Social Inclusion Report

Social Inclusion Policy

Sustainable Governance Indicators 2019

©vege - stock.adobe.com

SGI Sustainable Governance Indicators

BertelsmannStiftung

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 was launched 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.

In addition, 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.

Citation:
"Gini coefficient of equivalized disposable income." Eurostat, www.ec.europa.eu/eurostat/tgm/table.do?tab=table&language=en&pcode=tessi190. Accessed 23 Oct. 2018.

"Income and living conditions." Eurostat, www.ec.europa.eu/eurostat/web/income-and-living-conditions/data/main-tables. Accessed 23 Oct. 2018.

Le Fonds du logement. www.fondsdulogement.lu. Accessed 23 Oct. 2018.

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.

Canada

Score 8

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. Based on this Canada's redistribution policies reduce market-income inequality to a considerable degree.

However, certain groups, such as recent immigrants and Indigenous Canadians, are considerably marginalized. For these groups, existing social policy has not prevented 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. However, the same cannot be said of the indigenous population, where young Indigenous Canadians often perform significantly worse than young non-indigenous Canadians. Despite the promises of the Trudeau government to improve economic outcomes for Indigenous Peoples, progress is elusive. Indigenous children are more than twice as likely to live in poverty than non-indigenous children. Using figures from the most recent 2016 census, a Canadian Press review found four out of every five Aboriginal reserves have median incomes that fall below the poverty line.

In 2018, the federal government released its first ever poverty reduction strategy, which stressed the importance of social inclusion and established a target for poverty reduction.

Citation:
Andrew Sharpe and Evan Capeluck (2012) "The Impact of Redistribution on Income Inequality in Canada and the Provinces, 1981-2010," CSLS Research Report 2012-08, September. http://www.csls.ca/reports/csls2012 -08.pdf

Jeffrey G. Reitz, Heather Zhang, and Naoko Hawkins, 2011,"Comparisons of the success of racial minority immigrant offspring in the United States, Canada and Australia," Social Science Research 40, 1051-1066.

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

Employment and Social Development Canada (2018) "Opportunity for All: Canada's First Poverty Reduction Strategy" file:///C:/Users/Andrew/Downloads/PRSreport_English_SEPT_final-REVISED%20(4).pdf

Denmark

Score 8

Inequality and poverty is low by international comparison, but has been increasing in recent years.

There is an ongoing discussion concerning various marginalized groups, especially the number of working age people who receive public support (having declined from about one million to about 700,000). It is debated whether this decrease can be attributed to business cycle developments or policy initiatives.

Employment rates are high for men and women, but a distinguishing feature of the welfare model is that most people who are 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 people are unable to work due to various issues (e.g., social problems or a lack of qualifications) that make it difficult/impossible for them to find jobs.

Most social transfers have recently been reformed with a greater focus on employment. 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. The reform of the disability pension scheme implies that the disability pension cannot be granted to individuals below the age of 40 (except for cases of severe or 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 (people below the age of 30). For other age groups, the system now offers more flexibility and individualized solutions. Eligibility for social assistance depends on both a residence requirement (with immigrants needing to have been resident in Denmark for nine out of the last 10 years) and a work requirement (225 hours paid work within the last year). Moreover, there is an upper cap on total support (social assistance, housing supplement, child supplement). Immigrants not satisfying the residence requirement receive the lower so-called introduction benefit.

Finally, assessed in terms of life satisfaction, Denmark scores very well in various international comparisons, sometimes ranking as the happiest country in the world.

Citation:
John Campbell, “Note to Denmark: Don’t Change a Thing,” http://www.dartmouth.edu/~vox/0506/0417/denmark.html (accessed 19 April 2013).

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

Ekspertudvalg om fattigdom, 2013, En dansk fattigdomsgrænse - analyser og forslag til opgørelsesmetoder, København.

Økonomisk Råd, 2015, Dansk Økonomi (efterår) København.
Økonomisk Råd, 2016. Diskussionsoplæg 11 oktober. http://www.dors.dk/files/media/rapporter/2016/E16/E16_DISK.pdf (assessed 21 October 2016).
“Stort fald i antal modtagere af kontanthjælpsydelser,” https://www.dst.dk/da/Statistik/nyt/NytHtml?cid=25774 (Accessed 7 November 2018).
“10 Most Happy Countries Around the World,” https://www.wonderslist.com/10-most-happy-countries-in-the-world/ (accessed 7 November 2018).

Germany

Score 8

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 for unemployed (“Hartz IV”), disabled and elderly people, and asylum-seekers. The ongoing employment boom has considerably reduced the number of households in need of support. In November 2018, for the first time since the introduction of the Hartz system, the number of supported households (“Bedarfsgemeinschaften”) has fallen below three million (2.996 million). This amounts to a reduction of 6.2% over the previous year. This positive development is even more remarkable as, since 2015, 750,000 refugees have become recipients of income support. The number of individual recipients of income support with a German passport has strongly declined from 5.74 million in 2008 to 3.9 million in 2018.

Since January 2015, there exists a national statutory minimum wage designed to stabilize the market income of low-income households. Since January 2018, the statutory minimum wage has been €8.84 and is due to increase in 2019 to €9.19 and in 2020 to €9.35. No massive job losses are noticeable as yet.

Future challenges include an increasing threat of poverty in old age and the integration of a large number of asylum-seekers – with the number of arrivals having peaked in 2015 but decreasing significantly since then. Since 2015, public agencies, supported by civil society organizations, have been largely effective in managing these issues – not only providing essential living conditions to asylum-seekers but also showing some promising indications of successfully integrating asylum-seekers into the education system and the labor market.

Citation:
FAZ (2019): Erstmals weniger als drei Millionen Hartz-IV-Haushalte, Frankfurter Allgemeine Zeitung, 04.01.2019.

