



Social Inclusion Report

Social Inclusion Policy

Sustainable Governance
Indicators 2018

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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 strong economic performance over the last three decades has provided numerous governments with the means to build an outstanding welfare system, which includes generous insurance plans, benefit programs and public service provision. Most recently, the health care sector has been significantly expanded. Retirement benefits exceed Scandinavian standards. Since the 1970s, the welfare system has been consistently expanded, even when neighboring countries are forced to cut public welfare expenditure. In recent years, the proportion of non-EU citizens has risen to about 10%, representing a disproportionate share of the unemployed, minimum wage earners and welfare recipients. Luxembourg must improve the civil and professional integration of non-EU immigrants and refugees through improved multilingual education in early childhood and school, active fostering of language acquisition, and homologation of foreign vocational competencies.

Despite Luxembourg's generous social transfers, 21.7% of children in Luxembourg live below the poverty line (60% of median income). The country's Gini index score (31) highlights the extremely unequal distribution of income, which makes new measures against poverty and social exclusion necessary.

The demand for residential housing has always being far higher than the supply. It is no surprise that prices have been rapidly rising for years. Last year alone, the average price of private housing rose by 7.7%. Over the decade, rental prices have soared dramatically by 43%. The government recognizes the challenge presented to households and supporting the construction of about 11,000 new housing units by 2025. Notwithstanding, the attractiveness of home ownership remain unchanged. As a result, the volume of real estate loans increased by 29% in 2016, which should ease the pressure of inward migration and strong population growth. In 2016, 47 projects

with 345 units were funded by the Ministry of Housing, of which 60% were initiated by municipalities. Since 2014, 362 new projects for low-income housing with 4,245 units have been approved by the government, of which 1,660 are for sale and 2,585 are for rent.

A new housing allowance was finally introduced in 2016 and will be raised in 2018. The housing allowance will benefit around 35,000 low-income households, providing a monthly subsidy of a maximum of €300 for a family household. The allowance acknowledges the importance of social housing, especially in providing affordable rental properties for low-income people.

Nevertheless, the provision of social housing remains below the European average. Some municipalities have decided to impose a special tax on unoccupied houses to create disincentives for leaving spaces empty and encouraging existing residential property to be rented or sold. In addition to local programs, public social housing companies (Fonds du Logement, SNHBM and other social associations) are intensifying their activities. Following an audit by the authorities, the National Housing Fund was reformed in 2017, with the intent to establish effective quality control measures.

The 2017 social inclusion income reform (REVIS) supports the integration of social and labor-market policies with individualized and activating social assistance, providing monetary incentives to work. Furthermore, in 2018, the reform of care insurance will help to reinforce the individualization of services by standards of 15 care levels and quality controls.

Citation:

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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.

As Norway’s population is becoming increasingly heterogeneous, debates regarding the rules governing access to welfare benefits, the level of such benefits, and whether it should be possible to export benefits have grown. Increased immigration and unemployment rates are also likely to increase inequalities which, though having increased somewhat in the last decade, remain low compared to many other European countries, the United States and China.

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 700,000 to 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 are suffering 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). Though discussions on the

issues are ongoing and the poverty line is being used by various organizations.

Most social transfers have recently been reformed with a greater focus on employment. Thus, the disability pension scheme has been changed such that, for people below the age of 40, the disability pension has been suspended (except for cases of severe and permanent loss of work capability). Instead, the focus has shifted to using and developing an individual's remaining work capabilities. Likewise, the social assistance scheme has been reformed with a particular focus on improving the educational attainment of young workers (below age 30). For other age groups, the system now offers more flexibility and individualized solutions. Moreover, there is now a cap on total transfers as well as a work requirement (225 hours paid work within the last year) for full social assistance. Immigrants from outside the European Union are required to have been resident in Denmark for seven out of the last eight years to qualify for normal social assistance, otherwise a lower level of assistance is offered. The aim of these reforms is to strengthen the incentive to work, but it may result in poverty for those failing or unable to respond to these incentives.

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:

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Økonomisk Råd, 2016. Diskussionsoplæg 11 oktober. http://www.dors.dk/files/media/rapporter/2016/E16/E16_DISK.pdf (assessed 21 October 2016)

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, reality does not entirely 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. Furthermore, inequalities in well-being exist between regions and municipalities, depending on demographic composition and economic strength. In general, the economic crisis in Finland has exposed an increasing number of people to long-term unemployment and poverty.

In terms of life satisfaction and gender equality, the government has embarked on a number of programs to improve its performance. The Act on Equality between Women and Men was passed in 1986 and gender discrimination is prohibited under additional legislation. Despite this legislation, inequalities between men and women prevail, 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. The explosive increase in the number of immigrants in 2016 and 2017 has certainly added to these difficulties.

Citation:

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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 benefits to the elderly and to families with children. After the onset of the economic crisis, however, social disparities 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. Since then, however, most of these cuts have been reversed. In autumn 2015, the Cerar government launched a new National Housing Program 2015-2025. In the period under review, improvements have been made on issues regarding poverty and social exclusion.

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 intergenerational 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 today largely 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)

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Switzerland

Score 8

In contrast to many Western European countries such as Germany, Switzerland has recorded no major increase of income inequality over the past 20 years. The country has largely been 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, accidents and old age) work effectively, are comparatively sustainable and provide a generous level of benefits. Social assistance is means-tested, consequently some stigma is attached to its receipt.

Life satisfaction is very high, income inequality is moderate and stagnant, the share of working poor in the population is small and gender inequality has been reduced substantially in recent years. Nonetheless, some problems and tensions relating to social inclusion are evident.

First, the transition to a knowledge-based service economy entails new social risks. These will be faced most by workers unable to cope with the challenges of this new economy. These vulnerable workers include young people who lack either the cognitive or psychological resources to obtain sufficient training and begin a career, single mothers who are unable to finish vocational training, highly skilled female employees who cannot reconcile work and family, and persons (typically women) who must care for elderly relatives. Like most continental welfare states, Switzerland has not sufficiently reformed the welfare system to address the challenges of a service-based economy. There is, however, considerable variance between local communities in the degree to which they address these challenges.

Second, tensions between Swiss citizens and foreigners over the benefits provided by the welfare state, as well as their financing, are increasing. In 2017, the unemployment rate of foreign workers (representing 31% of the workforce) was 2.3 times higher than the unemployment rate of Swiss workers. The share of recipients of social assistance was 2.2% for Swiss nationals and 6.2% for foreign nationals (2015). The share of social assistance recipients varies strongly by nation. It is highest among non-EU citizens. On average, EU/Efta citizens have almost the same share as Swiss citizens, while Germans have a lower social assistance share than Swiss nationals. It should be noted that unemployment and poverty is most pronounced among low-skilled workers, where immigrants 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).

