Social Inclusion Report

Social Inclusion Policy

Sustainable Governance Indicators 2022

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 has a very vibrant economy, with a GDP per capita of €101,760 in 2020, which was more than three times higher than the euro area average. However, according to several studies carried out by STATEC, 25% of Luxembourg households reported having financial difficulties, approximately 30% of households indicated that they are struggling to pay off their homes, and 5.6% of were falling below the poverty threshold as a result of low income and purchasing power. According to EUROSTAT, 96.5 million people in the EU (or approximately 20% of Europeans) were at risk of poverty or social exclusion. With a comparable rate of 19.9%, in 2020 and 17.2% in 2021 (estimation), Luxembourg ranks below the EU average of 21.9%.

Another phenomenon is the risk of in-work poverty; Luxembourg’s rate is the third-highest among EU countries. STATEC reports that 103,600 people live below the monetary poverty threshold (€1,804 per month for a single adult). In December 2020, the in-work poverty rate was 11.9%, down from its peak of 12.1% a year before. The highest rate was of 30.7%, within the 18- to 24-year-old age group.
Job seekers (with a risk rate of 40.3%) and the inactive population (43.9%) are the most vulnerable categories. Among children 17 or under, the poverty rate is 24.8%. Pensioners fare the best (8.7%), while single young people, persons with low levels of education, job seekers and single-parent families are most affected. Foreigners have a poverty risk twice as high as that of nationals (21.7% compared with 10.9%). However, both STATEC and EUROSTAT reported that monetary social transfers to households (benefits, subsidies, etc.) are having less and less effect with regard to poverty reduction. It also noted that wage inequality in Luxembourg was unaffected by the coronavirus pandemic.

On 1 January 2021, the government introduced an increase of the social minimum wage by 2.8% (to €2,201.93 for unskilled workers and €2,642.32 for skilled workers), and adjusted the social inclusion income (REVIS). Over the last decade, the minimum wage in Luxembourg, which is the highest in the EU, increased by €450. Another measure is the housing assistance program, which includes rent subsidies (at least €300/month according to the composition and income of the household), state help in financing a rent guarantee, the option of renting a subsidized or social housing, and a possible court appeal directed at the social real estate agencies. The government may also provide funding for special arrangements benefiting persons with reduced mobility or with specific accommodation needs (up to €15,000 and 60% of the costs of remodeling work needed to meet the recipient's needs). Nevertheless, the overall provision of social housing remains below the European average. The 2022 state budget calls for a reform of the property tax system by the end of 2022, by targeting unoccupied real estate and buildings and/or land, with the aim of limiting the ability to hold them for the purposes of speculation. According to "Observatoire de l'Habitat" studies, 65.2% of land ownership intended for housing is held by natural persons.

Social inclusion in Luxembourg is also strongly reinforced by the development of projects co-financed by the European Social Fund.

Citation:
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Allegrezza, Serge; Hury, Jerôme. "Rapport travail et cohésion sociale 2021. Des inégalités de revenus inchangées malgré la crise COVID-19." STATEC (14 October 2021). https://statistiques.public.lu/fr/actualites/conditions-sociales/conditions-vie/2021/10/20211014/Rapport-travail-et-cohesion-sociale-2021_impression.pdf. Accessed 3 January 2022.

"Sozialalmanach, Luxembourg 2021." Caritas (27 July 2021). Le "Sozialalmanach" est publié tous les ans au préalable du discours du Premier ministre sur l'état de la nation et sert d'instrument de dialogue avec les décideurs politiques, la société civile et l'économie. https://paperjam.lu/article/crise-a-davantage-aggrave-pauv. Accessed 3 January 2022.

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"Working Yet Poor Project." National Report for Luxembourg (6 July 2021). https://workingyetpoor.eu/press/. Accesed 3 Jan.2022.

"Les enfants pauvres, «premières victimes» du covid." Luxemburger Wort (26 June 2021).https://www.wort.lu/fr/luxembourg/les-enfants-pauvres-premieres-victimes-du-covid-60d20435de135b9236fbe1cc. Accessed 3 January 2022.

