Social Inclusion Report

Social Inclusion Policy

Sustainable Governance Indicators 2016

SGI Sustainable Governance Indicators

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) system to ensure all residents older than 24 (with certain exceptions, such as one-parent families and the disabled) have sufficient income to live (since 2001, this has only included citizens of European Union and European Economic Area states). The number of RMG recipients has remained stable in recent years, with about 4,000 new applications and a total of 9,209 households receiving the benefits. The government began establishing regional social-services (Office Social) offices in 2011, with 30 created by 2013. Since that time, the number of social-aid applications has increased at the local level. The government intends to reform the 1999 RMG law in order to reduce the poverty risk of young adults (under 25 years of age, in a single household).
Thanks to previously sustainable growth rates, Luxembourg ranks as a wealthy welfare state in international comparison, achieving high positions (21) in the 2013 and 2014 U.N. Human Development Index (HDI). However, it remains behind neighbor countries France and Germany in terms of overall HDI ranking. 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.

Luxembourg has a high at-risk-of-poverty rate before social transfers (63.2%) and a relatively modest poverty risk after transfers (19% in 2014). Income inequality (Gini coefficient in 2014: 28.7) is lower than the EU average (31) and lower than in other countries, such as the United Kingdom (31.6), France (29.2) and Germany (30.7). 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 46.1% in 2013.

Child-care services up through the 1990s, while available, were not as extensive as they are today. Employment rates among women have risen in recent years. Since the enactment of the EU Employment Strategy, Luxembourg has significantly expanded child-care services, and now offers some of the most generous child benefits within the European Union. Child-care service provisions are also partly financed by the state.

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 without requiring out-of-pocket payments. Other allowances provide the necessary means for long-term institutional care.

In 2013, welfare expenditures on social protection totaled 24.4% of GDP (2012: 23.3%). Those who have left school early, have low vocational skill levels, or who work in low-wage sectors (working poor) frequently make use of social assistance. The average unemployment rate among adults with low-level qualifications rose more than 7 percentage points between 2000 and 2013. The OECD notes that 80% of the overall unemployment rate has structural grounds. Rising unemployment rates and higher living costs, mainly associated with housing, resulted in a 40% increase in welfare recipients between 2008 and 2012.

During the past 10 years alone, rental prices have risen by 43%. The government recognizes the problem and is promoting the construction of about 11,000 new housing units to support continuing migration flows and population growth (about 2% last year). This program has a budget of about €600 million from 2010 to 2025. Despite the scarcity of social housing, only 29% of the new housing units are intended for renting and 81% of the stock is for sale to low-income groups. This excludes the working poor and welfare beneficiaries with low credit ratings. Although it has been delayed, a new housing allowance will be introduced in 2016. About 19,000 low-income households would benefit from this subsidy, amounting to a monthly average of €126. This underlines the crucial importance of social housing, especially with regard to providing affordable rentals for low-income people.

The quantity of social housing is still below the European average. Some municipalities have decided to impose a special tax on unoccupied houses in order to create disincentives to leaving spaces empty, and thus encourage existing residential property to be rented or sold. In addition to programs on the local level, the public social-housing companies (Fonds du Logement and SNHBM) are strengthening their activities. The National Housing Fund was recently exposed to criticism following an audit, and is currently being reformed with an eye to establishing effective quality-control measures.

Citation:
http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tps00098&language=en
http://ec.europa.eu/eurostat/estat-navtree-portlet-prod/BulkDownloadListing?file=data/hlth_dpe030.tsv.gz
http://www.mfi.public.lu/publications/01_rapports-activite/rapp_act_2014.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.ceps.lu/publi_viewer.cfm?tmp=3884
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
http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=de&pcode=t2020_10&plugin=
http://www.fondsdulogement.lu
http://snhbm.lu/index.php?p=52

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.

As Norway’s population is becoming increasingly heterogeneous, the country is also experiencing intensified debate regarding the rules governing access to welfare benefits, the level of such benefits, and whether it should be possible to export benefits. Increased immigration and unemployment rates are also likely to increase inequalities.

Denmark

Score 8

Measured in terms of inequality and poverty, Denmark has a high degree of social cohesion and the country is fairly egalitarian.

There is ongoing discussion on various marginalized groups, especially the number of working age people who receive public support (about 800,000 persons) is attracting attention. Measured in terms of employment rates, Denmark is among the top performers in the OECD area. An important distinguishing welfare feature is that most people not in employment are entitled to some form of social transfer. Somewhat simplified, the debate is split between those arguing that the welfare state is creating a low incentive to work and those arguing that most unemployed suffer from various problems (from social problems to lack of qualifications) which make it difficult/impossible for them to find jobs.

A government appointed expert group proposed a new poverty line based on a relative poverty definition operationalized using the median-income method (2013), but this was abolished by the new government (2015).

Most social transfers have recently been reformed to strengthen the focus on employment. Thus, the disability pension scheme has been changed such that, for persons below the age of 40, the granting of disability pension is temporary (expect for cases of severe and permanent loss of work capability); instead, the focus has shifted to using and developing the individual's remaining work capabilities. Likewise, the social assistance scheme has been reformed with a particular focus that young workers (below age 30) should attain education. For other age groups, the system now offers more flexibility and individualized solutions. Overall, policy debates have focused on how to strengthen the economic incentives for recipients of social assistance to be in work. A 2015 report from the Council of Economic Advisers found that most unemployed persons obtain an economic gain from work; their discussion centers on whether this gain is large enough.