Also, some native workers view the growing population of foreign workers as burdening infrastructure (e.g., railways and highways), increasing competition on the housing market, and tightening competition for highly paid and desirable jobs. This state of affairs has fueled a number of conflicts, sparking 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 crises affected Austria less than most other countries due to effective counter-cyclical policies. Nevertheless, competition within the rather well-protected system of employment has become significantly tougher – even after unemployment started to decline in 2017, as in most EU member states.

Outside the labor market, unequal outcomes within the education system and the remnants of gender inequality perpetuate some problems of inclusiveness. An additional challenge is the situation of migrants, political asylum-seekers and refugees that poured into the country in high numbers during 2015. Austrian society and the political system are facing a very specific cross-pressure: to integrate the newcomers and to defend the prerogatives of Austrian citizens.

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 remained stable in 2017. Amongst others, families with three or more children are vulnerable to poverty or material deprivation.

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 balanced future economic growth.

During the period under review, the prospect of gender quotas for management positions in the business sector was debated. Advocates of the idea argued it would help women access the most attractive and best-paid positions in the economy. One specific aspect of gender inequality that has changed following the October 2017 parliamentary elections, the percentage of women in the National Council has never been as high.

Citation:

Poverty rates: <http://www.armutskonferenz.at/armut-in-oesterreich/aktuelle-armuts-und-verteilungszahlen.html>

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 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 Indigenous 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). However, the same cannot be said of the indigenous population, where young Indigenous Canadians often perform significantly worse than young non-indigenous Canadians. Indigenous children are more than twice as likely to live in poverty than non-indigenous children. The situation is particularly severe for Indigenous Canadians living on reserves. Over 60% of First Nation children living on reserves live below the poverty line, and these rates worsened between 2005 and 2010.

Citation:

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David Macdonald Daniel Wilson (2016), *Shameful Neglect: Indigenous Child Poverty in Canada*, Canadian Center for Policy Alternatives, available from <https://www.policyalternatives.ca/publications/reports/shameful-neglect>.

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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. Poverty remains at a comparatively low level. Therefore, social inclusion in terms related to minimum income, health protection, support to the poor and to 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); and second, to recalibrate the balance of solidarity and individual responsibility, for instance 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. The percentage of young people in neither education nor employment is persistently high, pointing to the difficulties in transitioning between the education system and the labor market. Furthermore, some groups or territorial units are discriminated against and marginalized. The so-called second-generation immigrants, especially those living in the suburbs, as well as less vocal groups in declining rural regions feel excluded from broader French society: abandoned to their fate, their situations combine poor education and training, unemployment and poverty. Except for the measures on elementary schools in socially disadvantaged areas, the new administration has not yet tackled these problems and will need more time to do so.

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, supplemented by a need-oriented minimum income. 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.

There are a variety of minimum income benefit schemes, comprising unemployed (“Hartz IV”), disabled, old-age minimum income support and assistance for asylum-seekers. In 2017, Germany had 6.1 million Hartz IV recipients which was the first annual increase since 2011 (Statistisches Bundesamt 2017a; 2017d).

The total number of recipients across all of these schemes increased in recent years and reached 7.9 million in December 2016 (Statistisches Bundesamt 2017c).

Until recently, income support for the working poor was provided through tax financed government transfers. However, in January 2015, this approach was fundamentally augmented with the introduction of a national statutory minimum wage designed to increase the market income of this at-risk segment of the population. So far, no massive job losses are noticeable.

In addition to the increasing threat of poverty in old age, the massive increase in asylum-seekers and refugees since 2015 constitutes a second major challenge for the successful social inclusion. In 2016 and 2017, public agencies, supported by civil society organizations, were largely effective in managing the crisis and providing essential living conditions to asylum-seekers. Recently, an OECD report (OECD 2017) demanded better coordination of all relevant stakeholders but also acknowledged that Germany has reacted quickly and created an environment that is conducive for successful labor market integration. The authors also acknowledged that the focus of German policy on liberalizing labor market access for asylum-seekers and refugees, and the large investments into language training is appropriate and promising. Together with excellent labor market conditions, the likelihood of successfully integrating refugees in Germany is higher than in most other EU countries.

Citation:

OECD (2017): Finding their Way – The Labour Market Integration of Refugees in Germany, March 2017.

Statistisches Bundesamt (2017a): <https://de.statista.com/statistik/daten/studie/242062/umfrage/leistungsempfaenger-von-arbeitslosengeld-ii-und-sozialgeld/>

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Statistisches Bundesamt (2017c) Pressemitteilung vom 29.11.2017:

https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/11/PD17_429_228.html

Statistisches Bundesamt (2017d): https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/EinkommenKonsumLebensbedingungen/LebensbedingungenArmutsgefahr/Tabellen/EUArmutschwelleGefahrderung_SILC.html

Iceland

Score 7

Until 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 further increased the burden on low-income wage earners, although the rate of inflation fell to around 2% at the beginning of 2014 and has since remained at a low level. The left-wing cabinet of 2009-2013 made the tax system more progressive by imposing the smallest tax increases on the lowest income groups. Consequently, according to Statistics Iceland (which failed to publish any information on income distribution until after the crash of 2008), the Gini coefficient for Iceland, excluding capital gains, rose from 24 in 2004 to 30 in 2009 and then fell back to 24 in 2015 (2016 numbers have still not been published). Including capital gains, however, the Gini index for total disposable income in Iceland rose by one point a year from the mid-1990s onward until the crash of 2008, an unprecedented development (Gylfason, 2015, based on data from Internal Revenue Directorate; Ólafsson and Kristjánsson, 2013). Little is still known about the distribution of wealth and whether it became more skewed after the 2008 crash.

However, this does not tell the whole story. The Organization of Disabled in Iceland (Öryrkjabandalagið) 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 fully restored to their former level. In October 2016, just before the elections, the government announced an increase in pensions to the same level as minimum wages in 2018. In their September 2017 budget proposition, the government announced a further increase in pensions and social reimbursements. The result was a modest increase, far below recent wage increases.

After the crash, many families were dependent on food aid offered by volunteer organizations, a phenomenon not seen in Iceland for decades. Even so, Iceland performs quite well in international poverty comparisons, suggesting that social policies after the economic crisis were reasonably successful. For some households, however, the economic situation remains difficult but is gradually improving. In the past, young Icelanders could take housing for granted. However, house prices have become unaffordable for many because residential construction in the Reykjavík area has not kept up with demand and the tremendous influx of tourists has led to a substantial increase in rents.

Citation:

Gylfason, Thorvaldur (2015), "Social Capital, Inequality, and Economic Crisis," Challenge, July.