Rapport d'activité 2020. (Mars 2021). Le Gouvernement du Grand-Duché de Luxembourg. Ministère du Travail, de l'Emploi et de l'Économie sociale et solidaire. https://adem.public.lu/en/publications/adem/2021/rapport-activites-complet-mtees s.html. Accessed 3 Jan.2021.

“Indicateurs de risque de pauvreté (2003-2019).” STATEC (2020). https://statistiques.public.lu/stat/TableViewer/tableViewHTML.aspx?ReportId=12957&IF_Language=fra&MainTheme=3&FldrName=1&RFPath=29. Accessed 3 January 2022.

Slovenia

Score 9

Slovenia has a strong tradition of social inclusion. In 2018, the country’s Gini coefficient was the second lowest among EU member states and has remained fairly stable since then. Slovenia’s at-risk-of-poverty rate is below the EU average. 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. During the period under review, the Šarec government eliminated the last remaining austerity measures in the area of social security benefits and increased a broad range of social benefits. Subsequently, the Janša government further expanded some social benefits, such as those aimed at assisting large families, and increased the annual allowance for pensioners. In January 2020, the minimum wage was increased to €700 per month, with a further 10% increase proposed by the largest trade union.

Citation:
Alenka Krasovec/Damjan Laijh 2021: Slovenia: Tilting the Balance? In: Verheugen, Günter/Vodicka, Karel/Brusis, Martin (Hrsg.): Demokratie im postkommunistischen EU-Raum. Wiesbaden: Springer, p. 171.
Contryeconomy.com 2022: Slovenia gini index. https://countryeconomy.com/demography/gini-index/slovenia

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 recent CSLS study (Hillel, 2020) has found that Canadians living in poverty (using the Market Basket Measure) declined form 15.6% in 2006 to 8.7% in 2018, with most of this being attributed to offsets after taxes such as with the federal Canada Child Benefit.

However, for certain groups, notably recent immigrants and Indigenous Canadians, social policy has not prevented social exclusion. For immigrants, social disparities tend to diminish with the second generation, but persistent gaps remain for the Indigenous population. Despite the Trudeau government’s promises to improve economic outcomes for Indigenous peoples, progress has proved elusive. Indigenous children are more than twice as likely as non-Indigenous children to live in poverty. Using figures from the 2016 census, a Canadian Press review found that 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. Passed into law in 2019, the Poverty Reduction Act established these targets, Canada's official poverty line and an advisory council on this issue. As reported by the update on the poverty strategy released in 2019, the country was ahead of schedule in reaching its target of a 20% reduction in poverty. However, this lower poverty rate excludes Indigenous peoples living on reserves, where child poverty rates are around 51%. Moreover, while the current rate of poverty as measured by Statistics Canada fell to 10.1% in 2019, the impact of the pandemic has yet to be assessed.

Citation:
David Macdonald and 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

Hillel, Inez (2020) "Holes in the Social Safety Net: Poverty, Inequality and Social Assistabce in Canada," CSLS Reseaecg Report 2020-06, August, (Ottawa: Centre for the Study of Living Standards), http://www.csls.ca/reports/csls2020-06.pdf

Employment and Social Development Canada (2018) "Opportunity for All: Canada's First Poverty Reduction Strategy," https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/reports/strategy.html
Employment and Social Development Canada (2019) Canada's Poverty Reduction Strategy: An Update," https://www.canada.ca/en/employment-social-development/programs/results/poverty-reduction.html.

Statistics Canada, Canadian Income Survey, 23 March 2021, https://www150.statcan.gc.ca /n1/en/daily-quotidien/210323/dq210323a-eng.pdf?st=xvtiHl7L

Denmark

Score 8

Inequality and poverty are low by international comparison, but have been increasing in recent years. While reforms of various welfare benefits have increased work incentives, they have also reduced incomes for some groups. 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 significantly undermines work incentives 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.

The present government aims to strengthen measures aimed at improving social inclusion and decreasing inequality and child poverty in particular. A temporary benefit supplement has been introduced for families with children that are affected by the upper cap on total support or receive the "integration" benefit. Moreover, the government has decided to increase municipality and regional funds for various welfare and educational programs.