Statistisches Bundesamt (2018):
https://de.statista.com/statistik/daten/studie/1396/umfrage/leistungsempfaenger-von-arbeitslosengeld-ii-jahresdurchschnittswerte/

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.

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 2018, 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 national origin. It is highest among non-EU citizens. On average, EU/EFTA citizens have a slightly higher share than Swiss citizens (3.1%), while 12.5% of non-EU foreigners rely on social assistance. 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. For example, citizens from EU/EFTA countries pay 25% of all contributions to the first pillar of the pension system (AHV), while they receive only 15% of all AHV-spending.

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 little 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), 2017: Faktenblatt – Auswirkungen der Personenfreizügigkeit EU/EFTA auf Sozialversicherungen und Sozialhilfe, available at: http://www.bsv.admin.ch/themen/internationales/aktuell/index.html?lang=de

Bundesrat 2017: Kostenentwicklung in der Sozialhilfe. Bericht des Bundesrates
in Erfüllung der Postulate 14.3892 Sozialdemokratische Fraktion und 14.3915 Bruderer Wyss vom 25. September 2014

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. Among 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.

The weak point in Austria's rather inclusive social system is the absence of a consistent migration policy. In the aftermath of the quantitatively significant influx of non-EU citizens in 2015, Austrian society and politics remain paralyzed between the mantra "we are not an immigration country" and the reality of migration. There is no convincing and clear policy to answer the question "who is welcome in Austria?" Combined with an anti-Islamic sentiment, which exists in some segments of Austrian society, non-(EU) Europeans and especially Muslims are less integrated – despite the need in some economic sectors to attract employees to deal with a labor shortage (e.g., in tourism).

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

Finland

Score 7

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 previous 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 added to these difficulties. Furthermore, the growing number of people (especially older people) living alone, and widespread perceptions of loneliness among children and young people have gained attention. Improving the inclusion in society of vulnerable groups and the design of services to prevent loneliness have become core issues within the social inclusion agenda.

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

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. In addition to the measures on elementary schools in socially disadvantaged areas, the new administration has developed a new strategy which tends to emphasize training and actions that favor work placement rather than financial support. For instance, the 2019 budget foresees a mere 0.6% increase of social transfers in contrast with the 1.6% rate of inflation.

Iceland

Score 7

From the mid-1990s to 2008, income 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 tax burden of low-income wage earners, although the rate of inflation fell to around 2% in early 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, before falling back to 25 in 2015 and 24 in 2016. 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. The huge amount of hidden household financial wealth in tax havens, equivalent to 10% of world GDP in 2008 according to one estimate, casts doubt on official estimates of income and wealth inequality.

The Organization of Disabled in Iceland (Öryrkjabandalagið) has argued for years 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. In the state budget, presented in autumn 2018, pensions and social reimbursements continue to lag behind wages.

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. An ongoing effort by the city authorities in Reykjavík to build more housing is intended to improve this situation by lowering house prices and rent costs over the coming years.

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

Internal Revenue Directorate (2016), http://www.rsk.is/. Accessed 21 December 2018.

OECD website, http://www.oecd.org/els/soc/income-distribution-database.htm. Accessed 21 December 2018.

Ólafsson, Stefán, and Arnaldur Sölvi Kristjánsson (2013), "Income Inequality in Boom and Bust: A Tale from Iceland's Bubble Economy," in Gornick, Janet C., and Markus Jäntti (eds.), Income Inequality Economic Disparities and the Middle Class in Affluent Countries, Stanford University Press, Palo Alto, 416-438.

Ólafsson, Stefán, and Arnaldur Sölvi Kristjánsson, Inequality in Iceland, University of Iceland Press, Reykjavík, 2017.

Statistics Iceland (2015), Gini index, quintile share ratio and At-risk-of-poverty threshold 2004-2015.

Zucman, Gabriel (2015), The Hidden Wealth of Nations: The Scourge of Tax Havens. Chicago and London, England: University of Chicago Press.

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 34,000 additional housing units. Because of delayed recovery in the construction sector, it appears that only 14,446 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. To this end, budgetary measures have been introduced over the last three years aimed at raising benefit levels within the lower pension band, and at creating incentives to bring people back to work. Social-security expenditures totaled to €497.0 million during the first half of 2018, 3.6% higher than the expenditure for the same period in 2017. In 2017, the at-risk-of poverty or social exclusion rate was 19.2%, which represented a 0.9% decrease over the preceding year. The 2018 Commission Staff Working Document highlighted that poverty and social exclusion risks are declining but remain significant for particular population segments such as single-earner households and the low-skilled. A total of 2.6% of those living in private households reside in overcrowded accommodations, and rising housing prices (up by 5.7% since 2017) are increasingly being regarded as a source of concern. Indeed, the increasing demand for rental accommodation has directly affected lower-income Maltese tenants. A recently published white paper on the issue of rental-market reforms aims to create a more balanced scenario, and the 2019 budget increases rent subsidies for the vulnerable. The government has also introduced a scheme to help low-wage earners to buy housing. Data on the number of homeless individuals in Malta remains absent or incomplete.

Disabled persons remain relatively marginalized, but unemployment rates 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. A €3.3 million project has been implemented with goals of training 300 people with disabilities, 750 families and employers and workers. Foreigners, and particularly migrants from outside the EU are also likely to be at the risk of poverty and social exclusion. The country's first migrant-integration strategy was launched at the end of 2017. Nonetheless, integration remains a key concern, particularly in localities with large non-EU migrant communities, where children of African parentage in particular face poverty. Africans in Malta are among the poorest paid in the EU. Recent events have also shed light on the squalid conditions in which these migrants are sometimes forced to live.

Several measures have been introduced over the last few years to address cross-cutting social problems. These include supplementary benefits for children, breakfast at school, free school transport, 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, an annual bonus for senior citizens over the age of 75 and the introduction of the Silver T transport service for the elderly. These social measures have been consolidated further in the 2019 budget with the removal of means-testing provisions for rental subsidies, additional benefits for individuals with disabilities, and supplementary allowances for minimum-wage earners and pensioners.