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Ireland

Score 7

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 had fallen to 9.4% in 2015 as economic growth resumed and the unemployment rate fell. 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 after the 2008 crash 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. More recent estimates suggest that there is an annual need for 35,000 additional housing units. Because of delayed recovery in the construction sector, it appears that only 19,000 units were completed

in 2017. The unavailability of cheap housing, high and rising levels of rents, and growing homelessness have demonstrated that the housing crisis needs to be addressed by more inspired governmental and local authority initiatives, including the provision of inexpensive land zoned for building and changes to the permitted height of urban apartment dwellings.

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.

Malta

Score 7

Malta has a consolidated social benefits system that supports those with low incomes; in addition, health care and education are 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. This was partially addressed in the 2015 and 2016 budgets when lower pension bands were raised and incentives to help people return to work introduced. Social security expenditure amounted to €479.8 million during the first half of 2017, 13.4% higher than the expenditure for the same period in 2016. In 2016, the at-risk-of poverty or social exclusion rate was 20.1%, which represented a 2.3% decrease over the preceding year. The 2017 Commission Staff Working Document highlighted that poverty and social exclusion risks are declining but remain significant for children, the elderly, and the low-skilled. Eurostat reports that in 2017 24% of persons 17 years of age and younger were at risk of poverty, down from 26.7% in 2010. Moreover, Eurostat data for 2016 indicate that 42.4% of Maltese children whose parents had a low level of educational attainment were at risk of poverty. However, Eurostat data also shows that for children exposed to the triple burden of risk of poverty, severe material deprivation and a household with low work intensity, there are encouraging signs. This is coupled with the fact that data are indicating a continuous decrease in the yearly numbers of Maltese teenage mothers. Young people aged 15 to 25 neither in employment nor education stood at 10.4% below the EU mean.

Disabled persons remain relatively marginalized, but unemployment levels are decreasing yearly. A number of significant measures introduced in the 2015 and 2016 budgets contribute to this trend. These measures included an obligatory contribution from employers who do not employ disabled individuals as well as tax credits and incentives for employers who do employ disabled individuals. Disabled individuals who are in employment are also entitled to receive full benefits irrespective of their salary.

Several measures have been introduced over the last few years to address social problems. These include supplementary benefits for children, breakfast at school,

greater support for low-income working parents through the creation of after-school clubs for their children, fiscal incentives for people to invest in pensions programs and an annual bonus for senior citizens over the age of 75. A food laboratory for early school leavers and teenage parents is also in the pipeline. These social measures have been consolidated further in the 2017 budget with the launch of a €50 million social housing project and the establishment of a fund for disadvantaged students. Moreover, government signed an agreement in 2017 that foresees an increase of the minimum wage by €8 per week by 2019. A new survey also indicates that only 1.3% of the population live in substandard accommodation (the EU average is 5.1%). The same survey found that over half of poor households in Malta own their own property without a mortgage compared to 38.7% across the EU as a whole. Also, only 4.3% are private tenants compared to 29.3% EU-wide. The income quintile share ratio which measures inequality of income distribution at 4.2% is less than the EU average.

Citation:

National Statistics Office (NSO) News Release 069/2017
 National Statistics Office (NSO) News Release 151/2017
 Commission Staff Working Document Country Report Malta 2017 SWD (2017) 83 final p.2
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li60&lang=en
 The Malta Independent 13/08/2017 Number of Maltese teenage mothers remains in decline, EU reports show
 National Statistics Office (NSO) News Release 152/2017
 Budget 2016 Speech (English) p. 31
 Budget 2015 Speech (English) p. 49
 Malta Independent 13/10/2015 Budget 2016: What's in it for you – point by point, how the budget will affect you.
 Budget 2017 Speech (Maltese) p. 134, p. 138
 Caritas Malta 2016 A Minimum essential budget for a decent living.
 Times of Malta 24/11/2016 Child poverty is expensive
 Times of Malta 27/04/2017 Minimum wage to go up €8 per week by 2019
 EU Commission 2017 Social Scoreboard
 Times of Malta 23/11/17 Quarter of children are at risk of poverty
 Times of Malta 23/11/17 Maltese in Squalid housing is one-quarter of EU average

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. In 2015, highest incomes (top ten percent) were 4.5 times larger than the lowest incomes (lowest ten percent). However, wealth inequality has a Gini coefficient of 0.894 and has increased since 2008, largely because of a decrease in the value of housing stock. In 2014, 6% of total wealth was owned by the lowest income group, while the highest owned 35%. Of the country's home-owning households, almost 1.4 million (32%) had mortgage debts higher than the market value of their house. This number is now rapidly declining due to a rise in house prices. The average age of first-time home buyers has increased due to uncertain incomes and strict loan regulations.

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 (€40,200) are much higher than personal incomes among women (€23,800).

Compared to other EU countries, the number of households at risk of social exclusion or poverty is still low. But 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. Of young people under 18 years old, 17% were at risk of poverty and/or social exclusion. However, in big cities, such as The Hague and Amsterdam, with large immigrant communities, this proportion increases to one in five. However, the risk of poverty and social exclusion in the Netherlands as a whole 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.

Citation:

CBS (2015), *Armoede en social uitsluiting 2015*, Den Haag

CBS (2016), *Welvaart in Nederland 2016. Inkomen, bestedingen en vermogen van huishoudens en personen*, Den Haag

CBS (2017), *Monitor Duurzaam Nederland 2017: update indicatoren*

“Dat opjagen van werklozen maakt armen steeds armer,” in NRC.nl, 10 April 2015

Strengere hypotheekregels blokkade voor jongeren op huizenmarkt, *Finaniceel dagblad*, 9 March, 2017

Gelijk goed van start, *SER*, January 2016 <https://www.ser.nl/nl/actueel/nieuws/2010-2019/2016/20160121-gelijk-goed-van-start.aspx>

New Zealand

Score 7

New Zealand has a long tradition of support for a more egalitarian society. 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 9.4% in the June 2017 quarter, 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. Its rate is about the OECD average, but is more than double the rate in the best performing OECD countries.

Housing is an ongoing and substantial social problem. Many of these problems are driven by the high cost of housing in New Zealand, which is above the OECD average, and inevitably affects the poor hardest. Today, the median house price in Auckland is about 10 times the median household income. The outgoing National government was criticized for responding too slowly and underestimating the seriousness of the housing problem. In January 2015, it had announced the introduction of a social housing reform program. In September 2016, housing legislation came into force, which aimed to further stimulate house building in Auckland and free up land for low-cost housing, especially for first-home buyers. In 2017 the incoming Labour/NZ First government pledged to build 100,000 affordable houses within the next ten years.

