score 3**

Before the crisis, several categories of the population suffered from social exclusion. These included members of minorities such as the Roma and the Muslims of north eastern Greece, and residents of mountainous areas and remote islands with little access to reliable public health care, education and social services. After the economic crisis erupted, their social situation must have worsened, given that Greece has not established a minimum income guarantee scheme for those who fall below a certain threshold of income.

Poverty was also extended and indeed in 1990 – 2010 relative poverty hovered around 20% (measured as the share of people earning less than 60% of the median income). As for income inequality, the Gini coefficient stood at 33.60 in 2011. This was quite high, at least in comparison with the rest of the OECD.

After the crisis erupted, social exclusion became more acute, while relative poverty probably also increased. Owing to the lack of recent data, it is difficult to document the size of poverty increase resulting from the crisis. As Eurostat data shows, in 2011 poverty increased in comparison with the previous year. The same can be seen in Eurostat data on material
deprivation. Poverty probably became higher in 2011 – 2013 when the government effected wage cuts in both the public and the private sectors.

In 2011 – 2013 the government announced an improvement in child allowances distributed to families in need. Local governments opened shelters and soup kitchens to help. Given the depth of the crisis, such measures probably proved inadequate.

In sum, past negligence in the field of anti-poverty and social exclusion on the part of successive governments have left the most vulnerable strata of Greek society unprepared to sustain the effects of the economic crisis. In 2011 – 2013 social exclusion accelerated and few, if any, measures were taken to balance the adverse effects of the crisis. Relevant policies failed to prevent social exclusion and to open up social opportunities.

Mexico

Score 3

Mexico is a socially hierarchical society along a number of dimensions: educational, racial and financial. Democracy has only somewhat reduced the most flagrant social divisions. Tax collection is insufficient to generate much public revenue for social programs. Apart from anything else, the Mexican state is too weak to carry out major social reforms and there is strong resistance against wealth re-distribution. Nevertheless, there is some evidence that public policy has improved the distribution of income in Mexico. The Gini coefficient has come down slightly and the social and political processes have become somewhat more open. The courts have also become more susceptible to individual rights concerns. Policymaking on social issues is mostly constructive but there is not much of it at present. Only substantial tax reform would make a difference.
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