Citation:
Budget Speech 2018 Malta p. 16, p.22
National Statistics Office (NSO) News Release 119/2018
National Statistics Office (NSO) News Release 120/2018
National Statistics Office (NSO) News Release 159/2018
Commission Staff Working Document - Country Report Malta 2018 SWD (2018) 216 final p.2, p.22
Times of Malta 22/08/2018 Maltese tenants losing rental market 'bidding war'
The Malta Independent 17/10/2018 White Paper, calls for subsidies for the vulnerable, Rent Index
The Malta Independent National Statistics Office Number of unemployed persons falls by 28% in August – NSO
Budget 2016 Speech (English) p. 31
Budget 2015 Speech (English) p. 49
Malta Today 09/02/2018 €3.3m project to train people with disabilities, families and employers
Times of Malta 15/12/2017 Malta gets a migrant integration strategy
Malta Today 26/09/2018 Is there no solution for down-and-out migrants in Marsa?
Times of Malta 13/08/2018 Watch: Migrants found living "inhumanely" in cow stalls in Qormi
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
Times of Malta 24/11/2016 Child poverty is expensive
Times of Malta 22/10/2018 Budget 2019 at a glance
Times of Malta 05/10/18 Malta house prices up by 5.7% since last year
Times of Malta 06/10/18 Number of officially homeless is not a reality
Times of Malta 23/01/18 Schemes to help low income earners to buy property less than 120,000 euros
Times of Malta 30/11/18 Africans in Malta among poorest paid in the EU

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 significantly since 2007. However, the difference between top-level incomes and lower end incomes has increased. Top salaries increased by 32% between 2010 and 2017, while lower end salaries increased by 13%. Consequently, the gap between the top and bottom incomes increased from a factor of 5.5 in 2010 to a factor of 6.2 in 2017. The gap is slightly lower when net incomes are compared, but is rising nevertheless. Interestingly, this pattern is even more visible in the incomes of women. While the incomes of the highest-earning women increased significantly, particularly for younger women, only one-quarter of all women are in full-time employment. Since 2016, 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 precarious incomes; stricter loan regulations; increasing house prices and a shortage of new, affordable houses.

Gender-based income inequality is high. On average, personal incomes among men (€40,200) are much higher than personal incomes among women (€23,800). Women form a slight majority of people living in poverty.

With the rise of digital communication, access to care facilities is becoming increasingly problematic for a large group of citizens. While many people take advantage of electronic services, a significant proportion of people experience problems due to a lack of personal contact or timely information regarding their options and opportunities. This includes not only elderly or uneducated people, but also students and young parents.

Compared to other EU member states, the number of Dutch 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, divorcees and those dependent on social benefits are overrepresented in this poverty-exposed income bracket. Since 2014, the risk of poverty is declining faster among migrants than among the general population. 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), which means that around 2.5 million people face relative poverty. It should also be noted that the poverty threshold in the Netherlands is far higher than in most other EU member states (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, both in terms of quality and accessibility.

Citation:
Strengere hypotheekregels blokkade voor jongeren op huizenmarkt, Finaniceël 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-sta rt.aspx

Starters zijn de dupe van de woningmarkt, NRC 12 juli 2018

CBS – Gestage toename vrouwen onder topverdieners – retrieved 8 november 2018 https://www.cbs.nl/nl-nl/nieuws/2018/45/gestage-toename-vrouwen-onder-topverdieners

Sociaal en Cultureel Planbureau, De Sociale Kaart van Nederland 2018

Duijs, S., A. Heijsman, T. Abma, Waarom mag de een wel koffie en moet de ander nog een halfuur wachten? Tijdschrijft voor Sociale Vraagstukken, Zomer 2017, nummer 2

Ombudsvisie op digitalisering, https://www.nationaleombudsman.nl/nieuws/2017/ombudsvisie-digitale-overheid-overheid-communiceer-met-burgers-op-het-netvlies, visited September 24, 2018

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 made to reduce general disparities, most evident between New Zealand Europeans and the Māori, Asian and Pasifika populations. With regard to gender equality, based on the ratio of female-to-male earned income, New Zealand has slipped back in recent years, although a pay gap of 9.4% in the June 2017 quarter, dipping slightly to 9.2% in June 2018, places New Zealand in the top third among the OECD countries. The gender pay gap in the New Zealand Public Service is currently larger than the national average (around 12.5%). The rate of unemployment among Māori youth decreased in 2018, though it is still significantly higher than the national average.

In recent years, there has been growing public awareness of the incidence of child poverty. Despite efforts to target resources to low-income families and beneficiaries, child poverty levels remain high. The Labour-led government has promised to halve child poverty over the next 10 years. There are doubts as to whether this is a realistic goal, but new policy measures have been implemented, including cash and housing assistance to low-income families, winter energy improvements in rental accommodation, and new benefits for newborns. Housing is an ongoing and substantial social problem, especially for low-income families. Coupled with the high costs involved in renting or owning a residential property, low-income families often live in unhealthy, substandard accommodation. Today, the median house price in Auckland is about 10 times the median household income. In 2017 the incoming

Labour-NZ First government pledged to build 100,000 affordable houses within the next ten years. More importantly, it passed a ban on foreign buying of residential homes (excluding Australians and Singaporeans). Whether these measures will improve access to affordable, quality housing for low-and middle-income families remains unclear. Early indications would suggest that the goal of 10,000 affordable homes per year is excessively ambitious.

Citation:
OECD. 2018. Poor children in rich countries: why we need policy action. http://www.oecd.org/els/family/Poor-children-in-rich-countries-Policy-brief-2018.pdf
Ministry for Women. 2018. Government plan to fix women’s pay. 26 July 2018; https://women.govt.nz/news/government-plan-fix-women%E2%80%99s-pay
Stats NZ. 2018. Gender pay gap is second-smallest. 15 August 2018, https://www.stats.govt.nz/news/gender-pay-gap-is-second-smallest.
Key facts https://www.stats.govt.nz/information-releases/labour-market-statistics-septembe r-2018-quarter
CTU Monthly Economic Bulletin – September 2018.