For the 2017 budget, the government announced a social investment program targeting the most vulnerable sectors of society with early intervention in an effort to save taxpayers money in the long run. The package includes 14 initiatives on mental health, behavioral services for children with behavior difficulties, burglary prevention, national coverage for Family Start, an intensive home visiting program, enhancing industry, treatment, and learning interventions to reduce prisoners' risk of re-offending and improving their broader social outcomes, increasing long-term contraceptive access for low-income women, expanding Housing First, reducing youth crime rates, and creating positive pathways for people with a corrections history who participate in specific reintegration programs. During the 2017 election, opposition parties complained that these reforms came too late in the life of the government and did not go far enough.

Citation:

New Zealand Income Survey – June 2015 Quarter (Wellington: Statistics New Zealand 2015) (http://www.stats.govt.nz/browse_for_stats/income-and-work/Income/NZIncomeSurvey_HOTPJun15qtr.aspx)

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Gender Pay Gap reduction great news for women. Beehive. 1 September 2017 (<https://www.beehive.govt.nz/release/gender-pay-gap-reduction-great-news-women>).

Poland

Score 7

Social inequalities have visibly declined since the early 2000s. This has partly been due to Poland's strong economic performance and the EU structural funds which were predominantly aimed at helping less-developed regions and relatively poor households. In addition, previous governments have been successful in mitigating

regional disparities through 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. Still, the PiS was able to capitalize on looming popular dissatisfaction with social inclusion in the country. By raising family allowances and increasing the minimum wage, the PiS government has contributed to a further decline in social inequality. The next step that the government wants to take is a social housing program, "mieszkanie+." The postal service and railways will provide space and buildings that can be transformed to low-rent apartments.

Citation:

Matthes, C.-Y. (2016): The state of democracy in Poland after 2007: Analyzing the linkage between economic development and political participation, in: *Problems of Post-Communism* 63(5-6): 288-299, 290-292.

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. In his short second term as prime minister, David Cameron followed a classic one-nation conservatism policy that aimed to make the United Kingdom "a place where a good life is in reach for everyone who is willing to work and do the right thing," which echoed the "welfare to work" policy approach of the previous coalition and Labour governments. His successor, Theresa May, followed this path by declaring her "mission to make Britain a country that works for everyone" in her first statement as prime minister in July 2016, although with a slightly more leftist spin. It remains to be seen how this rhetoric will coagulate into social policy.

However, while applauding a sharp reduction in child poverty and an increase in the enrollment 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 United Kingdom'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. The youth unemployment rate fell to 12.0% by October 2017, but it is still almost three times that of the overall unemployment rate of 4.3%. A recent policy innovation has been the creation of a social mobility index. Overall, the proportion of "NEETs" (people who are not in employment, education or training), continued to decline, but is still high in some of the less affluent cities. In addition, 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 southeast 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 reservations regarding multiculturalism and anti-immigrant sentiments remain common, immigrants tend to be more socially integrated than in many other countries. However, the anti-immigrant rhetoric of some “leave” campaign messaging, and widely reported attacks on immigrants and social minorities in the aftermath of the Brexit referendum testify to the persistence of hostile attitudes in some quarters.

Citation:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/485928/State_of_the_nation_2015_foreword_and_summary.pdf

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/532793/Main_text_SFR22_2016.pdf

<https://www.gov.uk/government/publications/social-mobility-index>

<https://www.gov.uk/government/speeches/statement-from-the-new-prime-minister-theresa-may>

Belgium

Score 6

According to the OECD, Belgian workers benefit from advantageous working conditions in terms of wages, but at the price of a long-term unemployment rate that is almost twice as high as the OECD average. Social policy was extremely generous and broad until the onset of the financial crisis, but the last two governments have tightened social spending substantially. As a consequence, the number of beneficiaries of unemployment benefits has dropped substantially, much more so than unemployment itself.

More significantly, the refugee crisis (a result of massive inflows of migrants, mainly from Syria, Afghanistan and various sub-Saharan African countries) has produced calls for Belgium to tighten its immigration and social-security policies. However, critics of this direction fear a reduction in the generosity of its poverty assistance beyond what would be desirable for the general population.

Citation:

OECD Economic Surveys: <http://www.oecd.org/eco/surveys/Belgium-2017-OECD-economic-survey-overview.pdf>

OECD better life initiative 2016: <http://www.oecd.org/belgium/Better-Life-Initiative-country-note-Belgium.pdf>

Cyprus

Score 6

After rising to 28.6% in 2015, five percentage points above the pre-crisis rate (2008: 23.3%), the population share at risk of poverty or social exclusion declined to 27.7% in 2017. Until 2011, poverty rates (7.80%) were lower than the EU average, with the elderly at highest risk. The Gini coefficient was 32.1% (2015: 33.6%). The country's social-welfare system has been routinely amended through the identification of and provision of support for vulnerable groups. 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.

The main policy actions since 2013 have included restructuring public-aid, targeted allowances and benefits, public sector employment quotas for persons with disabilities, and housing programs for young families and other needy populations. New policies were put in place aimed at assisting young people and other groups affected by these benefits reductions or the loss of employment. A guaranteed minimum income was introduced in summer 2014. The “not in education, employment or training” (NEET) rate is relatively high in Cyprus.

Among the groups at risk of poverty and exclusion (AROPE), foreigners faced greater risk than locals in 2016; the rate was 29.5% (2015: 33%) for non-Cyprian EU nationals and even worse at 44.4% (2015: 46.1%) for non-EU citizens. AROPE rates for persons over 65 declined from 33.4% in 2012 to 20.8% in 2015 to rise again to 22.9% in 2016. Elderly single women are at higher risk – 25.8% (2015: 24%) – than other groups.

Citation:

1. At-risk-of-poverty indicators 2008-2016, Cyprus Statistics Service, 2017, [http://www.mof.gov.cy/mof/cystat/statistics.nsf/All/AC5A89D9938EBEF7C22578A00031BACA/\\$file/EUSILC-POVERTY-A2008_16-EN-061017.xls](http://www.mof.gov.cy/mof/cystat/statistics.nsf/All/AC5A89D9938EBEF7C22578A00031BACA/$file/EUSILC-POVERTY-A2008_16-EN-061017.xls)

Czech Republic

Score 6

Due to a 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. However, there are substantial differences between regions and ethnic groups that have not been sufficiently addressed by government. Between 2006 and 2014, the number of areas of social exclusion (defined as those where more than 20% of inhabitants live in inadequate conditions) has doubled to about 600, now covering more than 115,000 people in 297 municipalities. In more than half of these areas, Roma form a majority. In these areas, about 75% of residents are low-skilled and the average unemployment rate is between 80% and 85%. A further pressing problem of social inclusion is the lack of cheap housing and

the growing number of homeless people. In March 2017, the government proposed legislation that would extend social housing rights to people with disabilities, pensioners, young families with children and young people. It faced parliamentary opposition for being too broad in coverage and was not approved before the end of that parliament's term.

