SGI Sustainable Governance Indicators

2015 Social Inclusion Report

Social Inclusion Policy

Bertelsmann Stiftung

Indicator

Social Inclusion Policy

Question

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

Score 9

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 (45.8%) and a relatively modest poverty risk after transfers (15.9% in 2013). Income inequality (Gini coefficient in 2011: 0.28) 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 primarily concentrates on large families and single parents. Nevertheless, it is worth emphasizing that the poverty risk for single-parent families in Luxembourg has risen dramatically from 25.2% in 2003 to 46.9% in 2012.

Thanks to previously sustainable growth rates, Luxembourg ranks as a wealthy welfare state in international comparisons, achieving high positions (21) in the 2012 and 2013 U.N. Human Development Index (HDI). However, it remains behind neighbor countries France and Germany in terms of overall HDI ranking. It is also important to note that Luxembourg's international rankings with regard to education and skills, and personal safety are lower than the OECD average, while life expectancy (81 years) is only one year higher than the OECD average.

In 1989, Luxembourg adopted a system of care insurance (assurance dépendance) that is considered one of the most generous schemes worldwide. It includes cash benefits and benefits in kind that give priority to caring for the elderly and disabled at home. Institutional care is also provided for without requiring out-of-pocket payments. 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, even though employment rates among women have risen in recent years. 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 on social protection totaled 22.5% 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 2014. The government in 2011 established a system of regional social services offices. Since that time, the number of social aid applications have increased at the local level.

http://data.oecd.org/inequality/income-inequality.htm
http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-05122013-AP/EN/3-05122013-AP-EN.PDF
http://www.gouvernement.lu/3680390/cg.pdf
http://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxation-international-executives/luxembourg/pages/income-tax.aspx
http://www.legilux.public.lu/ldp/2013/20130028_I.pdf
http://www.oecd.org/statistics/BLI%202014%20Luxembourg%20country%20report.pdf
http://www.oecdbetterlifeindex.org/countries/luxembourg/
http://www.snas.etat.lu
http://www.statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=2117&IF_Language=fra&MainTheme=3&FldrName=1&RFPath=29
http://stats.oecd.org/Index.aspx?DataSetCode=SOCX_AGG

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.

Denmark

Score 8

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 a quarter were below the age of 18), which is almost a quadrupling since 1999. Since then, there has been a slight improvement, among others due to the abolition of special schemes offering lower social assistance to immigrants.

Various statistics, however, suggest that inequality is increasing. Denmark used to have the highest Gini coefficient score (least inequality) among OECD countries. By 2011, however, Denmark had fallen to 14th place, pulling up to 13th place in the most recent data. Denmark also used to have the highest score on life satisfaction. In 2012, Denmark came in 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. In addition, the poverty gap has increased.

A reform of the rules for social assistance (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 be in education. 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:
John Campbell, "Note to Denmark: Don't Change a Thing," http://www.dartmouth.edu/~vox /0506/0417/denmark.html (accessed 19 April 2013).

“Det betyder kontanthjælpsreformen,” http://www.stakato.dk/det-betyder-kontanthjaelpsreformen/ (accessed 19 April 2013).

Torben K. Andersen, “Kontanthjælpsreformen giver mere til de udsatte,” https://www.mm.dk/kontanthj%C3%A6lpsreform-giver-mere-til-de-udsatte (accessed 19 April 2013).

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 is guaranteed by the state and municipal authorities. The reality, however, does not completely live up to the law. While social policy has largely prevented poverty and the income redistribution system has proven to be one of the most efficient in the EU, pockets of relative poverty and social exclusion still prevail. Furthermore, inequalities in well being and social exist between regions and municipalities, depending on demographic composition and economic strength. In general, the global economic crisis has exposed an increasing number of people to long-term unemployment and poverty.

In terms of life satisfaction and gender equality, Finland has embarked on a number of programs to improve its performance. The government has passed an Act on Equality between Women and Men, and gender discrimination is prohibited under additional legislation. Despite this legislation, however, inequalities prevail between men and women, especially in the work place. The government has placed a 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 disabled individuals. Immigrants are another group that faces social exclusion, especially due to poor integration in the labor market.

Citation:
“Socially Sustainable Finland 2020. Strategy for Social and Health Policy”, Ministry of Social Affairs and Health, Helsinki, 2010.

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. Of 4.3 million home-owning households, 1.4 million had fiscal mortgage debts higher than the market value of their house. Health inequality in the Netherlands is high: wealthier and more highly educated people live a healthier life and live longer (on average seven years). Gender inequality in incomes is high: on avarage, personal incomes among men are 40% higher than personal incomes among women. Since 2011 the risk for poverty has risen again with a sharp increase in 2012. The number of households with a consistently (< 4 years) very low income has generally been decreasing since 1996, though it rose from 2.4% in 2011 to 2.7% in 2012. The percentage of households with an income lower than the low-income threshold increased from 7.7% in 2011 to 9.4% in 2012, and are expected to increase to 10% by 2014. Single-parent families and ethnic-minority families are over-represented in this poverty-exposed income bracket. One in every nine children of all Dutch was at risk of poverty. Elderly people, until recently rarely exposed to poverty (with the exception of older single women) were aso hit by growing poverty due to a policy-triggered reduction in the purchasing power of pensions. All in all, the long economic crisis manifests itself in the increased povery numbers. In the Netherlands the risk of poverty and social exclusion is at only 15% (comparable to Sweden only). It should be noted that the poverty threshold in the Netherlands is far higher than in most other EU countries (Luxembourg 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).