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 government’s next step, the “Mieszkanie+” social housing program, is well behind schedule, however, as only 2,800 apartments had been built by the end of the review period. The postal service and railways are supposed to provide space and buildings that can be transformed into low-rent apartments.

Citation:
Krukowska, M. (2018): Inequality and the perception of wealth in Poland, in: Central European Financial Observer, July 23 (https://financialobserver.eu/poland/inequality-and-the-perception-of-wealth-in-poland/).

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.

Sweden

Score 7

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 integrated into Swedish society (see Integration Policy); poverty is low, but increasing; the Gini coefficient measuring the distribution of wealth remains low but is rapidly increasing; and the "life satisfaction" index is fairly high but somewhat decreasing. Thus, the empirical data point to significant challenges 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. This pattern continues to hold true in 2018, not least after the general elections.

Citation:
Kvist, Jon et al. (eds.) (2012), Changing Inequalities. The Nordic Countries and New Challenges (Bristol: Policy Press)
Pierre, Jon (ed) (2015), The Oxford Handbook of Swedish Politics (Oxford: Oxford University Press).
Rothstein, Bo (2014), "The End of Swedish Exceptionalism," Foreign Affairs, September 18.

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, one of the government's major social policy reforms ¬– the introduction of "Universal Credit," which aims to replace a series of targeted welfare payments with a single payment mechanism – has been beset by implementation difficulties.

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 10.8% by August 2018, but it is still almost three times that of the overall unemployment rate of 4.0%. 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

https://data.oecd.org/emp/employment-rate-by-age-group.htm

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

The AROPE indicator (at risk of poverty or social exclusion) further declined in 2017 from 27.7% down to 25.2%, though this remains above the pre-crisis rate of 23.3% in 2008. The population share at risk of poverty was 15.7%, a small improvement compared to 16.1% in 2016. The Gini coefficient was 30.8% compared to 32.1% in 2016. Frequent modifications to the social-welfare system aimed at identifying problems and providing support to 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 major policy actions adopted in 2013 continued into 2018: 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. Additional policies aimed to assist young people and other groups affected by benefits reductions or the loss of employment. A guaranteed minimum income was introduced in summer 2014. In 2018, the EU characterized the situation regarding the high rate of persons “not in education, employment or training” (NEET) as “critical.”

The AROPE indicator for foreigners continued in 2017 to be higher than locals. The rate was 28.6% (2016: 29.5%) for non-Cypriot EU nationals and much higher, 42.7% (2016: 44.4%) for non-EU citizens. AROPE rates for persons over 65 continued an upward trend, from 22.9% in 2016 to 24.6%. Elderly women are at a higher risk – 27.3% (2016: 25.8%) – than other groups.

Citation:
1. At-risk-of-poverty indicators 2008-2017, Cyprus Statistics Service, 2018, http://www.mof.gov.cy/mof/cystat/statistics.nsf/All/AC5A89D9938EBEF7C22578A00031BACA/$file/EUSILC-POVERTY-A2008_2017-EN-170918.xls?OpenElement

Czechia

Score 6

Due to a favorable employment picture and a still rather redistributive social policy, income inequality and poverty in Czechia remain among the lowest in the OECD and the European Union. However, a growing proportion of the population are affected by the harsh legal process for punishing individuals who default on debt repayments. Under a law introduced in 2001, a court can order tough repayment requirements including confiscation of property, with a few exceptions such as wedding rings, which is then sold off to reduce the debt. The numbers required to comply with orders from a court grew by 3.4% in 2017, reaching 863,000 individuals. There are also substantial differences between regions and ethnic groups that have not been eliminated despite at the fact that they have been recognized by at least parts of past governments. The Ministry of Labor and Social Affairs investigated areas of social exclusion in 2014-2015 and found 606 such areas with 95,000-115,000 inhabitants. These areas of social exclusion are defined as ones of any population size in which more than 20% of inhabitants live in inadequate conditions. In these areas, about 75% of residents are low-skilled, and the unemployment rate is 80%-85%. Half of the Roma residing in Czechia live in social exclusion. No subsequent monitoring has been undertaken on that scale since 2014-2015. A further pressing problem of social inclusion is the lack of affordable housing and the growing number of homeless people, with estimates of 200,000 not having their own home. A law on social housing in Czechia, requiring municipalities to provide adequate housing to those who lack it and which has been debated for many years, was under preparation during the period of the Sobotka government and has been promised again for 2020 by the Babiš government with the possibility that construction work could soon begin.

Estonia

Score 6

In general terms, the Estonian welfare system resembles the liberal welfare model. Levels of poverty and inequality remain higher than the OECD average.

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 at-risk-of-poverty rate (after social transfers) is higher for women than men (23.3% for women and 18.4% for men), but poverty among men is deeper (the relative median at-risk-of-poverty gap was 18.9% for women and 26.9% for men).

Government policies have addressed some material deprivation issues through amendments to tax law. In 2018, the rise in the income tax threshold increased the net wage by 15% for low-wage earners. Yet, these measures do not address large regional disparities in average salaries. The absence of effective regional policy 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.

Even though the social exclusion of ethnic minorities has decreased, partly owing to government integration programs, unemployment and poverty rates remain somewhat higher among minority groups. Subjective perceptions are also critical - 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. https://wwwkul.rik.ee/sites/kulminn/files/7_vordsus_0.pdf. Fact sheet on key findings https://wwwkul.rik.ee/sites/kulminn/files/9_kokkuvote_0.pdf (accessed 28.10.2017).