Estonia

Score 6

In general terms, the Estonian welfare system resembles the liberal welfare model. Levels of poverty and inequality have remained consistently high.

Since work-related income has significantly increased, the poverty of wage earners has decreased. Social transfers have not followed step with the wage increases, resulting in increased relative poverty levels among the retired, the unemployed and families dependent on social benefits. In the non-working population, poverty is highest among the elderly, but most severe among children. There are also gender disparities in poverty indicators. The risk of falling into poverty is higher for women (23.3% for women and 19.6% for men), but poverty among men is deeper (the relative median at-risk-of-poverty gap was 16.9% for women, and 28.3% for men).

Government policies have addressed some material deprivation issues through amendments to tax law. Since 2017, low-wage workers can claim income tax reimbursements; this measure is expected to apply to about 100,000 people. This is the first step in a broader tax amendment package, which aims to reduce significant income disparities. Yet, these measures do not address large regional disparities in average salary. The absence of effective regional policy measures has accelerated the exodus of the working-age population from rural 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. In surveys, the majority of Estonians report that income disparities are too high and wages do not correspond to effort. Compared to ethnic Estonians, the ethnic minority population perceives greater inequalities in opportunity in all life domains.

Citation:

Integration Monitoring 2017. Fact sheet on perception of equality of opportunities /in Estonian/. https://www.kul.rik.ee/sites/kulminn/files/7_vordsus.pdf (accessed 28.10.2017)

Italy

Score 6

The impact of the crisis on the incomes of a significant percentage of households and the increasing levels of unemployment – particularly among young people – 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, while new policies are only slowly being implemented.

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, as well as the large 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, local 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 welfare. The high percentage of home ownership helps protect many Italians from absolute poverty. Housing problems, which would be insurmountable for many young people, are to some extent mitigated by family rather than public support.

To address these problems the current government has maintained some of the instruments adopted by the previous government, such as the €80 monthly tax credit for low-income earners, the “Bonus bebé” (an allowance paid to families for each new baby) and the NASPI (a stronger unemployment allowance). The current government has also introduced a new maternity bonus for pregnant mothers and a new measure of integration income for families below the poverty line (Reddito di inclusione). These measures go in the right direction, but their impact is still insufficient.

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.

The inclusion of women in positions of economic and political leadership has shown

some improvement due to new rules that require a more balanced representation of women in executive positions.

Citation:

<http://www.infodata.ilsole24ore.com/2017/10/11/le-borse-apprezzano-le-quote-rosa-nei-cda/>

<http://www.pariopportunita.gov.it/media/2976/report-febbrai-2017.pdf>

Lithuania

Score 6

The issue of social exclusion is a key challenge for Lithuania's social policy. In 2014, 27.3% of the Lithuanian population was at risk of poverty and social exclusion, higher than the EU average of 24.4%. 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 by 2020 (from 1.1 million in 2010). The number of people at risk of poverty and social exclusion fell to 804,000 in 2014 due to the economic recovery and some policy measures, but remained above the pre-crisis level. Lithuania remains one of the most unequal countries in the European Union. The Lithuanian authorities increased the monthly minimum wage and the non-taxable threshold of the income tax to reduce poverty. The Skvernelis government announced a series of social policy measures and additional funding of €483 million for 2018 targeting pensioners, children and low-income families.

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 to 2020 period. Current emigration trends, with young working-age people leaving for jobs abroad and older family members staying in Lithuania to care for grandchildren, exacerbate the negative effects of social exclusion.

Citation:

COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2017: <https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-lithuania-en.pdf>

South Korea

Score 6

While still smaller than the OECD average, the gap between rich and poor has widened significantly in South Korea in the past 15 years, and continued to do so during the assessment period. Poverty rates are still above OECD average and old-

age poverty in particular is one of the country's urgent inequality issues. Almost half (47.7%) of its citizens aged over 65 currently live in relative poverty. In 2016, the poverty rate among Korea's elderly population was the highest in the OECD, at more than four times the OECD average of 12.1%. Criticism of the government's lack of action on this issue is growing in strength. The South Korean tax and welfare systems are not designed to reduce inequality, and their capacity to prevent poverty is very limited given the 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. The welfare system also depends on family-based security, with parents typically willing to support their children even after completion of a university degree. Young people in particular still suffer from social exclusion. The degree of gender equality is also still far below the OECD average. The Moon administration is seeking to redress some of these imbalances, however. For example, it has announced that it will raise the basic-allowance amount to KRW 300,000 for 70% of the elderly population in the low-income group. It will seek to double the number of available jobs for seniors by creating 30,000 government-provided jobs for senior citizens. More broadly, the administration is also seeking to redesign the tax and welfare systems to enhance their redistribution effect.

The influx of North Korean defectors 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. There has been some improvement in terms of embracing multicultural families and providing support for migrant workers, but South Korea still has a long way to go before becoming a genuinely inclusive society.

Citation:

The Guardian. South Korea's inequality paradox: long life, good health and poverty. August 2, 2017. <https://www.theguardian.com/inequality/2017/aug/02/south-koreas-inequality-paradox-long-life-good-health-and-poverty>

Yonhap News. Moon's pledges: senior citizens. May 10 2017. <http://english.yonhapnews.co.kr/news/2017/05/08/0200000000AEN20170508001400320.html>

Australia

Score 5

Australia continues to have a mixed record of social inclusion. While successive governments have made considerable efforts to promote social policies that reduce social exclusion, the comparatively flexible labor market has probably been the most effective instrument with regard to ensuring social inclusion.

Despite relatively uneven income distribution and other weaknesses of social policies, Australians are quite content with their lives. Life satisfaction in Australia is higher than in many other OECD countries and almost as high as in the Scandinavian countries.

Promoting social inclusion did not become an explicit policy goal at the federal level until the election of the Labor government in 2007. After coming into office in 2013, the conservative Abbott government reversed course and removed all references to social inclusion from policy documents. While Prime Minister Abbott did take personal responsibility for indigenous affairs, the dire situation of the indigenous population continues to be one of Australia's biggest social issues. Life expectancy of indigenous Australians is about ten years below the Australian average.

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.

A key issue in social policy has been the booming housing market. Families in particular are increasingly unable to live in urban areas and are forced to move to relatively remote places. Sydney in particular is too expensive for most young families. This begins having an effect on economic efficiency, as young talent is no longer moving to Sydney.