Citation:
"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).

"Politisk forståelse mellem Socialdemokratiet, Radikale Enstre, SF og Enhedslisten: Retfærdig retning for Danmark,"https://ufm.dk/ministeriet/regeringsgrundlag-vision-og-strategier/regeringen-mette-frederiksens-forstaelsespapir (accessed 15 October 2019).

Germany

Score 8

Germany features a mature and highly developed welfare state that guarantees a subsistence level of income to all citizens. The German social security system is based on the tradition of an insurance model that is supplemented by a needs-oriented minimum income. There are a variety of minimum-income benefit schemes, including income support for the unemployed (the so-called Hartz IV scheme) and disabled, and an old-age minimum income. The number of Hartz IV recipients has been decreasing for years as a consequence of falling long-term unemployment. Between 2017 and 2019, the number of recipients fell from 4.4 to 3.9 million. The deep recession brought on by the pandemic has so far not reversed that trend, with the number of recipients falling further to 3.8 million in 2021 (Statista 2022).

Since 2015, Germany has had a national statutory minimum wage designed to increase and stabilize market incomes within the low-wage segment of the population. The minimum wage was raised to €9.82 in 2022. The new government plans to further lift the minimum wage to €12 (Koalitionsvertrag 2021). No massive job losses have as yet been noticeable.

The past legislative term was characterized by measures that increased the generosity of the welfare systems. Examples include large benefits in the old age care insurance and the introduction of a minimum pension. It aims at reducing poverty in old age, giving benefit recipients a better legal status as citizens and increasing the basic pension to an appropriate level (for details, see "Pension Policy").

With the outbreak of the pandemic, the welfare system has proven its ability to provide effective social protections, also in an environment of a sudden and deep economic crisis. The government temporarily increased access to the systems in place that are designed to protect jobs and to provide immediate income support to workers and the self-employed. The measures included: a simplified and extended access to short-time work schemes with high and increasing replacement rates including an additional family component; a facilitated access to the system of basic income support targeting small enterprises, freelancers, one-person businesses, older people and people with reduced earning capacity; more generous entitlements for paid-leave for parents with children in case of closures of schools and preschool facilities.

The new government coalition has agreed in principle on various welfare system reforms, but it remains difficult to assess the substance of those reform ideas, as they are vaguely formulated in the coalition agreement. Prominent plans include reforming the Hartz IV system and shifting toward a form of universal basic – or citizen's income ("Bürgergeld") – that would involve reduced means testing and establishing a funded pillar for the statutory pension system (Koalitionsvertrag 2021).

Citation:
Koalitionsvertrag (2021): Mehr Fortschritt wagen, Bündnis für Freiheit, Gerechtigkeit und Nachhaltigkeit, Koalitionsvertrag zwischen SPD, Bündnis 90/Die Grünen und FDP.

Statista (2022): Hartz IV: Anzahl der Leistungsempfänger von Arbeitslosengeld II und Sozialgeld im Jahresdurchschnitt von 2011 bis 2021, https://de.statista.com/statistik/daten/studie/242062/umfrage/leistungsempfaenger-von-arbeitslosengeld-ii-und-sozialgeld/ (accessed: 5 January 2022).

Norway

Score 8

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 against social risks is strong in almost all areas. Family-support, in the form of child allowances, paid-leave arrangements and

childcare, is generous. Social-insurance benefits related to work incapacity, old age, disability, sickness and occupational injury benefits are wage-related and provided at levels well above any poverty line.
The issue of poverty has gained political significance in the last decade. Exclusion from participating in the workforce is the primary cause of poverty, which affects immigrants and individuals suffering from inadequate health services to persons with drug addiction and mental conditions. When it comes to combating poverty, there has been a clear policy shift away from increasing cash transfers and toward the provision of social services designed to facilitate improved health and the acquisition of occupational qualifications.