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).
Ekspertudvalg om fattigdom, 2013, En dansk fattigdomsgrænse - analyser og forslag til opgørelsesmetoder, København.
Økonomisk Råd, 2015, Dansk Økonomi (efterår) København.

Finland

Score 8

The Finnish constitution safeguards basic economic, social and educational rights for all people, with these rights guaranteed both by the state and by municipal authorities. However, the reality does not completely measure up to this ideal. While social policy largely prevents poverty and the income-redistribution system has proven to be one of the most efficient in the European Union, pockets of relative poverty and social exclusion still prevail. In particular, poverty rates among elderly women are comparatively high due to the low pensions accrued within this population. Furthermore, inequalities in well-being 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 workplace. 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 on 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.

Slovenia

Score 8

Slovenia has a strong tradition of social inclusion, with its Gini coefficient being the lowest among EU member countries. 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. However, GDP growth in 2014 resulted in a reversal of some of these measures. As renting at market prices is expensive and social housing is in short supply, access to housing has become a problem for various vulnerable groups. The Cerar government has addressed this problem by launching a new National Housing Programme 2015-2025 in autumn 2015.

Citation:
European Commission. 2015. European Social Policy Network (ESPN) – Flash report Toward a new National Housing Programme in Slovenia. http://ec.europa.eu/social/main.jsp?catId=89&langId=en&newsId=2288&furtherNews=yes
European Commission. 2015. EU Employment and Social Situation - Quarterly Review - September 2015. http://ec.europa.eu/social/main.jsp?langId=en&catId=1050&newsId=2345&furtherNews=yes

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 could previously boast an egalitarian and inclusive society, there is less justification to do so today. Reflecting on the 2014 general elections, Bo Rothstein concludes that "the days of Swedish exceptionalism are over." Not only does Sweden now have a strong anti-immigration party in its parliament, core data on Sweden's welfare state are moving toward levels found among comparable, average-performing countries. It remains to be seen whether the current red-green government will be able to reverse this development.

Citation:
Kvist, Jon et al. (eds.) (2012), Changing Inequalities. The Nordic Countries and New Challenges (Bristol: Policy Press)
Rothstein, Bo (2014), "The End of Swedish Exceptionalism", Foreign Affairs, September 18.

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, tensions between Swiss citizens and foreigners over the benefits provided by the welfare state, as well as their financing, is increasing. In 2013, foreign workers representing 30% of the workforce accounted for 48% of the unemployed and 47% of social-aid recipients. It should be noted that unemployment and poverty is pronounced among low-skilled workers, where foreigners are over-represented. At the same time, highly skilled foreign employees subsidize a Swiss welfare state that benefits low-skilled foreign workers and middle-class Swiss workers (BSV 2015). In addition, the growing population of foreign workers increases the burdens placed on infrastructure such as railways and highways, competition with Swiss citizens on the housing market, and tightens competition for highly paid and desirable jobs as well. This state of affairs has fueled the number of conflicts and sparked tensions and frustration on all sides. To date 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 Swiss People’s Party (SVP) becoming the strongest political force in the country.

Citation:
BSV (Bundesamt für Sozialversicherungen), 2015: Faktenblatt - Auswirkungen der Personenfreizügigkeit EU/EFTA auf Sozialversicherungen und Sozialhilfe, available at: http://www.bsv.admin.ch/themen/internationales/aktuell/index.html?lang=de

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, which is now higher than Germany’s unemployment rate.

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.

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, assistance for children and young persons, and adaptation of the sector’s institutions and mechanisms when necessary.

Since 2013, the government has been engaged in restructuring public-aid policies, allowances and targeted measures, 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 put in place aimed at assisting young people and other groups affected by the restructuring, benefits reductions, or the loss of employment and income. The “not in education, employment or training” (NEET) rate is relatively high in Cyprus. However, larger groups are today at risk of poverty and exclusion (AROPE); after rising from 24.6% in 2011 to 27.8% in 2013, the overall AROPE rate declined slightly to 27.4% in 2014. Non-Cypriots, in particular non-EU citizens, are at significantly higher risk (42.2%). Despite the trend, AROPE rates declined for elderly people from 33.4% in 2012 to 26.1% in 2013, rising slightly again to 27.2% in 2014. Elderly single women are at higher risk than are other groups.

A guaranteed minimum income introduced in summer 2014 was expected to benefit a significant portion of the country’s households. Strict eligibility criteria based on factors such as income, property holdings and savings apply.

Citation:
1. At-risk-of-poverty indicators 2008-2014, Cyprus Statistics Service, 2015, http://www.cystat.gov.cy/mof/cystat/statistics.nsf/All/AC5A89D9938EBEF7C22578A00031BACA/$file/EUSILC-POVERTY-A2008_14-EN-221015.xls?OpenElement
2. EU assessment of the reform programme, 2014, http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_cyprus_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 sufficient 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 responsibility by introducing more incentives for the jobless to search for employment.

The performance of the welfare state is less convincing when it comes to equal opportunities. 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 feel excluded from broader French society: abandoned to their fate, a situation combines poor education and training, unemployment and poverty. Among young people, 15% do not possess basic reading, writing and counting skills when they leave the school system. In addition, 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.