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

Sydney 'doesn't stack up' without high salary, while young talent pool grows in Melbourne, domain.com, 12. Juli 2017, im Internet unter <https://www.domain.com.au/news/sydney-doesnt-stack-up-without-high-salary-melbourne-tempts-new-residents-20170712-gx7vt9/>

<https://www.dpmc.gov.au/sites/default/files/publications/indigenous/Health-Performance-Framework-2014/tier-1-health-status-and-outcomes/120-infant-and-child-mortality.html>

<https://www.dpmc.gov.au/sites/default/files/publications/indigenous/Health-Performance-Framework-2014/tier-1-health-status-and-outcomes/119-life-expectancy-birth.html>

Chile

Score 5

In terms of opportunity for upward mobility, Chile still fails to overcome a long lasting and broadening social gap. For example, considerable exclusion along ethnic lines and a large gap between poor parts of the population and the middle class remain. There is also little upward mobility within higher income groups. The middle class in general and especially the lower middle class can be considered 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 (2016) is about \$247 billion and GDP per capita (2016) about \$13,792, about \$300 less than the previous year, about 70% of the population earns a monthly income less than \$800 (CLP 500,000). About 50.9% of the population earns less than \$550 (CLP 350,000) 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:

<http://www.fundacionsol.cl/estudios/los-verdaderos-sueldos-chile-panorama-actual-del-valor-del-trabajo-nesi2016/>
<http://www.fundacionsol.cl/wp-content/uploads/2015/06/Verdaderos-Salarios-2015.pdf>
<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>
<http://datos.bancomundial.org/pais/chile>

Japan

Score 5

Once a model of social inclusion, Japan has developed considerable problems with respect to income inequality and poverty over the past decade. Gender inequality also remains a serious issue. In terms of the poverty rate, income distribution measured by the Gini coefficient, and life satisfaction, Japan now ranks in the bottom half of the OECD. In a 2017 OECD report on the state of disadvantaged young people, the organization stressed the need to reduce the number of young people (age 15 – 29) not in education, employment or training (so-called NEETs), which stood at 1.7 million in 2015. This group includes thousands of socially withdrawn persons (hikikomori), who rarely leave their homes. Overall, the number of such people in Japan could be nearly 1 million, an alarming figure.

The LDP-led government, in power since late 2012, initially focused its attention on its growth agenda. Since 2016, however, it has given more emphasis to social-inclusion issues, addressing wide-ranging target groups such as people with disabilities and the elderly. Related labor-market measures are addressed elsewhere in this report.

Citation:

OECD: Investing in Youth: Japan, Paris, 29 May 2017, <http://dx.doi.org/10.1787/9789264275898-en>

Cabinet (Japan), The Japan's Plan for Dynamic Engagement of All Citizens, 2 June 2016

Labor ministry to extend job program to social recluses and NEETs in early 40s, Japan Times, 18 November 2017, <https://www.japantimes.co.jp/news/2017/11/18/national/labor-ministry-extend-job-program-social-recluses-neets-early-40s/>

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 34.5 in 2016, still one of the largest in the European Union. 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.

In 2017, a new progressive tax rate has been adopted, effective in 2018, along with other measures aimed at reducing the tax burden on low-wage earners.

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 2016.

The high emigration rate serves as a major indicator of marginalization and the lack of opportunity. A total of 275,131 people left Latvia between 2006 and 2016. 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 European Union. 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 Remigration*, 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. A 2016 review of the implementation of this plan concluded that it has been only partially implemented due to severe underfunding. For example, in 2016 only €96,400 were allocated to all remigration activities, significantly below the planned €1.2 million.

The Latvian political agenda has spotlighted demographic issues, including the prospect of remigration as one solution to the demographic situation. A 2016 report identified barriers to remigration, including a lack of demand for particular professional skills, lower wages, difficulty in readapting to the local environment, and a lack of institutional support and information.

Citation:

1. Central Statistical Bureau, Database, Available at: <http://data.csb.gov.lv>

2. 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

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

4. Mihails Hazans (2016), *Atgriešanās Latvijā: remigrantu aptaujas rezultāti*. Available at: http://www.diaspora.lu.lv/fileadmin/user_upload/lu_portal/projekti/diaspora/petijumi/Atgriesanas_Latvija_-_petijuma_zinojums.pdf. Last assessed 11.10.2017

Portugal

Score 5

Government social policies seeking to limit socioeconomic disparities do exist, but they are poorly funded and not very effective in preventing poverty. Between 2010 and 2014, taxes were first imposed and then increased on pensions, which were treated like ordinary income for this purpose. In view of the need to reduce the government's social costs, there was also substantial pressure to reduce contributions to poverty-reduction programs.

This led to an increase in the share of those at risk of poverty after social transfers, from a level of 17.9% in 2010 to 19.5% in 2014 and 2015.

The Programa do XXI Governo Constitucional 2015 – 2019 heavily emphasizes programs addressing social inclusion, featuring policies such as an increase in the minimum wage and a reversal of austerity measures imposed on pension and welfare payments.

The new government increased spending for families by €79, to €1,497 per month, or €17,967 per year. Previously, the 2008 has been kept without increase through 2015.

The share of people at risk of poverty after social transfers fell in 2016 to 19%, the first decrease since 2007. However, it remains higher than in the pre-bailout period and is above the EU average. In short, there has been some progress, but there remains a long way to travel with regard to significantly reducing the risk of social exclusion.

Citation:
Expresso

Eurostat, "People at risk of poverty after social transfers," available online at: http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_52&language=en

Slovakia

Score 5

The Slovak social-protection system covers standard social risks. Due to the country's relatively uniform income distribution, recently growing employment and a redistributive social policy, income inequality and the risk of poverty remain relatively low. However, there are substantial differences between regions and ethnic groups. As measured by the regional Gini coefficient, Slovakia stands out as the country with the highest regional disparities in the European Union. Roma and children from disadvantaged families continue to be the groups most at risk of social exclusion. The poverty rate among Roma is more than six times higher than for the general population and also higher than in other societies with sizable Roma

populations. Access to the labor market, especially for women and people living in the east and north, has remained a challenge. The main reasons for this phenomenon are the combination of low growth and job creation in the country's poorer regions, as well as an insufficient infrastructure and incentives for regional labor mobility to job-rich areas. The underdeveloped long-term care system infringes upon the social inclusion of elderly and frail people.

Citation:

IMF (2017): Slovak Republic: Selected Issues. IMF Country Report No. 17/72, Washington, D.C., 2-14 (<http://www.imf.org/en/Publications/CR/Issues/2017/03/23/Slovak-Republic-Selected-Issues-44751>).

Spain

Score 5

Societal exclusion remains a perennial problem for Spain: 27.9% of Spaniards live at risk of poverty (Spanish statistical authority, 2017). This figure, which is based on declared income from 2015, is slightly better than the 28.6% that was registered using 2014 data, but remains above the 26.7% recorded in 2010. Those at a higher risk of marginalization include immigrants, unemployed youth and elderly people with minimal pensions. According to the OECD, particularly serious is the 2017 child-poverty rate of more than 20%. 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, one of the worst cases in the EU. 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 (Gini coefficient: 0.35). 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. In February 2017, the Secretary of State for Social Services and Equality announced the preparation of the Second Action Plan of the Youth Strategy 2017 – 2020. 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”).