CPB/SCP (2013), Armoedesignalement 2013, Den Haag

CBS (2014), Welvaart in Nederland 2014. Inkomen, bestedingen en vermogen van huishoudens en personen, Den Haag

Sweden

Score 8

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, particularly gender equality, works extremely well while other aspects of social inclusion are more problematic. Young people find it very difficult to find a job; large groups of immigrants are far from being integrated in Swedish society (see “integration policy”); poverty is low, but increasing; and the Gini coefficient measuring the distribution of wealth is still low but rapidly increasing. Thus, the empirical data point at significant problems in the areas of inter-generational justice and justice between native Swedes and immigrants.

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. If Sweden previously could boast at its record as an egalitarian and inclusive society, there is less reason to do so today.

Citation:
Kvist, Jon et al. (eds.) (2012), Changing Inequalities. The Nordic Countries and New Challenges (Bristol: Policy Press)

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 benefits provided by the welfare state, as well as their financing, is increasing in salience. In 2008, on the one hand, foreign workers representing 22% of the workforce accounted for 43% of the unemployed and 44% of social-aid recipients. On the other hand, highly skilled foreign employees 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.

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 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.

According to recent OECD data, the distribution of wealth in Austria has grown increasingly more unequal in recent years. According to the OECD, efforts for fiscal consolidation after the crisis have contributed to an ever-more unequal distribution of wealth, resulting in a dire outlook for future economic growth.

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.

Citation:
IMF, Fiscal Monitor October 2012, Washington D.C.

Belgium

Score 7

Thanks to its tradition of generous employment protections, unemployment benefits and overall social safety net, all of which help contain poverty, Belgium's relative position in the world with respect to social inclusion has improved. In absolute terms, however, poverty has increased because of the economic crisis and because of the necessity to curtail social security expenses so as to keep the public deficit under control (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).

Changes in labor market policy are mainly directed towards increasing incentives to work, thereby imposing a reduction in generosity of unemployment benefits, which led to an increase in the proportion of people who are neither employed nor completing their education.

Belgium has tightened its immigration policy. Immigrants are therefore now subject more often to deportation, and Belgium has become a leader in curtailing social security benefits to intra-EU migrants.

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 23.7% lower than the market-income Gini coefficient before taxes and transfers. The study also found that while the market Gini coefficient increased by 19.4% between 1981 and 2010, almost half of the increased market-income inequality was offset by changes in the transfer and tax system, thus providing strong evidence that Canada’s redistribution policies reduce market-income inequality to a considerable degree.

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:
Andrew Sharpe and Evan Capeluck (2012) “The Impact of Redistribution on Income Inequality in Canada and the Provinces, 1981-2010,” CSLS Research Report 2012-08, September. http://www.csls.ca/reports/csls2012 -08.pdf
Jeffrey G. Reitz, Heather Zhang, and Naoko Hawkins, 2011,“Comparisons of the success of racial minority immigrant offspring in the United States, Canada and Australia,” Social Science Research 40, 1051-1066.
Statistics Canada (2013), Aboriginal Peoples in Canada: First Nations People, Métis and Inuit, National Household Survey 2011 Analytical document 99-011-X
Statistics Canada (2013), Education in Canada: Attainment, Field of Study and Location of Study, National Household Survey 2011 Analytical document 99-012-X

Cyprus

Score 7

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.

During the period under review, a restructuring of public-aid policies, allowances and targeted measures was carried out, including existing programs such as public-sector-employment quotas for persons with disabilities, housing programs for young families and other needy populations, and special pensions and allowances for specific groups. New policies were put in place aimed at assisting young people and other groups affected by the restructuring, benefits reductions, or the loss of employment and income. However, larger groups are today at risk of poverty and exclusion (AROPE), with the general share of the population falling into this category rising from 24.6% in 2011 to 27.8% in 2013. Non-Cypriots, in particular non-EU citizens, are at significantly higher risk. Despite the trend, a sharp decline in AROPE rates was evident for elderly people, with this figure falling from 33.4% to 26.1% between 2012 and 2013.

A guaranteed minimum income was introduced in summer 2014, and is expected to benefit a significant portion of the country's households. Documents related to income, property and other criteria must be attached to applications, a bureaucratic requirement that may negatively affect less-informed beneficiaries.

1. At-risk-of-poverty indicators 2008-2013, Cyprus Statistics Service, 2014, http://www.mof.gov.cy/mof/cystat/statistics.nsf/All/FC36371E3D9CE0B4C2257893002FF33A/$file/EUSILC-POVERTY-A2008_13-EL-160914.xls?OpenElement (in Greek)
2. EU assessment of the reform programme, 2014, http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_cyprus_en.pdf
3. http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-04112014-BP/EN/3-04112014-BP-EN.PDF

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. The challenge for France at a time of economic decline and unemployment is, first, to provide sufficiant funding for the costly system without undermining competitiveness with too-high levels of social contributions (which demands an overhaul of the tax and contribution system as a whole); second, to recalibrate the balance of solidarity and individual responsibilty by introducing more incentives for the jobless to search for employment.