Recipients of minimum income benefits are also entitled to goods and services such as health insurance free of charge. Nonetheless, according to the latest figures from EU-SILC, 16.7% of Germany’s population were considered to be at risk of poverty (Statistisches Bundesamt, 2015). There has also been an increase in poverty and social exclusion.

Until recently, income support for the poor was provided through government transfers. However, in January 2015, this approach fundamentally altered with the introduction of the national statutory minimum wage. Whether this innovation fosters or damages social inclusion will largely depend on its employment effects. No massive job losses are as yet noticeable, but this could be due to the exceptionally good employment situation at present.

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 higher.

In addition to the increasing threat of poverty in old age, the massive increase in the number of asylum seekers since 2015 constitutes the second major future challenge for a successful social inclusion of all major groups in the population. At the time of writing, it is not possible to forecast how well refugees will socially integrate. However, in 2015, public agencies, supported by civil-society organizations, were largely effective in managing the crisis and providing essential living conditions to asylum seekers. This is in stark contrast to the widespread mismanagement of the situation and inadequate provision of services in many southern and eastern EU member states.

Citation:
https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Soziales/Soziales.html

Iceland

Score 7

Before 2008, the degree of inequality in Icelandic society increased dramatically. 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, and a rapid increase in capital income. High inflation rates further increased the burden on low-income wage earners, though the rate of inflation fell to around 2% at the beginning of 2014 and has since remained at that level. Even so, the central bank expects inflation to rise in 2016. The previous government introduced policies to adjust the tax system. The 2008 collapse induced the previous government to increase taxes progressively for all income groups, with the smallest increases imposed on the lowest income groups. Consequently, the Gini coefficient for Iceland, excluding capital gains, has decreased from 29.6 in 2009 to around 24 since 2011.

Nevertheless, this does not tell the whole story. The Organization of Disabled in Iceland argues that their members are being left behind as wages increase. Significant cuts in public expenditure followed the 2008 economic collapse. For example, pensions and social reimbursements were cut, and have not yet been restored to their former level. Simultaneously, the risk of social exclusion increased, and the strain on charity organizations to provide food and clothing increased considerably following 2008. In 2014 – 2015, this trend has not been fully arrested even though the situation has improved. Iceland also performs well in international poverty comparisons, suggesting that social policies during the economic crisis were reasonably successful. For many households, 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

Netherlands

Score 7

Income inequality in the Netherlands produces a score of between 0.28 and 0.29 on the Gini Index, and has not changed since 2007. However, wealth inequality has plummeted since 2008, largely because of a decrease in the value of housing stock. Of the country’s 4.3 million home-owning households, 1.4 million had mortgage debts higher than the market value of their house. Levels of health inequality in the Netherlands are high; wealthier and comparatively highly educated people live longer (on average seven years compared to low-income and less-educated populations), with healthier lives. Gender-based income inequality is high: on average, personal incomes among men are 40% higher than personal incomes among women. The risk of poverty has risen again since 2011, 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 and 3.0% in 2013. 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 reached 10.3% in 2014. Observers expect that this represents a peak, and 2015 will have marked the beginning of a decline in the poverty rate. Since 2008, the beginning of the economic crisis, poverty in the Netherlands has increased by one-third. Single-parent families, ethnic-minority families, migrants and those dependent on social benefits are overrepresented in this poverty-exposed income bracket. One in nine Dutch children was at risk of poverty. Elderly people, until recently rarely exposed to poverty (with the exception of older single women), were also affected by growing poverty rates due to a policy-triggered reduction in the purchasing power of pensions. All in all, the long economic crisis has manifested in higher levels of poverty. However, the risk of poverty and social exclusion in the Netherlands is just 15% (comparable to Sweden only). It should also be noted that the poverty threshold in the Netherlands is far higher than in most other EU countries (Luxembourg excepted). Responsibility for poverty policy in the Netherlands is largely held by municipal governments. Given the budgetary side effects of other decentralization policies, there are clear signs of risk for poverty policy too; for example, local governments have increasingly been tempted to require performance of unskilled labor (street cleaning, park maintenance, etc.) in return for assistance benefits. Moreover, they (too) easily punish benefit recipients for (alleged) fraud and abuse, and sometimes exclude illegal aliens from assistance benefits.

Citation:
CPB/SCP (2014), Armoedesignalement 2014, Den Haag
CBS (2014), Welvaart in Nederland 2014. Inkomen, bestedingen en vermogen van huishoudens en personen, Den Haag
"Dat opjagen van werklozen maakt armen steeds armer", in NRC.nl, 10 April 2015

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 11.8% in 2015, 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%. In recent years, there has been growing public awareness of the incidence of child poverty within New Zealand. A report commissioned by the Commissioner for Children and published in 2012 found that child-poverty rates had doubled in the last 30 years, and that anywhere between 170,000 and 270,000 children (or between 16% and 25% of all children, depending on how child poverty was defined) could be classified as poor.

Citation:
New Zealand Income Survey – June 2014 Quarter (Wellington: Statistics New Zealand 2014).
Children's Commission, 'Solutions to Child Poverty in New Zealand' (Wellington: 2012).

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 PO-PSL 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:
Czapiński, J. & T. Panek, eds. 2015. "Diagnoza społeczna". Warszawa.