At-risk-of-poverty rate after social transfers by sex. Statistics Estonia. https://www.stat.ee/30002 (accessed 16.12.2018)

Italy

Score 6

The impact of the economic 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 (e.g., 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 Gentiloni 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). It 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 new government has proposed a much larger program, "reddito di cittadinanza" (citizenship income). Due to start in 2019, the program should reach a large proportion of young people not in education, employment or training, particularly in the south of Italy. The details of this program are not yet fully defined.

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
http://download.repubblica.it/pdf/2018/politica/contratto_governo.pdf

Lithuania

Score 6

The issue of social exclusion is a key challenge for Lithuania's social policy. In 2016, 30.1% of the Lithuanian population was at risk of poverty and social exclusion. 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 went up again to 871,000 people in 2016. Lithuania remains one of the most unequal countries in the EU, partially the result of the low effectiveness of social transfers on reducing poverty. 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 years. 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%. At 34.6%, the gender-based wage gap is the largest in the OECD, and almost three times the group's average. 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. Currently, Korea just spends 10.4% of its GDP for social purposes, the lowest such rate in the OECD, and just half of the group's average. The Moon administration has begun increasing welfare spending in areas such as the basic pension. The increase in the minimum wage and the substantial reduction in the maximum quantity of weekly working hours allowed, from 68 to 52 hours, are expected to improve social life and wellbeing of employees, although enforcing implementation of both policies beyond government agencies and big companies remains a problem.

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

Spain

Score 6

Societal exclusion remains a problem for Spain. However, the percentage of the population at risk of poverty and social exclusion has been reduced for the third year running, to 26.6% (29.4% in 2014). It has now reached a level similar to the 2010 figure, according to the Spanish statistical institute INE.

Those at a higher risk of marginalization include immigrants, unemployed youth and elderly people with minimal pensions. According to the OECD, the 2017 child-poverty rate of more than 20% is a particularly serious problem; moreover, Spain has the highest youth-poverty rate in Western Europe. Finally, the share of employed people living under the poverty threshold is also very high. The country was given 24th place in the 2017 Social Justice Index. The high long-term poverty rate, along with the absence of an effective policy to lift people out of poverty, has already had negative effects on social coexistence. Seeking to address this situation in 2018, the government created a High Commissioner for the Fight against Childhood Poverty within the Prime Minister's office.

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. Moreover, the situation is better with regard to areas of discrimination not associated with poverty, particularly regarding LGBTI rights (see "Non-discrimination") and gender equality. Two-thirds of the cabinet ministers have been female since June 2018, and the WPS Index (Georgetown University for Women, Peace and Security) ranks Spain at 5th place out of 153 countries with regard to societal inclusion and security for women.

Citation:
EC (2018), Europe 2020 targets - https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-your-country/spain/europe-2020-targets-statistics-and-indicators-spain_en#poverty-and-social-exclusion

INE (2018), Living Conditions Survey
http://www.ine.es/prodyser/espa_cifras/2018/index.html

Bertelmann Stiftung(2018), Social Justice Index Report
https://www.bertelsmann-stift ung.de/fileadmin/files/BSt/Publikat ionen/GrauePublikationen/NW_EU_Social_Justice_Index_2017.pdf

Australia

Score 5

Australia has a mixed record on 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 a relatively unequal 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 most pressing social issues. Life expectancy of indigenous Australians is approximately ten years lower than 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, coherent and encouraged people to work. The review recommended the adoption of 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. In response, in 2015 the government instituted the "Australian Priority Investment Approach to Welfare." To date, the main tangible outcome of this approach has been the AUD 96.1 million "Try, Test and Learn Fund," which is currently trialing new or innovative approaches to assist priority groups identified through data analysis as being at high risk of long-term welfare dependency.

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 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 instance, 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 (2018) is about $280 billion and GDP per capita (2018) is about $15,087, nearly 70% of the population earns a monthly income less than $800 (CLP 530,000). About half of the population earns less than $550 (CLP 380,000) per month. Furthermore, poverty rates among elderly people are disturbingly high. In general terms, political discussions and thus policy proposals on how to promote social inclusion and social mobility still tend to be characterized by profound ideological biases.

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.

The reforms introduced by the former government (in the realms of taxation, education and labor) are expected to have substantial pro-inclusionary effects, but their potential impacts still have to be shown.

In August 2017, an important law initiative of President Bachelet regarding women's rights was approved by the Congress after significant controversy over the depenalization of abortion on three grounds. Today, women can opt for abortion in cases involving sexual assault, a nonviable pregnancy or a significant risk to the mother's life. In November 2018, under Piñera's government and after five years of debate, the Gender Identity Law was enacted, which allows people to legally change their name and sex from the age of 14, and provides a new ID card with the corresponding new inscriptions.

In contrast to the trend observed in Latin American in recent years and to the mandate of the Inter-American Court of Human Rights, Chile has yet to pass a bill submitted to Congress by Bachelet in 2017 that would legalize same-sex civil unions. Although Piñera is opposed to same-sex marriage, he has stated that he will respect the Inter-American Court of Human Rights decision; a vote in Congress on the bill is expected to take place in June of 2019.

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-2 015-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
http://www.oecd.org/social/broken-elevator-how-to-promote-social-mobility-9789264301085-en.htm
https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/CHL
http://www.ine.cl/prensa/detalle-prensa/2018/07/18/ingreso-laboral-promedio-mensual-en-chile-fue-de-4.493-en-201

About the right of abortion:
http://www.minsal.cl/todo-sobre-la-interrupcion-voluntaria-del-embarazo-en-tres-causales/

https://www.camara.cl/pdf.aspx?prmTIPO=DOCUMENTOCOMUNICACIONCUENTA&prmID=57528

About Gender Identity Law
https://www.gob.cl/identidaddegenero/
https://www.infobae.com/america/america-latina/2018/11/28/chile-promulgo-una-ley-de-identidad-de-genero-que-permitira-cambiar-el-sexo-en-documentos-desde-los-14-anos/

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 could be nearly 1 million, although the government provided an estimate of only 541,000 individuals in 2015. It was slated to hold a survey in 2018 to obtain an updated figure.