Switzerland

Score 8

In contrast to many Western European countries, Switzerland has recorded no major increase in income inequality over the past 20 years. Life satisfaction is very high and the share of working poor in the population is comparatively small. This is due to an effective system of social assistance, including a complex but comprehensive pension system, unemployment and disability insurance, as well as social assistance. But even though the country has been comparatively successful at preventing poverty, with poverty rates falling under 6% in 2013, poverty rates have increased again since 2014, exceeding 8% in 2019. Single parents, foreigners, people with a lower level of educational attainment and people over 65 are most at risk of poverty.

Despite a comprehensive pension system, which combines a pay-as-you-go with two different capital funded systems, it is not uncommon for people to fall into poverty after retirement, especially for foreigners, women and people who belonged to low-incomes groups during their working lives.

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.

Despite a slow but progressive narrowing of gender inequalities, gender inequality remains a significant issue in Switzerland. Although the long-term effects of the pandemic cannot be measured yet, initial findings suggest that the pandemic may be contributing to an increase in gender inequalities in Switzerland. For example, it appears that school closures and other measures placed greater burden on women than men.

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.

Tensions between Swiss citizens and foreigners over the benefits provided by the welfare state, as well as their financing, are strong. In 2021, the unemployment rate of foreign workers was 2.5 times higher than the unemployment rate of Swiss workers. Remarkably, this was about the same share as one year before. The share of recipients of social assistance was 2.1% for Swiss nationals and 6.2% for foreign nationals in 2020 (BSV 2020). 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 (2.9%) than Swiss citizens (2.2%), while non-EU foreigners rely more heavily on social assistance (16.3%) (EDI/BSV 2020). 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 the Swiss welfare state, which benefits low-skilled foreign workers and middle-class Swiss workers. For example, in 2020, citizens from EU/EFTA countries paid 27% of all contributions to the first pillar of the pension system (AHV), while they received only 16% of all AHV spending (EDI/BSV 2017; Observatorium 2021: 34).

The Disability Insurance (DI), which enables Swiss workers to receive a minimum income in the event of loss of capacity to perform work, was at the center of many reforms in the 2000s. The main aim of these reforms is to encourage the professional reintegration of the persons concerned and to avoid as far as possible the granting of new pensions, or to see pensions as only a temporary bridge leading to a final reinsertion (BSV 2011). These investments, which were made to support the reintegration into the labor market, suggest that the participation and inclusion of this traditionally marginalized and precarious population will improve. However, a number of factors have cultivated a climate of mistrust and fear among the population and within institutions. For example, the number of new pensions being granted is decreasing; insecurity regarding these pensions, which are now largely granted on a transitional basis, is growing; outcomes regarding one’s ability to return to the labor market once the reintegration measures have been completed are uncertain; and there is an intense battle against alleged fraudsters (“Scheininvalidität”) All in all, this situation is not conducive to mitigating the marginalization of those subject to precariousness (Hassler 2016).

Citation:
EDI/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

EDI/BSV (Bundesamt für Sozialversicherungen), 2020: Auswirkungen der Freizügigkeit auf die schweizerischen Sozialversicherungen, Bern: BSV 19.8.2020

BSV 2021: Poverty. https://www.bfs.admin.ch/bfs/en/home/statistics/economic-social-situation-population/economic-and-social-situation-of-the-population/poverty-and-material-deprivation/poverty.html

BSV 2021: Sozialhilfebeziehende in der Schweiz 2020, https://www.bfs.admin.ch/bfs/de/home/statistiken/soziale-sicherheit/sozialhilfe.assetdetail.19384836.html, last accessed on 17 January 2022
HASSLER B. 2016. «Arbeitsmarktfähigkeit unter Beobachtung. «Scheininvalidität» in der Schweiz» in Aschauer W. et al. Solidaritätsbrüche in Europa. Wiesbaden: Springer Fachmedien.

FOGE (federal Office for Gender Equality: Impact of the pandemic on families: work and childcare place greater burden on women than men. https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-79484.html

Observatorium zum Freizügigkeitsabkommen Schweiz-EU (2021): 17. Bericht des Observatoriums zum Freizügigkeitsabkommen Schweiz-EU. Auswirkungen der Personenfreizügigkeit auf den Schweizer Arbeitsmarkt, Bern: Schweizerische Eidgenossenschaft.