If social inclusion (the feeling of being fully part of the community) and equal opportunities form part of the welfare state, its performance is less convincing: Some groups or territorial units are discriminated 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, unemployment benefits have required some supplementation over the last decade and have to some extent 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 subsistence level is sufficient. Recipients of minimum income benefits are also entitled to goods and services such as health insurance and education free of charge. Nonetheless, according to the latest figures from EU-SILC, 20.3% of Germany’s population (approximately 16.2 million people) were considered to be at risk of poverty in 2013 (Statistisches Bundesamt, 2014). There has also been an increase in poverty and social exclusion. The latter is measured on the EU level by a combination of indicators on low income, deprivation and household joblessness. Concerning elderly people, the risk of poverty for current pensioners is lower in comparison to the general population but projected to rise significantly for future generations of retirees. This risk is already much higher for women than for men; the risk of poverty for women is generally always higher.

The positive employment situation over the past years reduced the poverty risks associated with long-term unemployment and also contributed to a stabilization of the Gini coefficient. Today, Germany’s Gini coefficient is slightly below the 2005 level, when Germany suffered from a peak in unemployment (Sachverständigenrat, 2014: 380). Whether the newly introduced statutory minimum wage will contribute to an improvement for workers with low qualifications remains to be seen and will crucially depend on the amount of job losses resulting from the minimum wage.

Citation:
https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2014/12/PD14_454_634.html.

Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (2014): Mehr Vertrauen in Marktprozesse, Jahresgutachten 14/15, Sachverständigenrat: Wiesbaden.

Iceland

Score 7

Before 2008, the degree of inequality in Icelandic society increased. This was driven by a regressive tax policy, which in real terms reduced the income threshold at which households are exempt from paying income tax. High inflation rates have further increased the burden on low-income wage earners. After the previous government came to office in 2009, measures were introduced to adjust the tax system. While the 2008 economic collapse led to the government increasing taxes for all income groups, proportionately smaller increases were introduced for the lowest income groups. Consequently, the Gini coefficient for Iceland has decreased from 29.6 in 2009 to around 24 throughout the 2011 to 2013 period.

Nevertheless, this does not tell the whole story. Significant cuts in public expenditure followed the 2008 economic collapse. For example, pensions and social reimbursements were cut. Simultaneously, the risk of social exclusion has increased, and the strain on charity organizations to provide food and clothes has increased considerably.. During the assessment period, this trend has not been fully arrested. However, medical statistics – such as, emergency-room admissions, the use of antidepressants and the incidence of suicides – have not significantly changed before the 2008. Iceland also performs well in international poverty comparisons, suggesting that social policies during the economic crises were reasonably successful even if the economic situation remains difficult.

In Iceland, the richest 1% of taxpayers own nearly a quarter of all assets, while the richest 10% own nearly three-quarters of all assets. In contrast, 30% of taxpayers owe more than they own.

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

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 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, although, with a pay gap of 9.9%, it continues to rank among the top countries. In contrast, the rate of unemployment among Maori youth in 2014 was 22%, some four times above the national average. Pacific Island youth unemployment for the same year was at 25%.

Citation:
New Zealand Income Survey – June 2014 Quarter (Wellington: Statistics New Zealand 2014).

Poland

Score 7

Social inequalities have diminished since the early 2000s. This has partly been due to Poland's strong economic performance. In addition, the Tusk government has been successful in mitigating regional disparities through successful regional-development policies. Moreover, government policies have helped improve families' financial conditions, especially those suffering from poverty, and have increased average educational attainments. The most dramatic pockets of poverty have shrunk, and income inequality has fallen substantially since the early 2000s. In-depth sociological studies have shown that poverty in Poland is not inherited across generations.

Citation:
Henryk Domanski. 2013. 'Sprawiedliwe nierownosci zarobkow'. Warszawa: Scholar

Slovenia

Score 7

Slovenia has a strong tradition of social inclusion, with its Gini coefficient being among the OECD's lowest. 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-benefit programs and reduced the generosity of social benefits for the unemployed. The Bratušek government made few changes to previously adopted policies.

United Kingdom

Score 7

A traditional system of social class has long been very influential in British society. 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 delivered a mixed outcome and has been counteracted by the austerity program’s cuts in housing and child benefits. The UK’s Gini coefficient has fallen significantly, a common phenomenon after a grave recession, but remains relatively high compared to other OECD countries.

Following the implementation of a series of government policies, youth unemployment is finally declining, reaching a rate of 16.0% in October 2014 as compared to a general unemployment rate of 6.0%. However, the high incidence of NEETs (those not in employment, education or training), particularly in certain less prosperous cities, remains a problem, and the overall income of youths and young adults has started to fall behind the rest of the population. The ongoing housing crisis has exacerbated the situation of low-income households, and with pensioners, young adults, and the working poor in metropolitan areas having increasing difficulties making ends meet.

Despite the persistent economic inequalities, the United Kingdom has a relatively good record in promoting the inclusion of disadvantaged groups and ethnic minorities, and also has a relatively good record on gender equality. There has also been a discernible social shift against any form of discriminatory language or action, with a number of public figures being ostracized as a result. While there are reservations regarding the appropriate degree of multiculturalism and continuing anti-immigrant pressures, immigrants do tend to be socially more integrated than in many other countries. However the rise of the United Kingdom Independence Party has lowered the political system’s willingness to welcome new immigrants, even from within the EU. Legislation enabling same-sex marriage came into force in 2014.