The long-term impact of the high rate of poverty in Spain and the absence of an effective policy to lift out of poverty at least the most vulnerable groups may include a loss of overall competitiveness and have negative effects on social coexistence.

Citation:

European Commission (2017), https://eacea.ec.europa.eu/national_policies/en/content/youthwiki/4-social-inclusion-spain

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http://www.ine.es/en/prensa/e_cv_2016_en.pdf

Bertelsmann Stiftung, Social Justice Index Report 2017

https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/NW_EU_Social_Justice_Index_2017.pdf

Turkey

Score 5

Despite a decline in Turkey's Gini coefficient from 40.3 in 2006 to 39.6 in 2016, income distribution in Turkey continues to be among the OECD's most unequal. According to the Turkish Statistical Institute, the fifth income quintile accounted for 47.2% of income in 2016, while the first income quintile accounted for only 6.2%. According to the World Bank (2017), poverty continues to decrease but at a slower rate than before the 2009 global economic crisis. The proportion of the population living below the poverty line (i.e., \$5.5 a day in 2011 at purchasing power parity) fell to a low of 10.5% in 2016 from 27.3% a decade earlier. Poverty in Turkey is particularly prevalent among people with lower educational attainment, workers in the informal sector, unpaid family carers and homemakers, rural populations and the elderly. The World Bank estimated that the poverty rate will decline to 9.3% in 2017 and to 8.9% in 2018.

The government has developed an integrated social-assistance system geared toward helping welfare recipients get out of poverty. 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. According to the World Bank (2017), poverty reduction has been driven by the availability of more and better-paid jobs, with social transfers playing a minor role.

The refugee crisis created an extra burden on the government's efforts to improve the quality of social inclusion. Local governments and several civil society organizations share this burden on ad hoc manner.

Citation:

World Bank (2017) 'Country Snapshot,' Washington D.C.

United States

Score 5

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 income 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.

A number of Obama-administration initiatives benefited low-income families. The Affordable Care Act (Obamacare) expanded health coverage to an larger share of the low-income population. However, deficit politics and Republican resistance to social spending led to cuts in the food-stamp program. About two-dozen Republican-led states declined to expand Medicaid health care for the poor. The number of children living in poverty rose, with 1.3 million children homeless.

Reflecting an abrupt change in presidential priorities, President Trump's 2018 budget proposed major cuts in programs for the poor – including health care, food stamps, student loans and disability payments. It would exclude undocumented immigrants from receiving the Child Tax Credit or the Earned Income Tax Credit. The plan would also bar federal money for organizations that provide abortions, such as Planned Parenthood. Trump and congressional Republicans have sought to eliminate the expanded low-income (Medicaid) health coverage under Obamacare.

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 (compared to other EU countries) and rising 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 unfavorable international comparison in terms of material deprivation and poverty rates, and the failure of the judicial system to provide a sense of justice for citizens.

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 lack of regional differentiation in the level of the minimum wage and in social security thresholds, the prevailing limits to free business entry and exit, and poor judicial performance in the business sphere prevent people in the lowest quintile and in disadvantaged groups from being employed or starting a business. Many other regulations, administrative burdens and red tape create severe competitive disadvantages for marginalized people that undermine their economic activity. Additionally, there are no policies sufficiently tailored to the integration needs of specific groups such as minorities and immigrants. Another contributing factor to weak social inclusion is the fact that some political actors have a vested interest in keeping certain voter cohorts in a position of dependence, while other political actors bank on the rhetoric of exclusion and marginalization of certain minority groups.

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 28 average, about 30% of the Croatian population is at risk of poverty or social exclusion, a figure five percentage points higher than the EU 28 average. In addition, a substantially greater proportion of the population (14%) lives in conditions of severe material deprivation (compared to 8.1% across the EU 28). Almost one-tenth of people 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 housing compared to just 16% across the EU 28. Social transfers suffer from extreme fragmentation, 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. As a consequence, regional disparities have deepened since Croatia's independence. 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.

Greece

Score 4 Even though Greece is not ranked among the worst-performing OECD countries with regard to income inequality, the income of the poorest part of the population during the crisis years fell relatively more than for the total population. The Gini coefficient rose by 0.3 percentage points per year, while during the same period inequality in the OECD stayed constant on average.

Greece presents a disappointing image regarding poverty and social exclusion, and specifically with respect to social exclusion among younger people. A high proportion of the population are at risk of poverty or social exclusion (35.7%) and only two other EU countries, Bulgaria and Romania, perform worse than Greece on this dimension. Further, with a youth unemployment rate of 43.3% in August 2017, Greece topped all other EU member states (Greece: 43%, EU-28: 16.7%). Moreover, compared to other OECD countries, Greece was among the worst-performing countries regarding the share of 20 to 24 year olds not in education, employment and training (NEET).

Besides the economic crisis, a deeper problem is the long-term exclusion of young people from the labor market, to which they traditionally remain outsiders. Another problem is the permanent tendency of Greek governments to cater to the social needs

of old-age pensioners much more than to the needs of any other category of welfare state beneficiaries.

Greece's policy of social inclusion is haphazard and incommensurate to the problem of social exclusion. Relevant measures include distributing ad hoc social assistance benefits to selected categories of the population, hiring the poor and/or the unemployed in the public sector on short, usually five-month contracts, and counting on the family to fill in the gaps of a still inchoate social policy. Older family members, particularly if they are already retired, are expected to use their pension or other source of income to live on, while also offering food and shelter to socially excluded relatives.

If such an arrangement is not possible and a collective household is socially excluded, then the household can count on welfare state cash transfers. Such transfers have been made by previous governments (the New Democracy-PASOK coalition in 2014) and the incumbent Syriza-ANEL government. After considerable delays and under pressure from the country's lenders (who since 2010 had advocated for the introduction of a new, universal social safety net), the Greek government piloted a new social allowance program for very low-income groups in 2014. The program resembled a minimum income guarantee, but its implementation was abolished by the new Syriza-ANEL coalition government after the elections of January 2015. The new government had a different plan to address what it considered a "humanitarian crisis" in Greece, which it attributed to the policies of the European Union and the preceding New Democracy-PASOK coalition government (2011 – 2014). In early 2015, the new government offered subsidies to households to pay for rent, cover the cost of electricity and as food aid. Considerable delays in establishing a new social safety net followed in 2015 to 2016. Finally, since early 2017, the Syriza-ANEL government has implemented a new program consisting of a "social income of solidarity" (KEA) to complement existing subsidies for rent and electricity costs for poorer households which the government had legislated in March 2015. The government claims that over 600,000 Greeks benefited from the KEA income supplement in 2017. This is an improvement over all previous programs, but still, owing to the difficult economic situation, the financing of the new scheme is not solidified.