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. 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. Austrian society and the political system are facing a very specific cross-pressure, combining the integration of newcomers while defending the prerogatives of Austrian citizens. While Austrians have repeatedly been found to be among the luckiest nations in Europe, various surveys have found migrants living in Austria to be strikingly unhappy. A survey among expats, published in 2021, found Vienna to be “the most unfriendly major city in the world” (largely confirming previous scores).

Income inequality has been largely persistent over the past decade, with a very moderate downward trend. The income differential between men and women has narrowed over the past decade, from nearly 25% to just under 20%, but continues to be above the EU average.

The number of people living in poverty has remained largely stable over the last few years, again with some (very) moderate improvements in the more recent past, and with an overall score well above the EU and OECD average. However, the exact effects of the coronavirus pandemic are difficult to judge. Surveys carried out in late 2020 reported a significant increase in subjective perceptions of possibly being affected by poverty in the near future. In the spring of 2021, the government committed to halving the number of people living in poverty, which includes a large number of single mothers and families with three or more children.

According to the Global Wealth Report 2021, wealth inequality is modest in Austria (the country’s Gini coefficient was 73.5 in 2020); it is higher in neighboring Germany and Switzerland (77.9 and 78.1 respectively) and lower than in many other

European countries, including much of Scandinavia. The two decades from 2000 to 2020 saw a reduction in Austria’s Gini coefficient from 79.2 down to 73.5. Some doubts remain as to the adequate representation of high earners in that data, as other surveys point to more striking differences.

The representation of women in the national parliament (Nationalrat) has increased significantly in recent years, reaching an all-time high of 40.4% in late 2021 (as a result of the 2019 national election), up from 34.4% in the 2017 national election, and well above the EU average for 2020 (33%). Similar dynamics can be observed at the level of female ministers. Between January 2020 and January 2021, the ÖVP-Green government (Kurz II) was the first federal government that included more female than male members. The appointment of the first female federal chancellor (Brigitte Bierlein) in June 2019 is well worth noting in its own right. However, Bierlein did not emerge from the usual political competition, but was appointed by the federal president as the head of an all-expert caretaker government.

Other indicators (e.g., the percentage of women in leading corporate positions) demonstrate that gender equality continues to be a major challenge. In early 2021, women made up only 17 out of 225 directors (7.6%) on the boards of major Austrian companies listed on the ATX, meaning that Austria has the second highest proportion of male directors on the boards of major companies in Europe, after Luxembourg (4%).

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

https://kurier.at/mehr-platz/wien-wurde-zur-unfreundlichsten-stadt-gewaehlt/401826088
https://www.statistik.at/web_de/statistiken/menschen_und_gesellschaft/soziales/gender-statistik/einkommen/index.html

https://www.ots.at/presseaussendung/OTS_20210429_OTS0079/mueckstein-zur-armutsbekaempfung-regierungsziel-armut-zu-halbieren-kann-nur-mit-umfassenden-massnahmen-in-allen-ressorts-gelingen

http://docs.dpaq.de/17706-global-wealth-report-2021-en.pdf

https://www.wienerzeitung.at/nachrichten/wirtschaft/oesterreich/2095310-Ein-exklusiver-Club-Ein-Vorstand-ist-nach-wie-vor-maennlich.html

Belgium

Score 7

Belgium is a quite inclusive and socially progressive society. It is among the first countries to have legalized gay marriage, facilitated euthanasia in case of terminal illness, and so on. On 26 March 2020, “the Belgian government decided to put in place a system allowing the automatic identification of potential beneficiaries of increased reimbursement of healthcare costs. The decision is part of a broader approach aiming to reduce non-take-up of benefits. It builds on extensive academic research on the positive impact of automation of access to social rights, such as strengthening the effectiveness of social policy and reducing non-justifiable inequalities and hard-to-cure poverty” (ESPN report, 17/4/2020).

Another inclusion tool is the automatic wage indexation granted to salaried workers, which triggered a wage increase of nearly 4% in January 2022. However, this did not prevent national strikes organized by workers' unions that argued in favor of higher wage increases to compensate for the decreasing share of labor in GDP. This observation is confirmed by hard data: the eventual impact of wage indexation on the share of compensation of employees in GDP appears to be relatively limited (it stood at 49.2% in 2018, as compared with 47.8% across the euro area as a whole).