United Kingdom

Score 7

A traditional system of social class has long been a feature of British society. Since 1997, successive governments have sought, through a variety of policy instruments and initiatives, to overcome these divisions and to promote social mobility and inclusion. On the day after winning the May 2015 election, Prime Minister David Cameron reiterated the importance of making the UK “a place where a good life is in reach for everyone who is willing to work and do the right thing.” In emphasizing the connection between inclusion and work, he echoed the “welfare to work” policy approach of the previous coalition and Labour governments.

However, while applauding a sharp reduction in child poverty and an increase in the enrolment rate of students from disadvantaged backgrounds in tertiary education, the Social Mobility and Child Poverty Commission’s latest State of the Nation report also observed that “progress to date has been too limited and too slow.” The report noted the persistence of divisions around various social criteria, including class, geography and race. Although the UK’s Gini coefficient has fallen significantly, a common phenomenon after a grave recession, it remains relatively high compared to other OECD countries and the distribution of wealth has become more unequal. While youth unemployment had fallen to 13.3% by September 2013, it is still more than double the overall unemployment rate of 5.3%. More problematic is the high incidence of NEETs (people who are not in employment, education or training), particularly in less affluent cities, and the average income of young people has started to lag behind the average income of other working-age population groups. A chronic shortage of affordable housing has further exacerbated the situation of low-income households in the more prosperous metropolitan areas across the south-east of England. This shortage has made it especially difficult for young people to get on to the housing ladder.

Despite 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 been a discernible social shift against forms of discriminatory language or action, with a number of public figures being ostracized as a result of inappropriate comments. Legislation allowing same-sex marriage came into force in 2014. While there are reservations regarding multiculturalism and anti-immigrant sentiments remain common, immigrants 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.

Citation:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/485928/State_of_the_nation_2015__foreword_and_summary.pdf

Belgium

Score 6

Belgium has traditionally had generous employment protections, unemployment benefits and overall social security provisions, all of which help contain poverty to a substantial degree. Inequality with regard to disposable income has not increased much during the crisis, despite increasing market-income heterogeneity. Transfers as a percentage of GDP show the sixth-highest level within the OECD. Accordingly, Belgium's relative position with respect to social inclusion has improved steadily until recently.

Recent labor-market policy reforms have primarily aimed at increasing incentives to work, largely through making access to unemployment benefits and early retirement more difficult. This increases sustainability within the social-security system in the long term, but also increases the risks of poverty.

More importantly, the current immigration crisis (with massive inflows of refugees mainly from Syria and Afghanistan) may force Belgium to tighten its immigration policy and the generosity of its poverty assistance quite substantially. Even before the crisis, Belgium had become a leader in curtailing social-security benefits to intra-EU migrants, and the previous government had toughened its immigration policy. The current crisis might accelerate this trend and spill over to social security at large.

Citation:
OECD Economic Surveys: Belgium, February 2015: http://www.oecd.org/eco/surveys/Overview_Belgium_2015_Eng.pdf

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 a growing number of areas of high social exclusion. In 2015, about 600 of such areas existed, 15% of them located in the Usti region. These areas have been characterized by accumulating social problems, such as unemployment, housing insecurity, low education levels and poor health. In order to limit social exclusion, the Sobotka government adopted a White Paper on Social Housing in October 2015, the first ever in the Czech Republic. The paper, which is supposed to inspire legislation in 2016, addresses the social context of housing availabilty and discusses in detail the role of the different tiers of government in providing social housing.

Estonia

Score 6

During its transition period, Estonia established a welfare system that resembles the liberal welfare model. The country's 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 were increased 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.
The marginalization of women in politics remains a problem – only 19% of parliamentarians and only two out of 15 cabinet ministers were women at the end of 2015.

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 were protected from the worst effects of the recession. Although the rise in the unemployment rate and the fall in the employment rate 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 protection rose to a peak of 11.0% of GDP in 2011, but has fallen to 9.4% in 2015 as economic growth resumes and the unemployment rate falls. However, the aging population structure continues to push up the cost of the state pension scheme.

Recent budgets have 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 while the incidence of poverty rose from 14.1% in 2009 to 16.5% in 2012, it fell to 15.2% in 2013. However, the incidence of consistent poverty rose from 5.6% in 2009 to 7.7% in 2012 and continued to rise, to 8.2%, in 2013.

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 since 2013 have made affordable housing increasingly difficult to obtain, especially in the Dublin area. The government responded to the growing public concern about these problems by increasing the 2016 budget allocation to social housing and asking the National Asset Management Agency (NAMA) to rise to the challenge of providing 20,000 new residential units from its resources by 2020. However, many have been disappointed by the scale of this response relative to the magnitude of the problem.

The housing problem combined with the social exclusion facing the Traveller Community were illustrated in a tragic fire at a "temporary halting site" in the Dublin area in October 2015, ten people (including five children) lost their lives. In the 2016 budget, first steps were taken to restore the funds available for the education and support of people with intellectual disabilities that had been cut during the crisis period.

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 (for example, increasing child-care options for working mothers) still play a role. A 2015 IMF paper argued that the government's 2014 reform agenda, with its focus on "human resources capabilities" for disadvantaged groups among others, as well as on "reforming the employment system," should reduce inequality. However, it remains unclear whether these reforms can be successfully implemented. The wealthy will benefit disproportionately from a 2015 increase in tax exemptions for gifts (from the elderly to the younger generation).