Czech Republic

Score 6

Due to a relatively favorable employment picture and a still rather redistributive social policy, income inequality and poverty in the Czech Republic remain among the lowest in the OECD and the European Union. Social exclusion affects specific groups, most notably the Roma. The problem is most visibly manifested by the existence of socially excluded Roma localities that have arisen sometimes through the policy management of municipalities and sometimes spontaneously by the migration of Roma into particular areas. These are characterized by an accumulation of social problems, such as unemployment, housing insecurity, low education levels and poor health. In some cases, high crime rates, strong discrimination against Roma and anti-Roma demonstrations have become significant public order issues.

Estonia

Score 6

As result of the transition period, Estonia has established a welfare system that resembles the liberal welfare model. Its poverty and inequality levels are 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, as poverty and inequality rates have not risen over the last decade. At the same time, some social groups remain at serious risk of poverty. Government policies have addressed some of these. For example, universal and – even more importantly – means-tested child allowances are increasing substantially beginning in 2015, with the aim of curbing high child-poverty rates.

Income levels are much lower in rural and remote regions than in the capital area, reflecting great regional disparities. The absence of effective regional-policy measures has accelerated the emigration of the working-age population from these areas. This in turn puts an additional burden on families, and makes the formulation of sound social policy all the more difficult.

Subjective perceptions of poverty and inequality levels are also critical. The majority of Estonians feel that income disparities are too high and that job incomes do not correspond to their personal contribution. Furthermore, life satisfaction is lower than in comparable countries.

Ireland

Score 6

During the recession, Irish social and economic policy continued to place a high priority on poverty reduction. The poorest groups in society have thus 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. Public spending on social welfare rose from 9.5% of GDP in 2007 to a peak of 16.0% in 2011, but fell back to 14.7% in 2013. The 2015 budget made no significant changes to the structure of the system of social protection.

The most recent published results of the EU Survey on Income and Living Conditions (SILC) show that the incidence of poverty rose from 14.1% in 2009 to 16.5% in 2012, while the deprivation rate increased from 17.1% to 26.9%, and the incidence of consistent poverty from 5.6% to 7.7%.

The incidence of homelessness is on the rise in the country's principal cities and towns. The virtual cessation of residential construction since the crash of 2008, combined with a recovery in house prices and rents in recent months, has made affordable housing increasing difficult to obtain. Public policy has not given this growing problem a high priority.

The funds available for the education and support of people with mental disabilities were severely cut over the crisis period. Despite the slight leeway that emerged in the 2105 budgetary arithmetic, these cuts were not reversed.

Citation:
The failure of The 2015 budget to restore earlier cuts to fund the social inclusion of people with mental disability is documented here:
http://www.inclusionireland.ie/content/page/budget-2015-offers-little-hope-people-intellectual-disability

Japan

Score 6

Japan, once a model of social inclusion, has developed considerable problems with respect to income inequality and poverty during the course of the past decade. Gender equality also remains a serious issue.

The LDP-led government, in power since late 2012, has opted to focus its attention on its growth agenda (the “third arrow” of its major policy initiative). Social inclusion measures that fit this agenda still play a role (for example, increasing childcare options for working mothers). The emphasis in the 2014 reform agenda is therefore on reinforcing “human resources capabilities” and “reforming the employment system” to offer more chances and tap the potential of disadvantaged groups such as women, younger people and untrained workers. It is too early to tell whether this approach will be successful in overcoming social inclusion deficits.

Lithuania

Score 6

The issue of social exclusion is a key challenge for Lithuania’s social policy. In 2012, 32.5% of the Lithuanian population was at risk of poverty and social exclusion, one of the highest such rates in the European Union. Families with many children, people living in rural areas, youth and disabled people, unemployed people, and elderly people are the demographic groups with the highest poverty risk.

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 1,109,000 in 2010). The number of people at risk of poverty and social exclusion fell to 975,000 in 2012 thanks to the economic recovery and some policy measures, but remained above the pre-crisis level. In its 2014 assessment of Lithuania’s national reform program, the European Commission pointed out that monetary poverty among specific groups has increased in Lithuania. The current government increased the monthly minimum wage and the non-taxable threshold of the income tax in order to reduce poverty (and the growing incidence of monetary poverty).

A mix of government interventions (general improvements to the business environment, active labor-market measures, adequate education and training, cash social assistance, and social services targeted at the most vulnerable groups) is needed in order to ameliorate Lithuania’s remaining problems of poverty and social exclusion. The Lithuanian authorities have adopted a social-cohesion action plan for the 2014 – 2020 period.

Citation:
COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2014 national reform program and convergence program for Lithuania: http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_lithuania_en.pdf.

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”. Furthermore, unemployed disabled persons receive only 55% of the minimum wage, a situation that reinforces their exclusion and their risk of poverty.

A number of measures intended to address these problems have been implemented since 2013. These include supplementary benefits for children, the provision of breakfasts at school, and greater support for low-income working parents through the creation of after-school clubs for their children. The 2015 budget relieves families from having to apply for child benefits, allocating such funds automatically. The government is also introducing fiscal incentives for people to invest in pensions programs.