Belgium is also the last EU country to offer unemployment benefits that are potentially unlimited in time. Several ongoing initiatives are aiming at reining in these unemployment-benefit entitlements. Finally, according to official statistics, income inequality is also slightly more limited than in the rest of the EU (14.1% of the Belgians were considered to be "at risk of poverty" in 2020 according to StatBel (15/06/2021), as compared with a euro area average of 16.4% according to Eurostat). Yet close to 41% of the Belgian population is "unable to save in a typical month," according to Statbel (14/10/2021).

The extensiveness nature of Belgium's social safety net earns the country a rank of 17th place out of 189 countries in the Human Development Index. The main weakness remains the persistent inability to integrate non-EU immigrants into the labor market (in 2019, the employment rate among native Belgians and EU immigrants was around 70%. For non-EU immigrants, this was 43.3%).

As in the rest of the OECD, however, popular resentment against inequality, a lack of real wage growth and economic hardship is growing. This is increasing political support for populist parties of the left and right, produced a highly fractionalized parliament in May 2019 and delayed the formation of a full-fledged government until October 2020.

Citation:
ESPN Flash Report, 17/04/2020: https://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=9649&furtherNews=yes

Statbel:
"Poverty risks in Belgium in 2020" (15/06/2021) https://statbel.fgov.be/en/news/poverty-risks-belgium-2020
"More than 4.5 million Belgians unable to save money" (14/10:2021) https://statbel.fgov.be/en/themes/households/poverty-and-living-conditions/risk-poverty-or-social-exclusion

https://plus.lesoir.be/198293/article/2019-01-01/des-experts-prefacent-2019-limmigration-vient-bousculer-les-clivages-politiques

https://plus.lesoir.be/245147/article/2019-09-01/competitivite-et-investissements-deux-chantiers-pour-les-nouveaux-gouvernements

https://plus.lesoir.be/art/d-20190227-3RHMD7?referer=%2Farchives%2Frecherche%3Fdatefilter%3Dlastyear%26facets%3DGL%253A3776BF00-132A-4411-BD5B-C493EDBB2DD6%26sort%3Dweight%26start%3D20%26word%3Dimmigration

OECD Economic Surveys: https://www.oecd.org/economy/belgium-economic-snapshot/

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

Finland

Score 7

Finland is among the group of countries that have adopted the Nordic welfare state model, which is known for its low levels of poverty and high levels of well-being. The Finnish welfare state is known for its universalistic and all-encompassing approach to welfare. Finland has a long tradition of strongly egalitarian approaches. Residents of Finland are consistently among the happiest people in the world, on average.

Prime Minister Sanna Marin’s government programs are largely consonant with the principles and values of the Nordic welfare model. The cornerstones of the Nordic model include non-discrimination and equality; healthcare, well-being and education services financed by means of tax revenue; high levels of social mobility; and an active civil society (Prime Minister’s Office 2019).

However, income and wealth inequality have increased in recent years, thereby increasing social inequality. Social inequality affects people in many ways. It is manifested in poverty and prolonged need for social assistance. Inequality is also reflected in the differences in health outcomes and social inclusion between population groups, and in the percentage of young people who are not in education, employment or training. While the aim of the Finnish service system is to promote the health, well-being, functional capacity, work ability and social protection of the population, and to reduce inequalities in health outcomes and well-being, not all citizens can access all the services they need. Moreover, in some cases the services at their disposal do not meet their needs, as there are still significant inequalities in health outcomes and well-being. People not only experience deprivation during their lifetimes, but this is also passed down from generation to generation.

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 very general terms, the northeastern part of Finland is characterized by higher levels of unemployment and ill health than the southwestern part of the country.

Basic social assistance can be provided to individuals or families living or residing in Finland whose income and assets do not cover their essential daily needs, such as for food and medicine. Basic social assistance is a last-resort form of financial aid, with eligibility affected by all forms of income and assets available to applicants and their families, including any savings in a bank account. Other social security benefits are counted as income. Prior to applying for basic social assistance, claimants must determine whether they might be entitled to other social benefits, including unemployment benefits, housing benefits, benefits for parents or a sickness allowance (Social Insurance Institution of Finland (KELA) 2020).