The LDP-led government, in power since late 2012, initially focused 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. While 2% of jobs within private businesses are required to be provided to people with disabilities, the actual share sometimes seems to be over-reported, even within state agencies.

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/

Reuters: Japan ministeries may have fiddled numbers of disabled employees, 17 August 2018, https://www.reuters.com/article/us-japan-disability/japan-ministries-may-have-fiddled-numbers-of-disabled-employees-media-idUSKBN1L20D5

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 2018, 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. The benefit was €49.80 per month from 2013 until 2018, when it was increased to €53 per month.

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 €596,400 were allocated to all remigration activities, significantly below the planned €1.2 million.

Finally, Latvia's poverty rate is one of the highest in the European Union and OECD. While unemployment has been declining, it disproportionately affects the low-skilled and young. Social protection spending is below the European average, and areas such as housing and social exclusion are underfunded.

Citation:
1. IMF (2018) Republic of Latvia: Selected Issues, Available at: https://www.imf.org/en/Publications/CR/Issues/2018/09/05/Republic-of-Latvia-Selected-Issues-46207 , Last assessed: 29.12.2018.

2. Central Statistical Bureau, Database, Available at: http://data.csb.gov.lv
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 (Link discontinued)

Updated report (in Latvian) on the Re-emigration Plan available at: https://www.mfa.gov.lv/tautiesiem-arzemes/atgriesanas-latvija , Last assessed: 29.12.2018.

3. Inta Mierina (2015), Latvijas Emigrantu Kopienas: Ceribu Diaspora. LU: Riga. Available at: https://www.lu.lv/fileadmin/user_upload/lu_portal/zinas/2016/FSI_Ceribu_diaspora_pub.pdf, Last assessed: 29.12.2018.

4. Mihails Hazans (2016), Atgriešanās Latvijā: remigrantu aptaujas rezultāti. Available at: https://www.diaspora.lu.lv/fileadmin/user_upload/lu_portal/projekti/diaspora/petijumi/Atgriesanas_Latvija_-_petijuma_zinojums.pdffpdf. Last assessed 29.12.2018

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.

The 2011 – 2014 bailout led to the adoption of a number of austerity measures that sought to reduce public expenditure on social inclusion and contributions to poverty-reduction programs. This led to an increase in the share of those at risk of poverty after social transfers, from 17.9% in 2010 to 19.5% in 2014 and 2015.

The Costa government has stated its intention to turn the page on austerity. However, the government has not relinquished its approach to budgetary consolidation to achieve this goal.

As such, while there has been a reversal in austerity measures imposed on pension and welfare payments, the situation has not yet returned to pre-bailout levels. Thus, while the share of the population at risk of poverty after social transfers fell to 18.3% in 2017, this remains slightly above the level immediately before the bailout. In short, there has been some progress, but there remains a long way to go with regard to significantly reducing the risk of social exclusion.

Citation:
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
https://www.publico.pt/…/portugal-em-11-lugar-no-risco-de-pobreza-ou-exclusao-soc…

Slovakia

Score 5

The Slovak social-protection system covers standard social risks, however society and public policies remain rather non-inclusive. 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, gender 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. Slovakia continues to segregate Roma children and children with disabilities in education. Although showing slight improvements, 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 elderly people.

In the period under review, neither the Fico nor the Pellegrini government have done much to address these problems. In 2018, however, an old debate about improving integration opportunities for children of marginalized groups by making nursery school obligatory re-emerged. In December, the government eventually reintroduced compulsory nursery school for 5-year-olds as of September 1, 2020.

Citation:
Council of Europe, Commissioner for Human Rights (2018): Slovak Republic: adopt a bolder approach to ensure inclusive education and strengthen the safety of journalists, March13, Strasbourg (https://www.coe.int/en/web/commissioner/-/slovak-republic-adopt-a-bolder-approach-to-ensure-inclusive-education-and-strengthen-the-safety-of-journalists).

Turkey

Score 5

Turkey’s Gini coefficient increased from 38.6 in 2015 to 40 in 2017, indicating a greater inequality in income distribution. Income distribution in Turkey continues to be among the OECD’s most unequal. According to the Turkish Statistical Institute, while the top 10% of earners received 31.4% of income, the bottom 10% of earners received 2.4% of total income; the highest income quintile accounted for 47.2% of income in 2017.

According to the World Bank (2018), Turkey has experienced a large reduction in poverty and substantial increase in shared prosperity. Between 2002 and 2014, the poverty rate fell from 44% to 18.5% and extreme poverty fell even more rapidly, from 13% to 3.1%. Both moderate and extreme poverty have decreased in rural as well as urban areas due to the economic growth experienced over the period. Poverty is particularly prevalent among people with lower educational attainment, workers in the informal sector, unpaid family careers and homemakers, and the elderly. Poverty reduction has been driven by the availability of more and better-paid jobs, with social transfers playing a minor role.

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.

From 2014 onward, the refugee crisis caused by the civil war in Syria has created an extra burden on the government’s efforts to improve the quality of social inclusion.

Citation:
World Bank (2018) ‘Country Partnership Framework for the Republic of Turkey for the Period FY 18- FY21’, Report No. 11096-TR, Washington D.C.: The World Bank.

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 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, including the extension of health coverage to a 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.

President Trump and the Republican Congress have made major cuts in programs for the poor–including health care, food stamps, student loans and disability payments. They have sought to exclude undocumented immigrants from receiving the Child Tax Credit or the Earned Income Tax Credit. They have sought to eliminate the expanded low-income health coverage under Obamacare.