Citation:
Europe 2020 Strategy, 2010 p.3
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Eurostat News Release (3 December 2012)
http://europa.eu/rapid/press -release_STAT-12-171_en.htm
Euro stat News Release (26 February 2013)
http://epp.eurostat.ec.europ a.eu/cache/ITY_PUBLIC/3-26022013-AP /EN/3-26022013-AP-EN.PDF
Europe 2020 Target: Early School Leaving p.2
Times of Malta, MPs approve third pillar pensions Bill Workers will be able to voluntarily top up State provision, 15/10/2014.

Operational Programme II'Empowering People for More Jobs and a Better Quality of Life', July 2012, p.28
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
Deguara, A, The Faces of The Poor: A Sociologicial Review of Poverty in Contemporary Europe and Malta www.um.edu.mt/europeanstudies/books /CD_CSP4/pdf/adeguara.pdf
Europe an Employment Observatory EEO Review: Adapting unemployment benefit systems to the economic cycle, 2011 Malta Manwel Debono Center for Labor Studies, University of Malta

South Korea

Score 6

The gap between rich and poor has widened in the past 15 years, as well as over the assessment period, and criticism of the government's lack of action on this issue is growing in strength. The South Korean welfare system is not designed to reduce inequality, while its capacity to prevent poverty is very limited given the extremely 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 South 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. The elderly poverty rate is the highest among the OECD countries.

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

The Lee Myung-bak administration had shown little enthusiasm for the previous government's plan to transform South Korea into a modern welfare state. Rather, Lee sought to solve social problems through high growth rates and job creation linked to public work programs and infrastructure projects. As the 2012 presidential election approached, the discussion slowly changed and, since her election, Park Geun-hye has put welfare policy high on her administration's agenda with a pledge to expand social welfare programs. However, she was forced to backtrack on her most important election promise to introduce a monthly pension of 200,000 won (6), to citizens over 65 regardless of income level, due to the huge fiscal burden. This shows government's reluctance to support the poor and vulnerable elderly.

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:
Bidet, Eric, 2009: Social Capital and Work Integration of Migrants: The Case of North Korean Defectors in South Korea, Asian Perspective 33(2), 2009
OECD, Society at a Glance 2011, http://www.oecd.org/korea/societyat aglance-asiapacificedition2011.htm
OECD, Pension at a Glance 2013, http://www.oecd-ilibrary.org/finance-and-investment/pensions-at-a-glance-2013_pension_glance-2013-en

United States

Score 6

The United States has long had high levels of economic inequality, and these levels have been increasing. 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 the 41 OECD countries with regard to the proportion of the population (17.3%) that receives less than 50% of the median income. In 2005, the richest 1% of Americans claimed 19% of the nation's income, the highest such share since the beginning of the Great Depression in 1929. Compared to other developed countries, the United States 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.

A number of Obama-administration initiatives benefit low-income families in particular. 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.

In general, Obama’s major social-policy initiatives have been implemented on a temporary basis. In sum, the Obama administration’s social-policy approach is to rely heavily on tax-policy instruments that benefit working-poor households and help the non-working poor to a lesser degree. Deficit politics and Republican resistance to social spending led to cuts in the food-stamp program as a part of the 2014 farm bill. Twenty-three Republican-led states have declined to expand Medicaid health care for the poor as provided for under Obama’s health care reform. On the other hand, Obama’s promotion of minimum-wage increases has led to such increases in several states and a few cities. Nevertheless, the number of children living in poverty has risen, with 1.3 million children homeless.

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

Hiltzik, Michael. “Census Data on Poverty Show Results of Economic Policy Gone Wrong.” Los Angeles Times 20 Sept. 2014, The Economy Hub sec. Web. http://www.latimes.com/business/hiltzik/la-fi-hiltzik-20140921-column.html#page=1.

Australia

Score 5

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 (PMC) that reports to the deputy prime minister. While the social inclusion agenda produced few tangible improvements in social inclusion, its impact on raising awareness of the issue in policy domains of the federal government was substantial. For example, in developing welfare, employment and housing policies, social inclusion metrics developed by the SIU helped inform policy settings.

Shortly after coming to office in 2013, the Abbott government abolished the SIU and removed all references to social inclusion from policy documents. Prime Minister Abbott has, however, taken personal responsibility for Indigenous Affairs by shifting the portfolio to PMC and becoming the responsible minister, thereby signaling the policy importance of improving indigenous outcomes. The latest proposal, streamlining the existing 150 programs into the “Indigenous Advancement Strategy,” may potentially improve the lives of indigenous Australians. However, considering the failure of virtually all past initiatives, that would be a surprise. The dire situation of the indigenous population continues to be one of Australia's biggest social issues.

Citation:
Australian Institute of Health and Welfare: Mortality and life expectancy of Indigenous Australians 2008 to 2012, http://www.aihw.gov.au/publication-detail/?id=60129548470&tab=2.

Latvia

Score 5

While economic growth and stabilization is evidenced by some economic and social indicators (such as poverty rates), the depth of the economic crisis and persistence of high unemployment rates have had a lasting impact on citizens' welfare and quality of life. Latvia has one of the highest levels of income disparity among EU member states, with a Gini index of 35.2 in 2013. This situation has been exacerbated by policy decisions that favored rapid economic recovery at the cost of social security provision for at-risk population groups.