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 strong increase in the number of incoming immigrants in 2016 and 2017 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, programs providing minimum incomes, health protection, and support to the poor and to families are satisfactory, effectively supporting social inclusion. The challenges for France at a time of economic decline and persistent unemployment are, 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, and by reducing social contributions on low wages (beginning in September 2019, employers no longer pay contributions up to the point of the minimum salary fixed by the state).

The performance of the welfare state is less convincing when it comes to equal opportunities. The percentage of young people in neither education, employment nor training (NEET) 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 and marginalized. So-called second-generation immigrants, especially those living in the suburbs, as well as less vocal groups in declining rural regions, feel excluded from the French society. These populations often experience poor education and training, and high unemployment and poverty rates. In addition to the measures targeting elementary schools in socially disadvantaged areas, the Macron administration has developed a strategy emphasizing training and work placement rather than financial support – that is, focusing on capabilities rather than assistance. The number of young students opting for an apprenticeship training has shown a very encouraging increase. Given the growing difficulty that poorly trained young people are experiencing in finding jobs, Macron decided to create 500,000 grants in 2022, conditioned upon the young recipients' participation in a training program.

Iceland

Score 7

From 1995 to 2008, as described in earlier reports, income inequality in Icelandic society increased dramatically, driven by a regressive tax policy and a rapid increase in capital income. After the crash of 2008, the tax system was made more progressive by levying the smallest tax increases on the lowest income groups. The Gini index for total disposable income in Iceland, including capital gains, rose by one point a year from 1995 onward until the crash of 2008, an unprecedented development (Gylfason, 2015, based on data from Internal Revenue Directorate; Ólafsson and Kristjánsson, 2013). According to the World Inequality Database, the distribution of wealth became significantly more skewed after the 2008 crash. In particular, the top 1% share of net personal wealth in Iceland rose from 22% in 2004 to 28% in 2008 and then fell again to 23% during 2015–2021. The huge amount of hidden household financial wealth in tax havens, equivalent to 10% of world GDP in 2008 according to Zucman (2015), casts doubt on official estimates of income and wealth inequality.

Social transfers from the government to households rose from 1% of GDP in 2008, the year of the financial crash, to 1.6% of GDP in 2011 (Statistics Iceland). Thereafter, social transfers to households were cut in stages to 0.7% of GDP during 2017–2019. In 2020, social transfers to households increased again to 0.9% of GDP, as part of the government's countermeasures against the fallout from the COVID-19 pandemic, and then reduced again to 0.8% of GDP in 2021 and 0.7% of GDP in the government budget for 2022, presented in autumn 2021.

After the 2008 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 and rents 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 as well as to the conversion of family dwellings to rental units for tourists. An ongoing effort by the city authorities in Reykjavík to build more housing is intended to remedy this situation by lowering house prices and rent costs over the coming years. Even so, rising interest rates are bound to increase housing costs in 2022 and beyond, which comes on top of rapid increases in real estate prices attributed to a lack of new residential housing being constructed and a housing bubble.

Citation:
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Statistics Iceland (2022), Social transfers to households, https://px.hagstofa.is/pxis/pxweb/is/Efnahagur/Efnahagur__fjaropinber__fjarmal_rikissjods/THJ05243.px/table/tableViewLayout1/?rxid=e5dfe07a-0f50-45cd-8c0b-dba30eafede8. Accessed 1 February 2022.

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Word Inequality Database (2022), https://wid.world/world/#shweal_p99p100_z/FR;DE;GB;WO;IS/last/eu/k/p/yearly/s/false/14.2735/60/curve/false/country. Accessed 1 February 2022.

Ireland

Score 7

During the recession and in the wake of the post-2008 financial crisis, 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 fell to 9.4% in 2015, as economic growth resumed and the unemployment rate fell. However, the aging population structure has continued to push up the cost of the state pension scheme.