Bulgaria

Score 4

Compared to other EU member states, Bulgaria achieves poor results in preventing exclusion and decoupling from society. Bulgaria also suffers from a relatively high level of inequality, as measured by the Gini coefficient. The latter has risen significantly since 2012, reaching a record high in 2017. It seems, however, that this increase has largely been due to changes in the sampling of households and to problems in the measurement of incomes.

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, unfavorable international comparisons 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 the performance of the judiciary in the business sphere prevent people in the lowest quintile and in disadvantaged groups from being employed or starting a business. 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 significant problems in Croatia. Whereas the income quintile share ratio (S80/S20) and the Gini coefficient broadly match the EU 28 average, 1.09 million or 26.4% of the Croatian population is at risk of poverty or social exclusion, a figure higher than the EU 28 average. The trend concerning these indicators are, however, slightly positive: the income quintile share ratio (S80/S20) decreased from 5.5 in 2010 to 5.0 in 2017, while the Gini coefficient decreased from 31.5 in 2010 to 29.9 in 2017. The material and social deprivation rate (i.e., when households cannot afford at least five of the 13 items taken into account) also decreased from 22.3% down to 14.7% in 2017, which is close to the EU average of 13.7%. In addition, 10.3% of the population live in conditions of severe material deprivation (compared to 6.6% across the EU 28). An additional problem is that regional-development policy has failed to address the geographic distribution of poverty and exclusion. Poverty is especially severe in the war-affected areas of Eastern Slavonia and areas along the border with Bosnia and Herzegovina.

Social transfers suffer from extreme fragmentation and are not structured in such a way that they can have any significant impact on social exclusion. Benefits are very low, and eligibility criteria are tight. Recipients must not own anything except an apartment (no car, no savings). In an effort to address these issues, the government has begun drafting a new Social Welfare Act, planned for 2019, that would substantially increase welfare benefit amounts and would delimit the total amount that a family can receive.

Citation:
World Bank (2018): The Republic of Croatia: Systematic Country Diagnostic. Report No. 125443-HR, Washington, D.C., 40-47 (https://elibrary.worldbank.org/doi/abs/10.1596/29876).

Greece

Score 4

Since 2009, Greece has lost more than a quarter of its real economic output with dire social consequences. A study by the Athens-based thinktank DiaNeosis found that the earnings of 15% of the population were below the extreme poverty threshold. In 2009, that share was below 2.2%. Though Greece is not ranked among the worst-performing OECD countries with regard to income inequality or poverty, social exclusion is rather unusual for an EU country. The share of Greeks at risk of poverty or social exclusion was about 35% (EU-28 average: 23%).. Life satisfaction, which dropped after 2010 but was rising between 2013 and 2015, was again on the decline in 2016 and 2017.

Besides the economic crisis, a deeper challenge is the long-term exclusion of young people from the labor market, to which they remain outsiders. The share of young NEET persons is among the worst in the OECD. Another challenge is the enduring tendency of Greek governments to cater to the social needs of old-age pensioners much more than of any other category of welfare state beneficiaries. Typical government 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 temporary, five-month-long 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 sources of income to live on, while also offering food and shelter to socially excluded relatives.

Finally, since early 2017, after considerable delays and under pressure from the country’s lenders, the government implemented a minimum income guarantee program called Social Solidarity Income (KEA) that is based on three pillars: 1) income support, 2) access to social services and goods, and 3) provision of support services for (re)integration into the labor market. The implementation of this long awaited national minimum income scheme is a positive development and undoubtedly a major improvement over all previous programs. However, the financing of the new scheme is not solidified and the program needs the establishment of permanent monitoring and impact assessment mechanisms to prevent the inefficient use of resources.

Complementary measures to fight unemployment (a major cause of rising poverty), such as participation in vocational education and training (VET), remain modest.

Citation:
Data on the poverty rate, GNI coefficient and NEET share in the age group 20-24 is provided by the SGI dataset on this platform. Data on the share of people at risk of poverty or social exclusion is available from Eurostat at https://ec.europa.eu/eurostat/statistics-explained/index.php/People_at_risk_of_poverty_or_social_exclusion
European Commission, The national roll-out of the “Social Solidarity Income” scheme in Greece, ESPN Flash Report 2017/68.

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. However, despite some economic recovery since 2013, both the impoverishment of people in the lower income deciles and the 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. The wage gap between men and women in comparison to other OECD countries is still extremely high.

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: Freidrich-Ebert Foundation (http://library.fes.de/pdf-files/bueros/budapest/14209.pdf).

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 0.43 in 2016 (according to the World Bank).
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.

A government policy to address extreme poverty and the lack of adequate sources of food has been effective since 2012, called the Cruzada Nacional Contra el Hambre with its Food Support Program. The policy was intended to reach more than seven million people and has been praised for its effectiveness. It created a database of beneficiaries who were not receiving cash transfers through other government agencies. Nonetheless, in an official report from 2018, CONEVAL noted that the number of poor people had increased from 49.5 million in 2008 to 53.4 million in 2016. The organization has warned that the total of 6,491 social programs – which are carried out by national, regional and local administrations – should be critically reviewed. Poverty is highly concentrated among indigenous and rural populations, indicating another layer of inequality in Mexico. For this reason, there are generally strong regional inequalities in terms of the extent of poverty.

Against this background, it is expected the new government of AMLO will focus on improving social inclusion, a central promise of the new president.

Citation:
http://www.eluniversal.com.mx/nacion/sociedad/aumenta-la-cantidad-de-pobres-en-mexico-coneval
https://data.oecd.org/inequality/income-inequality.htm
https://www.animalpolitico.com/2018/08/paridad-genero-congreso-mujeres/

Romania

Score 4

Social exclusion threatens nearly one-third of Romania’s population, with higher rates seen among the country’s Roma and other minorities. The continued failure to address long-standing rural-urban disparities in terms of access to and quality of basic services puts much of the country’s human capital at risk. In the 2018 Social Progress Index, Romania ranked last in the EU for quality of life and well-being. Romania’s turbulent political scene and frequent changes in government have meant that efforts to address long-term, structural issues like poverty, health care and education have floundered. The Cioloș government's comprehensive anti-poverty package issued in April 2016 is past the half-way point, but its efforts to address impoverished and excluded communities through integrated EU and national funds have been ineffective. Recurrent increases in the minimum wage fall short of addressing the complex causes of poverty and social exclusion in Romania.