Between 2011 and 2014, income tax rates have been reduced from 26% to 24%, the threshold at which tax would be levied on income was increased and social taxes have been reduced slightly. These are all measures expected to reduce the risk of poverty for low-income wage earners.

European Union Statistics on Income and Living Conditions (EU-SILC) indicators show that the size of the at-risk population in Latvia decreased from 2011 to 2012 by an impressive 3.9% to 36.2% in 2012.

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. The social safety net includes a Guaranteed Minimum Income (GMI) program addressing the needs of unemployed people and at-risk population groups. The minimum GMI benefit has since been increased, but responsibility for financing the program has been transferred from central to local government. This has undermined the program's financial sustainability and, as the economy recovers, a gradual phase out is being considered.

A major indicator of marginalization and the lack of opportunity is the emigration rate. A total of 167,766 people left Latvia between 2006 and 2011, with a further 30,380 people emigrating in 2012. In 2012, a governmental working group was charged with devising policies to encourage emigrants to return to Latvia. The working group's report, Proposals for Measures to Support Re-emigration, was approved by parliament on 29 January 2013. The report recommended: the provision of relevant information to potential returnees using a single one-stop website, 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. The Ministry of Foreign Affairs has appointed an ambassador-at-large to support and promote these initiatives.

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2. State Employment Agency (2013), Unemployment Statistics Report, Available at: http://www.nva.lv/index.php?cid=6#bezdarbs, Last assessed: 20.05.2013.

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

4. Ministry of Economy (2013), Re-emigration Plan, Report and Supporting Documents, Available at: http://www.em.gov.lv/em/2nd/?cat=30791, Last assessed: 20.05.2013

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, and tax measures. Social-protection expenditures are below the EU-27 average, while social-inclusion expenditures are slightly above the group’s average. From a comparative perspective, the risk of poverty in Slovakia is relatively low. Key ongoing challenges for social policy include the Roma minority’s living conditions and the social exclusion faced by children. The Roma face the highest poverty risk within the Slovak population. The unemployment rate within this community is 70%. In 2013, the Fico government initiated the EU-funded Local and Regional Initiatives to Reduce National Inequalities and to Promote Social Inclusion program.

Turkey

Score 5

Despite an improved Gini coefficient – falling from 42.2 in 2003 to 40.0 in 2013 – income distribution in Turkey continues to be among the OECD’s most unequal.

The proportion of the population living below the poverty line fell from 44% in 2002 to 22% in 2011, on the basis of the purchasing-power-corrected $5-per-day poverty line. Poverty in Turkey is particularly prevalent among the less educated, workers in the informal market, unpaid family workers, among the rural population and among elderly people. According to the Ministry of Development, a total of 16.3% of the Turkish population lived below the poverty line in 2012. A family of four earning less than TRY 4,515 a month can be considered as living under the poverty line in Turkey. Among people in this category, only 3.2% residing in the western Black Sea region, 3.6% in western Anatolia and 6% in southeastern Anatolia were able to eat meat, chicken or fish on a regular basis. The poverty ratio for elderly people in 2012 was 18.7%, with elderly men slightly below (17.7%) and elderly women slightly above (19.4%) that average.

The government has developed an integrated social-assistance system geared toward helping welfare recipients get out of poverty. Social-assistance spending has increased rapidly in recent years, amounting to 1.43% of GDP in 2012. But there is still room to increase the generosity of benefits, as only about 20% of beneficiary household consumption is covered by social-assistance transfers. In 2011, responsibility for all central-government social-assistance benefits was combined under the new Ministry of Family and Social Policies. This ministry has worked to strengthen social inclusion. The government has been implementing an Integrated Social Assistance Information System, using a single proxy means test to target benefits more effectively. Links between the social assistance system and active labor-market policies implemented by ISKUR are being strengthened.

Citation:
European Commission, Turkey Progress Report, October 2014, http://ec.europa.eu/enlargement/pdf/key_documents/2014/20141008-turkey-progress-report_en.pdf (accessed 5 November 2014)
Ministry for EU Affairs (2013) 2013 Progress Report prepared by Turkey, Ankara.
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World Bank (2014) ‘World Bank Group - Turkey Partnership: Country Program Snapshot’, Washington D.C.

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 the material well-being of Bulgarians is at its highest point by historical standards, 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 disrupted by the transition, and the unfavorable international comparison in terms of material deprivation and poverty rates.

Successive governments before 2013 focused on maintaining fiscal discipline and did little to deal with these problems. However, when the 2013 – 2014 coalition government announced that it would prioritize social issues over the maintenance of fiscal stability and significantly increased the budget deficit, no discernible social effect followed, indicating severe deficiencies in social-policy formulation and implementation.

In general, Bulgaria’s social policy is unsuccessful in including and integrating people with lower than secondary education, minorities, and foreigners (mainly refugees). A slight increase in the number of refugees from Syria toward the end of 2013 was met by a very xenophobic reaction on the part of the general population. Coupled with the Bulgarian majority’s traditional hostility toward minorities, this indicates a very unfavorable societal environment for effective social-inclusion policies.