Citation:
Chie Aoyagi et al., How inclusive is Abenomics?, IMF Working Paper 15/54, March 2015

Lithuania

Score 6

The issue of social exclusion is a key challenge for Lithuania's social policy. In 2013, 30.8% 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 917,000 in 2013 thanks to the economic recovery and some policy measures, but remained above the pre-crisis level. The current government increased the monthly minimum wage and the non-taxable threshold of the income tax in order to reduce 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. The government has approved a number of relevant measures as part of its new "social model," but as of the time of writing, these were still being considered by the parliament.

Citation:
COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2015: http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_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 have not been consistently adequate. The total social security benefits for the first half of 2015 amounted to €407.8 million. This represents a decrease of 1.1% on the same period in 2014, but coincided with a significant drop in unemployment. In 2014, at risk of poverty or social exclusion rate was 23.8%, while 43.6% of single-parent households had an income below the at risk of poverty threshold. A 2014 EU report indicated that poverty rates were increasing in Malta. The at the risk of poverty and social exclusion for particular groups in Malta is above than the EU average, including children (32% in Malta compared to an EU average of 27.6%) and the elderly (20.8% in Malta compared to an EU average of 18.3%). However, Eurostat data for 2014 indicates that 55.1% of children whose parents have a low level of educational attainment were at risk of poverty, compared to an EU28 average of 65.9%. Meanwhile, 12.5% of children with parents with a medium level of educational attainment were at risk of poverty, compared to an EU28 average of 32.9%. Only 7.3% of children whose parents have a high level of educational attainment were at risk of poverty, compared to an EU28 average of 10.5%.

Disabled persons remain relatively marginalized. In the second quarter of 2015, there were 20,000 disabled persons of working age in Malta, but only 1,450 were in employment. A number of measures aimed at mitigating this situation are currently being introduced, including an obligatory contribution from employers who do not employ disabled individuals, and tax credits and incentives for employers who employ disabled individuals. Disabled individuals who are in employment are entitled to receive full benefits irrespective of their salary.

Other measures to address these problems 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. Moreover, the 2016 budget included an annual bonus for senior citizens over the age of 75, and stipends for mature students enrolled at the University of Malta and Malta College of Arts, Science and Technology.

Citation:
Eurostat News Release (3 December 2012)
http://europa.eu/rapid/press -release_STAT-12-171_en.htm
Times of Malta, MPs approve third-pillar pensions Bill Workers will be able to voluntarily top up State provision, 15/10/2014.
National Reform Programme April 2013 p.60, p.154, p.159, p.161
Deguara, A, The Faces of The Poor: A Sociological 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
NSO News Release 141/2015
Commission Staff Working Document – Country Report Malta 2015 SWD (2015) 37 final p.28, p.34
Eurostat Dataset ilc_peps60
95% of persons with disability unemployed, employers will have to start paying contributions. The Independent 2/06/15
Budget 2015 Speech (English) p. 49
Budget 2016: What’s in it for you – point by point, how the budget will affect you. The Independent 13/10/15
Malta Today 14/09/15 24% of Maltese at risk of poverty or social exclusion in 2014
National Statistics office Malta - Statistics on income and living conditions
poverty data Malta EUROSTAT 2015

South Korea

Score 6

While extreme poverty has been eradicated in Korea, relative poverty, particularly among the elderly, remains a serious problem. This can be explained by the low employment rate, the large share of precarious employment, and the prevalence of forced early retirement. While still smaller than the OECD average, the gap between rich and poor has widened dramatically in the past 15 years and continued to do so during the assessment period. Criticism of the government’s lack of action on this issue is growing in strength. The South Korean tax and 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.

In South Korea's increasingly money- and consumption-oriented society, poverty is becoming a source of shame, which might partly explain the low levels of life satisfaction. Suicide rates are among the highest in the world, particularly for the 60-plus generation.

Unlike the previous Lee administration, the Park Geun-hye government has put improving the welfare system, particularly for the elderly, high on its administration's agenda. However, Park has had difficulties in implementing her ambitious goals, and was forced to backtrack on one of her most important election promises, to introduce a general monthly pension of KRW 200,000 (6) to citizens over 65 regardless of income level.

The recent massive influx of North Korean defectors from low social classes has raised potentially troublesome issues of integration into South Korea's workforce. Available data on the work integration of North Korean defectors reveals this group's marginalization within the primary labor market, with other indicators also showing poor labor-force integration. The Park government has repeatedly tried showed hostility toward specific groups of people (such as family members of victims in the Sewol ferry incident) who have expressed dissatisfaction with government policy, labeling them as bad people. Social exclusion is also growing in Korea.

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 among 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 rates increased as a result of the recession in 2008, and are especially high among blacks and Hispanics.

A number of Obama-administration initiatives benefit low-income families. The Affordable Care Act expands Medicaid health coverage to an enlarged share of the low-income population. Many elements of the 2009 stimulus package tried to address the hardship caused by the recession. In general, Obama's major social-policy initiatives have been implemented on a temporary basis. His administration's social-policy approach has relied 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. In 2015, the administration initiated a $200 million pilot program to improve employment prospects among food-stamp recipients. But for the most part, divided party control of government has continued to prevent significant action on social inclusion.