Citation:
Social Progress Imperative (2018), Social Progress Index 2018. Washington, D.C. (https://www.socialprogress.org/).

Israel

Score 3

Israel still faces high inequality relative to other OECD countries. As of 2018, Israel ranked 9 out of 35 OECD countries 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%). Additionally, Israel currently has one of the lowest rates of spending on social issues among the OECD countries (16.1% of GDP compared to an OECD average of 21%, 2018).

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 annual poverty report of Israel's National Insurance Institute, 1,780,500 Israelis, including 466,400 families and 814,000 children, some 21.2% of the population, live below the poverty line. However, poverty is higher especially among the poorest minorities in Israel, including Arabs and ultra-orthodox Jews. According to the report, the overall poverty rate increased from 18.5% in 2016.
The proportion of families living in poverty decreased from 28.8% in 2016 to 28.4% in 2017, and the proportion of children living in poverty decreased from 31% in 2016 to 29.6% in 2017, but this remains tremendously high.

In recent years, 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. As of 2018, the program is progressing according to plan, with about one-third of the budget having been spent on various projects related to housing, jurisdiction mapping, education, the representation of Arabs in the public sector and the improvement in the quality of local Israeli-Arab authority personnel.

Citation:
Einhorn, Alon, “21.2% of Israeli population lives below the poverty line – new report,” Jerusalem Post, 31.12.2018, https://www.jpost.com/Israel-News/212-percent-of-Israeli-population-lives-below-the-poverty-line-new-report-575883

Barkat, Amiram, Poverty, inequality decline in Israel, Globes, 31.12.2018, https://en.globes.co.il/en/article-poverty-inequality-decline-in-israel-1001267085

National Insurance Institute, Poverty and Social Gaps. Annual Report 2016, Jerusalem, December 2017, https://www.btl.gov.il/English%20Homepage/Publications/Poverty_Report/Documents/oni2016-e.pdf

Taub Center, “State of the Nation Report 2018. Society, Economy and Policy in Israel,” http://taubcenter.org.il/wp-content/files_mf/stateofthenation2018.pdf

Ben Solomon, Ariel, “Israeli government reaches historic budget deal for Arab sector after tough negotiations,” Jerusalem Post Online, 30/12/2015, http://www.jpost.com/Israel-News/Israeli-government-reaches-historic-budget-deal-for-Arab-sector-after-tough-negotiations-438889

Bleikh, Haim, “Poverty and Inequality in Israel: Trends and Decompositions,” Taub Center, 26.12.2016: taubcenter.org.il/poverty-and-inequality-in-israel-trends-and-decompositions/

Dattel, L. & D. Maor, “Income inequality in Israel among highest in OECD,” Haaretz, 22.5.2015: http://www.haaretz.com/israel-news/1.657611

Endeweld and co, “Poverty and Social Gaps in 2016, annual report,” The National Insurance Institute, December 2017:
https://www.btl.gov.il/English%20Homepage/Publications/Poverty_Report/Pages/oni-2016-e.aspx

Efraim, David, “The construction reform and five year plan in the arab municipalities: the good and the bad,” INSS, March 2018 (Hebrew):
http://www.inss.org.il/he/publication/%D7%AA%D7%9B%D7%A0%D7%99%D7%AA-%D7%94%D7%97%D7%95%D7%9E%D7%A9-922-%D7%95%D7%A8%D7%A4%D7%95%D7%A8%D7%9E%D7%AA-%D7%94%D7%91%D7%99%D7%A0%D7%95%D7%99-%D7%91%D7%99%D7%99%D7%A9%D7%95%D7%91%D7%99%D7%9D/

Elran, Meir and Muhammed Abu Nasra, Eran Yashiv, and Morsi Abu Moch, “Two Years into the Five-Year Plan for Economic Development of the Arabs in Israel,” INSS Insight No. 993, 22.11.2017, http://www.inss.org.il/wp-content/uploads/2017/11/No.-995.pdf

Endeweld, M., Heller, O., Barkali, N. and Gottlieb, D., “Poverty and Social Gaps Report – Poverty and Social Gaps in 2014, annual report,” National Insurance Institute (NII), Jerusalem, January 2016:
https://www.btl.gov.il/English%20Homepage/Publications/Poverty_Report/Documents/oni2014-e.pdf

Ilan, Shahar, “The Five Year Plan To The Arab Sector: You Cannot do anything with a List of Confessions ”Calcalist, 16.10.2016, http://www.calcalist.co.il/local/articles/0,7340,L-3699823,00.html

Jacobs, Harrison, “A walk through Israel’s poorest village made it very clear that one of the country’s biggest issues is one no one talks about,” Business Insider, 19.10.2018:
https://www.businessinsider.com/israel-news-biggest-problem-poor-economic-situation-arab-minority-2018-10

Swirsky, S., E. Konor-Atias and R. Zelinger, “Social status report 2015,” December 2015. (Hebrew): http://adva.org/wp-content/uploads/2016/01/social-2015-1.pdf

Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0

Dr. Christof Schiller
Phone +49 5241 81-81470
christof.schiller@bertelsmann-stiftung.de

Dr. Thorsten Hellmann
Phone +49 5241 81-81236
thorsten.hellmann@bertelsmann-stiftung.de

Pia Paulini
Phone +49 5241 81-81468
pia.paulini@bertelsmann-stiftung.de

www.bertelsmann-stiftung.de
www.sgi-network.org

SGI Sustainable Governance Indicators

| BertelsmannStiftung