Chile

Score value_6

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 disturbing phenomenon. The public-education system provides a comparatively low-quality education to those who lack adequate financial resources, while an approach to social policy promoted and supported by the Chilean elite maintains this very unequal social structure. Although some social programs seeking to improve the situation of society’s poorest people have been established, the economic system (characterized by oligopolistic and concentrated structures in almost all domains) does not allow the integration of considerable portions of society into the country’s middle class. Reforms planned by the new government (in the realms of taxation, education and labor), some already introduced and others on the way or still under discussion, are expected to have substantial pro-inclusionary effects.

Croatia

Score 4

Poverty and social exclusion are major problems in Croatia. Whereas the income quintile share ratio (S80/S20) and the Gini coefficient broadly match the EU-27 average, the share of the Croatian population at risk of poverty or social exclusion is substantially higher. The problems of social exclusion and poverty have been exacerbated primarily by the weakly performing labor market, and a significant portion of the active population is trapped in long-term unemployment. Labor-market policy and policies dealing with social exclusion are weakly institutionalized, often prone to changes, lacking in strategic objectives 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 deepened since Croatia became an independent country. This problem of regional inequality and poverty is especially severe in the war-affected areas of Eastern Slavonia, which still have not recovered economically from the effects of the war in the 1990s.

Citation:
Bicanic, I. and Pribicevic, V. (2013)"A NUTS2 view of regional inequality in Croatia," in: W. Bartlett, S. Malekovic and V. Monastiriotis (eds.), Decentralization and Local Development in South East Europe, Basingstoke: Palgrave Macmillan, pp. 231-251

Hungary

Score 4

The basic social message of Fidesz in the 2010 election campaign was that a Fidesz-led government would fight for upward mobility in Hungarian society, representing the interests of both the middle class and low-income earners. In fact, however, despite the recent rise in economic growth rates, both the impoverishment of people in the lower income deciles and the fragmentation and weakening of the middle classes have continued. Surveys show that 46% of Hungarians fear that they will fall into deep poverty, and current household-consumption levels are still 10% percent below their 2008 level. The poorest strata of the population, particularly the Roma, have become increasingly isolated and dependent on state support. Following the 2014 parliamentary elections, the Orbán government provided some relief for the hundreds of thousands of individuals holding foreign-currency debt by shifting a portion of their debt burden to foreign banks. However, the draft budget for 2015 also cut social spending by 5%.

Eurobarometer 81 (July 2014)

Szikra, Dorottya, 2014: Democracy and welfare in hard times: The social policy of the Orbán Government in Hungary Between 2010 and 2014, Journal of European Social Policy 24(5): 486-500.

Israel

Score 4

Israel's social situation 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 has grown, contributing to an ongoing reduction of the middle class, which is one of the smallest in the Western world. Inequality levels in Israel are among the OECD's highest. Measured by the Gini coefficient, Israel ranks fifth out of 27 countries surveyed. Israel has the highest poverty rate in the OECD: one out of five is in poverty in Israel.

Israeli spending and taxing policies create a dissonance between overall moderate growth rates, on the one hand, and ongoing social polarization, on the other. This polarization is reflected in several dimensions: a persistent gender-based pay gap, significant average wage differences between the Jewish and Arab communities, and between the Ashkenazi (Jews from East European or Western origin) and Mizrahi (Jews from Middle Eastern and African origin) communities as well as significant inequality within the elderly population relative to their state before retirement. Negative gender and ethnic relations are somewhat decreasing but still prevalent.

Based on this persistent polarization, it is difficult to identify significant social-policy successes in Israel in recent years. In the beginning of 2014, the government nominated the Alaluf Committee to formulate recommendations for fighting poverty. The committee published its findings in June 2014, proposing an 8 billion shekels funding package for public housing, daycare services, grants for working single parents and other instruments for redistribution. Instead, the 2015 budget is expected to initiate severe budget cuts in all social areas. This will aggravate the already fragile situation, since Israel currently has one of the lowest spending rates on social policy among OECD countries (15.8% of GDP compared to the 21.9% OECD average). Yet, a small improvement is expected in public health care: funding will continue to be allocated to support an approved program to shorten waiting periods for treatment in public hospitals.

Citation:
Bassok, Moti, and Ozeri, Ram, "Bank of Israel blames government for ever-widening social gaps. But praises treasury's handling of global economic crisis," Haaretz website 29.3.2012: http://www.haaretz.com/news/national/bank-of-israel-blames-government-for-ever-widening-social-gaps-1.421350 (Hebrew)

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Poverty and Social Gaps Annual Report, Miri Endeweld, Oren Heller, Netanela Barkali, Daniel Gottlieb, Jerusalem, December 2013, http://www.btl.gov.il/English%20Homepage/Publications/Poverty_Report/Documents/oni2012-e.pdf.

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 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.

The ongoing economic crisis has exposed the weaknesses of Italy's social policy. The main social policy instrument used to mitigate and reduce social exclusion is pensions. Other instruments are not very effective and Italian national standards are not very good. On average, social programs in the north of the country can deliver benefits three times higher than in the south. Italian family networks still constitute the most important though informal instrument of social policy. The high percentage of home ownership helps protect many Italians from poverty. Offering affordable housing also to younger people is fast becoming an important policy task.