Australia

Score 5

Australia continues to have a mixed record of social inclusion. Successive governments have made considerable efforts to promote social policies that reduce social exclusion caused by poverty while supporting the principle of equal opportunity. The comparatively flexible labor market has probably been the most effective instrument with regard to ensuring social inclusion.

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 the Prime Minister and Cabinet (PMC), which reported to the deputy prime minister. Shortly after coming to office in 2013, the Abbott government abolished the SIU and removed all references to social inclusion from policy documents. However, Prime Minister Abbott did take personal responsibility for indigenous affairs by shifting the portfolio to the PMC and becoming the responsible minister, thereby signaling the policy importance of improving indigenous outcomes. The latest proposal, which streamlines the existing 150 programs into a single Indigenous Advancement Strategy, may potentially improve the lives of indigenous Australians. However, considering the failure of virtually all past initiatives, this would be a surprise. The dire situation of the indigenous population continues to be one of Australia's biggest social issues.

In December 2013, the Minister for Social Services commissioned a review of the welfare system with the goal of identifying possible improvements and ensuring the system was sustainable, effective and coherent, and encouraged people to work. The final report of the Reference Group, released in February 2015, advocated streamlining payments into five primary benefits for the working-age population, reducing effective marginal tax rates on welfare recipients in order to encourage employment participation, and adopting an "investment approach" within Australia's social-support system, which in turn would ideally reduce long-term reliance on welfare through targeted investments in benefit recipients. The government broadly accepted the recommendations, but as of the end of the review period, few had been implemented.

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.

Reference Group on Welfare Reform, 'A New System for Better Employment and Social Outcomes', Australian Government, February 2015: https://www.dss.gov.au/our-responsibilities/review-of-australias-welfare-system/a-new-system-for-better-employment-and-social-outcomes-full-version-of-the-final-report.

http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Table_1_Youth_unemployment,_2014Q4_%28%25%29.png

Chile

Score 5

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. The income distribution is highly unequal; although GDP (2014) is about $258 billion and GDP per capita (2014) about $14,500, 70% of the population earns a monthly income less than $640 (CLP 426,000). About 53.5% of the population earns less than $440 (CLP 300,000) per month. Furthermore, poverty rates among the elderly people are disturbingly high.

The public-education system provides a comparatively low-quality education to those who lack adequate financial resources, while the 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 and extended, 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. Moreover, the lower-middle class in particular can be regarded more as a statistical category than a realistic characterization of people's quality of life, given that the majority of the Chilean middle class runs a perpetual risk of falling (material) living standards, as their consumer spending is mainly financed by credit and individual debt. If a household's primary income earner loses his or her job, or a family member has serious health troubles, families tend to face rapid impoverishment.

Reforms planned by Bachelet's government (in the realms of taxation, education and labor) are expected to have substantial pro-inclusionary effects. Some of these have already been introduced, while others are on the way or still under discussion.

Citation:
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http://www.elmostrador.cl/mercados/2015/10/14/desigualdad-historica-este-2015-el-1-mas-rico-de-la-poblacion-alcanzo-el-mismo-patrimonio-que-el-99-restante-del-mundo/
http://data.iadb.org/ViewIndicator/ViewIndicator?languageId=en&typeOfUrl=C&indicatorId=485

Italy

Score 5

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.

New policies like “Bonus bebe” (an allowance paid to families for each new baby) and the NASPI (a new unemployment allowance) indicate the willingness of the government to respond to this emergency. However, these policies remain rather weak.
The government must also address the large proportion of young people not in education, employment or training, particularly in the south of Italy. Otherwise, a generation of young people will be marginalized, unable to participate in the economy. The high rate of youth unemployment is also threatening the pension system and future tax revenues. The government will need to develop special social policies.

Latvia

Score 5

While economic growth and stabilization is evidenced by some economic and social indicators (such as poverty rates), the depth of the 2008 – 2010 economic crisis and persistence of high unemployment rates have until very recently 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 35.5 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 2015, income-tax rates have been reduced from 26% to 23%, 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. 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 has recovered, a gradual phase-out is being considered. However, the GMI benefit remains in place for 2015.

The high emigration rate serves as a major indicator of marginalization and the lack of opportunity. A total of 234,507 people left Latvia between 2006 and 2014. Moreover, recent research shows that the emigrants are on average better educated than those who have stayed. The annual emigration rate is falling, however. This massive emigration, coupled with a high mortality rate and low birth rate, has led to a 12% decline in population over the past 10 years, the second-largest decline in the EU. 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.

Citation:
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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
5. Inta Mierina (2015), Latvijas Emigrantu Kopienas: Ceribu Diaspora. LU: Riga. Available at: http://fsi.lu.lv/userfiles/image/ESF%20Latvijas%20emigrantu%20kopienas/FSI_Ceribu_diaspora_pub.pdf

Slovakia

Score 5

The Slovak social-protection system covers standard social risks. While the risk of poverty is relatively low, strong regional disparities exist. Despite some progress in closing the gap, unemployment in Bratislava (6.0%) was substantially lower than in Eastern Slovakia (16.6%) in 2014. The main reasons for this phenomenon are the combination of low growth and job creation in the country's central and eastern regions, as well as an insufficient regional labor mobility to job-rich areas. Targeting these disparities, the government's "second social package" promised specific measures, such as tax relief or alternative access to investment support, for regions plagued by unemployment above 20%. 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. It has been criticized for being ineffective.