The inefficient use of EU structural funds is a serious issue. For example, the country has failed to use resources from the Fund for European Aid to the Most Deprived (FEAD) that supports EU countries' actions to provide material assistance to the most deprived. Complementary measures to fight unemployment (a major cause of rising poverty) like participation in vocational education and training (VET) remain modest.

Citation:

Data on the poverty rate, the GNI coefficient and the NEET share in the age group 20-24 is provided by the SGI data set. Data on youth unemployment for August 2017 is available at <https://www.statista.com/statistics/266228/youth-unemployment-rate-in-eu-countries/>. And data for percentage share of the population at risk of poverty or social exclusion is provided by Eurostat at <http://ec.europa.eu/eurostat/statistics->

explained/index.php/People_at_risk_of_poverty_or_social_exclusion. Information on the new social solidarity allowance is drawn on personal notes from public speech delivered by the General Secretary of Social Welfare (an official of the Ministry of Labor) on 25.10.2017 in Athens.

Hungary

Score 4

The basic social message of the Orbán governments has always been that they would fight for upward mobility of “hard working people” in Hungarian society, representing the interests of both the middle class and low-income earners. Despite the economic recovery since 2013, however, both the impoverishment of people in the lower income deciles and the fragmentation and weakening of the middle classes have continued. Ranking 35 out of 38, Hungary trails behind in the OECD’s Life Satisfaction Index, and only one-third of Hungarian society can achieve a way of life similar to that in the developed EU countries. There are also strong regional disparities in terms of social inclusion, with big islands of poverty prevailing in Eastern Hungary, and a growing segregation of the Roma population. Some 80% of the Roma population have only a basic education level (first eight years), while this is true for only 20% of the rest of the Hungarian population. As a result, most Roma are low skilled and 42% of the “employed” Roma are stuck in the public works system. Since 2010, skyrocketing salaries for managers of public corporations and Fidesz officials’ high earnings have become a political issue. Before 2010, Fidesz had criticized the then-existing HUF 2 million monthly salary ceiling for managers of public corporations as being too generous. However, as of 2017, many top managers receive more than HUF 5 million a month.

Citation:

OECD, Better Life Index (<http://www.oecdbetterlifeindex.org/topics/life-satisfaction/>).

Szikra, D. (2018): Welfare for the Wealthy: The Social Policy of the Orbán-regime, 2010-2017. Budapest: Friedrich-Ebert Foundation (<http://library.fes.de/pdf-files/bueros/budapest/14209.pdf>).

TÁRKI (2016): Social Report 2016. Budapest.

Mexico

Score 4

Mexico is a socially hierarchical society along a number of dimensions: educational, racial and financial. While democratization has somewhat reduced the most flagrant social divisions, Mexican governments have not been capable or willing to bring substantial change. Moreover, the Mexican state is too weak to carry out major social reforms and there is strong resistance against wealth redistribution. Among OECD countries Mexico has one of the highest income concentration indexes, with a Gini coefficient of 0.49.

Nevertheless, there is some evidence that public policy has improved the distribution of income in Mexico during the last decade. The Gini coefficient has come down

slightly. In addition, social and political processes have become more open. In 2016, the current government faced several challenges, including streamlining social programs, rolling out the new Prospera program, implementing unemployment insurance and improving health care provision.

Since 2012 the current government designed a policy to address extreme poverty and lack of adequate sources of food, called the Cruzada Nacional Contra el Hambre with its Food Support Program. It planned to reach more than seven million people. The design has been praised as effective. It created a database of beneficiaries who were not receiving cash transfers through other government agencies. However, so far there are only evaluations of its policy design, but not of its effects on reducing extreme poverty. CONEVAL estimates that by 2016, extreme poverty affected 7.6% of Mexicans, a lower figure than in previous years. However, poverty is highly concentrated among indigenous and rural populations, showing another layer of inequality in Mexico.

Citation:

<https://www.eleconomista.com.mx/economia/El-43.6-de-los-mexicanos-vive-en-situacion-de-pobreza-Coneval-20170830-0151.html>

<https://data.oecd.org/inequality/income-inequality.htm>

Romania

Score 4

Poverty and income inequality have been among the highest in the EU. Moreover, social inclusion has suffered from strong rural-urban disparities and the discrimination of the Roma population. As a result of the high share of unremunerated family workers in rural areas, in-work poverty is two times the EU average. The share of people who live in very poor quality housing and spend over 40% of their incomes on housing is one of the highest in the EU. The Cioloş government sought to foster social inclusion by adopting a comprehensive anti-poverty package in April 2016 focused on providing integrated social services to impoverished and excluded communities through integrated EU and national funds. By setting up an anti-poverty coalition committee in charge of developing and monitoring measures, Cioloş hoped to involve various public institutions, civil society and academia in allocating over €572 million allotted by the European Regional Development Fund for 2014-2020. In 2017, the pending implementation of the Minimum Inclusion Income Law was postponed once more.

Israel

Score 3

Despite findings last year that indicated a slight improvement in social equality and inclusion, inequality levels in Israel are still among OECD's highest. The country ranks sixth of 32 countries surveyed on the basis of inequality as measured by the

Gini coefficient. It also has the second-highest relative-income poverty rate within the OECD (18.6%).

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, including a persistent gender-based pay gap, significant average wage differences between different sub-groups, and significant inequalities within the elderly population relative to their state before retirement. Differences on the basis of gender and ethnicity are narrowing somewhat, but remain prominent. For example, average income for Israeli-Ethiopians is about half the overall average, and the average income among the Arab population is about two-thirds of the overall average. The poverty rate within the Arab minority group is three times higher than in the Jewish majority group, with a similar rate evident in the ultra-orthodox Jewish group. Given this persistent polarization, it is difficult to identify significant social-policy successes in Israel in recent years. According to the National Insurance Institute (NII), the slight improvement in social indicators is due to improved workforce-participation rates, although these higher participation rates have not yet translated into reduced poverty rates in the ultra-orthodox and Arab populations. This is aggravated by policies such as a reduction in the level of social transfers for children, and a low guaranteed minimal income. Indeed, Israel currently has one of the lowest rates of spending on social issues among the OECD countries (15.8% of GDP compared to an OECD average of 21.9%, 2014).

In December 2015, Israel's government launched a five-year comprehensive program aimed at economic and structural development within the Arab population. However, the original budget allocation of ILS 15.5 billion has been reduced to ILS 9.7 billion, excluding the education component.

Citation:

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