Portugal

Score 4

Government social policies seeking to limit socioeconomic disparities do exist, but they are poorly funded and are not very effective in preventing poverty. Taxes were first imposed and then increased on pensions, which are now taxed like ordinary income. In view of the need to reduce the government's social costs, there has been pressure to reduce contributions to poverty-reduction programs, including pensions. In this regard, in June of 2014 the government approved cuts in pension levels, while at the same time increasing the level of taxes applied to them. According to the National Statistics Institute, the risk of poverty increased to 18.7% in 2012, the highest level since 2005, when it was 19%. The 2015 budget does not see a significant overall change. While the pressure on pensions has been somewhat alleviated, this has largely been compensated for by cuts in other welfare benefits. Overall, social-inclusion policies have been curtailed by the austerity drive in the period under analysis, despite a more unfavorable economic context that has imposed greater risks of poverty.

Citation:
Newspaper articles of 24/02/2014

Romania

Score 4

Social inclusion has suffered from high levels of poverty and low employment rates. Poverty levels in Romania remain the highest in the European Union. While the Gini coefficient for disposable income gradually fell between 2007 and 2012, it rose again in 2013, and is above the EU average. The country’s large Roma minority is particularly vulnerable to this poverty and marginalization, as the community’s economic and educational disadvantages are exacerbated by discrimination. The Romanian government still has a long way to go with respect to the establishment of an effective safety net for the poorest, as well as with the formulation and implementation of long-term strategies creating more equal education and employment opportunities for the marginalized. A long-term social-inclusion project, supported by the World Bank, which focused on improving living conditions among the Roma, persons with disabilities, children at risk and victims of domestic violence revealed strong institutional fragmentation and weak institutional capacities at the local level.

Citation:
World Bank, 2015: Implementation Completion and Results Report (IBRD-4825-RO) on a Loan in the Amount of €47.2 Million to Romania for a Social Inclusion Project. Washington, D.C.
(http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/03/23/000477144_20150323094757/Rendered/PDF/ICR33910REVISE0C0disclosed030230150.pdf)

Spain

Score 4

Societal exclusion remains a perennial problem for Spain: 20% of Spaniards live at risk of poverty (or 27% if the more exigent AROPE indicator is used). Those at a higher risk of marginalization include immigrants, unemployed youth and elderly people with minimal pensions. Particularly serious is the child poverty rate of 25%-30%, according to different reports published by the Council of Europe’s Commissioner for Human Rights or the Spanish statistical authority (INE). Women (in particular those in precarious employment and heading a single-parent family) are more vulnerable than men. Finally, the rate of workers under the poverty threshold is also very high - at 12.3%, this represents the third worst case in the EU (average is 9%).

Two back-to-back recessions (2008-2009 and 2010 – 2013) have further impoverished vulnerable households and broadened the gap between the poorest and wealthiest sectors of the population. Spain's Gini coefficient (0.35 in 2014) places the country as the 13th most unequal country in the OECD. While it performs better than the United States and Japan on this issue, it is more unequal than most European states. The combined impact of economic difficulties (rising unemployment and salaries or benefit cuts) and austerity measures (in health care, education, social services, disabled) have exacerbated marginalization. Even private-run social organizations have not been able to provide sorely needed services. Nonetheless, Spain is on par with the OECD average in terms of welfare spending on pension, family, health and integration policies.

In other areas of discrimination not associated with poverty, the current government has not been very active in combating social exclusion, but it nevertheless respected previous policies regarding gender equality in institutions or the rights of homosexuals (see “Non Discrimination”). Finally, it can be mentioned that a new legislation (RDL 1/2013) on equal opportunities of people with disabilities and their societal inclusion was passed in December 2013, at the same time that economic assistance to care for dependent people was almost eliminated.

Greece

Score 3

After the economic crisis erupted in 2010, the social situation of groups facing social exclusion worsened. The share of those not in education, employment or training (NEET) in the 20-24 age group doubled between 2008 and 2013. By 2012, the share of people at risk of poverty or of social exclusion had reached 35% (EU-28: 25%, Eurostat data). The Gini coefficient, already high in 2010, jumped in 2012.

After the onset of the crisis, the government announced an improvement in child allowances distributed to families in need, and local governments opened shelters and soup kitchens to help the homeless. Given the depth of the crisis, such measures probably proved inadequate. However, in 2014, Greece finally established a minimum income guarantee scheme for those who fall below a certain threshold of income. Still in its pilot phase at the time of this writing (Fall 2014), by November 2014 it had been implemented in only 13 municipalities (one municipality selected for each of Greece's 13 regions). Moreover, the mobilization of NGOs in the field of social assistance as well as charity work by the Greek Orthodox Church have intensified. Finally, the traditional extended Greek family, often including family members over three generations who pool resources, has served as a solution of last resort for the poor and the socially excluded.

In sum, past governments' negligence in anti-poverty measures and social exclusion policymaking have left those most vulnerable in Greek society unprepared to sustain the effects of the economic crisis. Nevertheless, the situation by the end of 2014 was not as dramatic as it was in 2011-2012. The stabilization of the economy in 2012 and 2013 leaves some hope that poverty and social exclusion will not make a turn for the worse in the immediate future.

Citation:
Data on the share of people at risk of poverty or social exclusion are taken from Eurostat. Information on all EU-28 countries for 2012 is available at

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/People_at_risk_of_poverty_or_social_exclusion

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 redistribution. Nevertheless, there is some evidence that public policy has improved the distribution of income in Mexico. The Gini coefficient has come down slightly, and 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, and even then progress would necessarily be slow.

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