Citation:
-Council of Europe, Slovakia should set ambitious targets for the social inclusion of Roma and persons with disabilities; www.coe.int/en/web/commissioner/-/slovakia-should-set-ambitious-targets-for-the-social-inclusion-of-roma-and-persons-with-disabilities?inheritRedirect=true&redirect=%2Fen%2Fweb%2Fcommissioner%2Fnews-2015

Turkey

Score 5

Despite an improved Gini coefficient – falling from 42.2 in 2003 to 39.1 in 2014 – income distribution in Turkey continues to be among the OECD's most unequal. According to the Turkish Statistical Institute, the highest income group forming 20% of population receives 45.9% of income in the economy, the lowest 20% of population receives only 6.2%.

According to the World Bank (2015), extreme poverty fell from 13% in 2002 to 4.5% in 2012, while moderate poverty fell from 44% to 21% over the same period. It should be noted here that the World Bank defines extreme poverty and moderate poverty using the World Bank's Europe and Central Asia regional poverty line of $2.5 and $5 per day in terms of purchasing power parity. In 2014, the share of the population living below the poverty line was 15%. Whereas 27.7% of the illiterate population live below the poverty line, 1.3% of university graduates live in poverty. 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 United Nations Development Program's 2014 Human Development Report, the Human Development Index increased from 0.671 in 2005 to 0.759 in 2013, placing Turkey in the high human development group. However, Turkey's inequality-adjusted Human Development Index is 16% lower than its nominal Human Development Index. A large share of this inequality is explained by such factors such as birthplace and parental education levels.

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 1.26% of GDP in 2013. But there is still room to increase the generosity of benefits, as only about 10% of beneficiary household consumption is covered by social-assistance transfers. Since 2011 responsibility for all central-government social-assistance benefits has been 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:
World Bank (2015) '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. There is a general level of dissatisfaction with the state of society, which can be explained by 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.

In general, Bulgaria's social policy is unsuccessful in including and integrating people with lower-than-secondary education, minorities and foreigners (mainly refugees or immigrants). The issue is not carefully studied, but the causal factors for this incapacity are complex. They include policies not sufficiently tailored to the integration needs of specific groups such as minorities and immigrants. There is a new program financed by EU structural funds that aims to provide free language and computer literacy courses to unemployed and underemployed individuals, but it remains to be seen how effective the program will be (for more information about the program: http://azmoga.kabinata.com/). Other factors contributing to poor social inclusion include weaknesses in policies related to the regulation of labor markets (such as the minimum wage), business entry and exit, and adjudication in the economic sphere. While these regulations are designed to safeguard certain aspects of the activities they address, at the same time, they raise barriers to inclusion of precisely disadvantaged groups. Another contributing factor to weak social inclusion is the fact that some political actors have a vested interest in keeping certain voter cohorts, usually defined by a minority, in a position of dependence.

The slight increase in the number of refugees from Syria since 2013 has been met by a widespread sense of xenophobia among the public. While there have been visible efforts by civic organizations and even spontaneous actions to coordinate efforts aimed at providing some basic food, clothing and furniture for the refugees, general hostility, coupled with ineffective policy mechanisms, has created a highly unfavorable environment for the accommodation and integration of refugees in society.

:
"I can do more" program site available here: http://azmoga.kabinata.com/

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, 29.3% of the Croatian population is at risk of poverty or social exclusion, a figure five percentage points higher than the EU-27 average. In addition, a substantially greater proportion of the population (13.9%) lives in conditions of severe material deprivation (compared to 8.9% in the EU-27). Almost one-quarter of people over the age of 65 live in a dwelling with a leaking roof, damp walls, floors or foundations or rot in windows frames or floor space. About 42% of the population lives in overcrowded accommodation compared to just 8% in the EU-27. The problems of social exclusion and poverty have been exacerbated primarily by the under-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 mostly 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

For severe material deprivation Eurostat [ilc_sip8]
For overcrowded housing [tessi170]; for poor housing conditions [tessi292]

Hungary

Score 4

The basic social message of the third Orbán government is that it would fight for upward mobility of “hard working people” 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 since the 2014 elections. The budget for 2015 has cut social spending by 5%. The poorest strata of the population, particularly the Roma, have become increasingly isolated and dependent on state support. The third Orbán government has 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, since this process has yet to be completed, many of those most affected have organized protests.The refugee crisis has restructured the public discourse in social policy. Although only 30% of Hungarian view the country’s economic situation as “good,” the government’s manipulative strategy has depicted migrants as the root of the country's economic woes even though most migrants have left Hungary. Many real problems of social inclusion remain unaddressed. The inclusion of Roma is a key problem here that requires local and sectoral measures embedded within an overall framework strategy that has yet to be developed.

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 after social transfers increased to 18.7% in 2012 and 19.5% in 2013, as compared to a pre-bailout level of 17.9% in 2009. The 2015 budget did not envision 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 review, despite a European and global economic environment that has imposed greater risks of poverty.

Citation:
Newspaper articles of early and mid-2015

INE (2015), "Taxa de risco de pobreza (Após transferências sociais - %) por Sexo e Grupo etário; Anual," available online at: https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_indicadores&indOcorrCod=0004206&contexto=bd&selTab=tab2

Romania

Score 4

As levels of poverty and unemployment have seen limited improvement since 2014, social exclusion has remained a major issue. Stark vulnerabilities remain a reality for the country's Roma minority, whose members experience poor access to education and economic mobility, accentuated by discrimination domestically but also more broadly in Europe. Of growing concern is the influx of refugees and migrants from Africa and the Near East. President Iohannis has been outspoken about Romania's preference for voluntary quotas, despite the European Commission's efforts to mandate required intake. The issue is far from resolved and in addition to the concerns migrant accommodation raises in regards to their shelter, support and employment, the discrimination which has beset the Roma also threatens to marginalize refugee and migrant peoples arriving from abroad.

Spain

Score 4

Societal exclusion remains a perennial problem for Spain: 22.2% of Spaniards live at risk of poverty (or 28.6% 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 nearly 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 share of employed people living 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) 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 within 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 rates along with cuts in salaries and benefits) and austerity measures (affecting health care, education, social services and disabled-person support programs) have exacerbated marginalization. The National Action Plan on Social Inclusion for the 2013 – 2016 period has clearly proved insufficient, and privately run social organizations have been unable to fill the service-provision gap. Nonetheless, Spain is on par with the OECD average in terms of welfare spending on pension, family, health and integration policies as a share of GDP/

The situation is better with regard to areas of discrimination not associated with poverty, particularly regarding gender equality within institutions and the rights accorded to homosexuals (see "Non-discrimination"). Finally, a new law (RDL 1/2013) on equal opportunity and societal inclusion for people with disabilities was passed in December 2013, at the same time that the provision of economic assistance for care for dependent people was virtually eliminated.

:
www.ine.es/prensa/np908.pdf
The risk of poverty or social exclusion affected 1 in 4 persons in the EU in 2014 (Eurostat)
http://ep00.epimg.net/descargables/2015/10/16/1e864831c1bc59035e1a95fda06a83f4.pdf
National Action Plan on Social Inclusion for the Kingdom of Spain, 2013-2016
www.msssi.gob.es/destacados/docs/PNAIN_2013_2016_EN.pdf

Greece

Score 3

After the economic crisis erupted in 2010, the social situation of groups facing social exclusion worsened. By 2012 the share of people at risk of poverty or of social exclusion had reached 35% (EU-28: 25%, Eurostat data) and has stayed at that level ever since. The Gini coefficient jumped from 32.9 in 2010 to 34.5 in 2014.

In 2014, Greece at last established a minimum income guarantee scheme for those who fall below a certain threshold of income. The scheme was implemented in a pilot form for only a few months, between November 2014 and February 2015, and only in 13 municipalities (one municipality selected from 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 summary, 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.

The Syriza-ANEL government which came to power in January 2015 had promised to strengthen social inclusion in order to fight what the Syriza party calls "Greece's humanitarian crisis", attributed to the austerity policies of 2010 to 2014. In March 2015, the Syriza-ANEL coalition passed a law allocating a total of €200 million to deal with the humanitarian crisis. Such resource allocation, however, fell short of Greece's grave social problems. It also fell short of the funds earmarked one year earlier (i.e., in 2014 by the previous coalition government of New Democracy-PASOK, €450 million). Moreover, the government discontinued the minimum income guarantee scheme which the previous government had adopted just before falling from power. All in all, it seems that successive governments either did not have a comprehensive plan to fight poverty or deferred to react to increasing social exclusion.

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
Data on the GNI coefficient provided by the SGI data set.

Israel

Score 3

As the National Insurance Institute (NII) shows, for some 25 years, and especially since the end of the Second Intifada, the increase in GDP per capita in Israel has not been accompanied by a corresponding increase in real wages; in 2014, the gap between the two was larger than ever.

After documenting disturbing trends in recent years, including a rise in inequality and exclusion, the NII's recently published findings indicate a slight improvement in poverty rates (data from 2013). However, inequality levels in Israel are still among the OECD's highest. Measured by the Gini coefficient Israel ranks fifth most unequal of 32 countries surveyed. It also has the second highest relative income poverty rate in the OECD countries (20.9%).

Israel's social spending and tax 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 population as well as the Ashkenazi (Jews of Eastern European and Western origin) and Mizrahi (Jews of Middle Eastern and African origin) communities, and significant inequality within the elderly population relative to their state before retirement. Overall, gender and ethnic disparities are somewhat narrowing but still prevalent.

Based on this persistent polarization, it is difficult to identify significant social-policy successes in Israel in recent years. According to the NII, the slight improvement in social indicators is due to improved participation rates in the workforce, although higher participation rates did not translate into reduced poverty in ultra-orthodox and Arab populations. This is aggravated by policies such as reducing the social transfers for children and offering a low guaranteed minimum income; Israel currently has one of the lowest spending rates on social issues among OECD countries (15.8% of GDP compared to the 21.9% OECD average, 2014).

Citation:
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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. 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. Moreover, to reduce its economic dependence on the United States, Mexico will have to increase its domestic purchasing power. Currently, half of the population barely purchases anything.

It is discouraging that poverty has actually increased under President Peña Nieto, though this has had much to do with a slowdown in economic growth rather than public policymaking.

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