In 2020, amid the onset of the pandemic, government social protection expenditure rose to 10.2% of GDP. Notably, this was the lowest in the European Union and much less than half the highest rate, that of France with 27.3% (Eurostat, 2021). However, in 2019, government expenditure on social protection in Ireland, €9,815 per person, was above the EU average of €8,769 per person. Overall, the government spent €58.2 billion on social protection in 2020, with the largest areas of expenditure in sickness/healthcare (€21.5 billion) and senior care (€15.1 billion), which together accounted for 65% of total spending. In light of the impact of the COVID-19 pandemic on employment and the government’s temporary pandemic unemployment payment scheme, compared to 2019, expenditure on unemployment in 2020 almost trebled, from €2.7 billion to €7.8 billion (SJI, 2022).

Ireland’s recent developments made no significant changes to the structure of the system of social protection, despite some modest increases in rates of assistance. EU data on income and living conditions show that the incidence of poverty rose from 14.1% in 2009 to 16.5% in 2012. 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. In 2021, the rate of poverty was 13.3%, but Social Justice Ireland (2022a) points out that this rate increases to 19% when housing costs are added to the calculations. Almost 45% of renters are at risk of increased poverty after housing payments.

The incidence of homelessness has been on the rise in the country’s principal cities and towns for years. The virtual cessation of residential construction after the 2008 crash combined with a recovery in house prices and rents from 2013 have made affordable housing increasingly difficult to obtain for many, especially in Dublin and in surrounding areas within the capital’s commuter belt. The government responded to growing public concern about these problems by increasing the 2016 budget allocation to social housing and by asking the National Asset Management Agency to provide 20,000 new residential units from its resources by 2020. The 2020 budget provided capital funding of over €1.1 billion to support the delivery of over 11,000 new social houses in 2020, with the expectation that a further 12,000 will be delivered in 2021.

However, in March 2021, the minister with responsibility for housing, Darragh O’Brien, reported that a total of 7,827 new social homes had been delivered in 2020, including 5,073 new build homes, 1,314 targeted acquisitions and 1,440 through leasing programs (GOV, 2020). Meanwhile, under the Housing for All program, the government plans to increase the supply of new housing to an average of 33,000 per year until 2030. The total new supply of housing will consist of 90,000 social homes, 36,000 affordable purchase homes, 18,000 so-called cost rental homes and approximately 156,000 private homes (DOT, 2021).

The lack of cheap housing, high and rising levels of rents (which reached record levels in early 2022), and growing homelessness saw the number of homeless people increase by 8.7% in 2021 compared to the previous year (Hilliard, 2022). Particular alarm has been raised regarding the number of children and young people presenting as homeless (CRI, 2022). This demonstrates that the housing crisis needs to be addressed by more inspired governmental and local authority initiatives, including through the provision of inexpensive land zoned for building and through changes to the permitted height of urban apartment dwellings. The arrival in early 2022 of 30,000 refugees, displaced as a result of the Russian war on Ukraine, added significantly to the already serious housing crisis.

Citation:
CRI (2022): Immediate action needed to tackle family homelessness. We can’t allow progress to reverse, Children’s Rights Alliance, 21 February, available at: https://www.childrensrights.ie/resources/press-release-%E2%80%98immediate-action-needed

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SJI (2022) Social Protection Expenditure in Ireland 2020, Social Justice Ireland, 21 February 2022, available at: https://www.socialjustice.ie/article/social-protection-expenditure-ireland-2020#:~:text=Social%20protection%20expenditure%20in%202020,of%20%E2%82%AC8%2C769%20per%20person

Italy

Score 7

The impact of the pandemic-induced economic crisis on the incomes of a significant percentage of households and the high levels of unemployment – particularly among young people and women – has had a substantial negative effect on social inclusion. The gap between the more protected sectors of the population and the less protected ones has grown.

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. 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 with children, 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 – only partially to work in this direction (ISTAT 2021). The system's redistributive efforts have been curtailed by the rise in tax rates and the erosion of benefits and deductions.

An initial policy response to this situation was the citizens' income ("reddito di Cittadinanza," RdC), which was introduced in 2019 by the first Conte government. This instrument replaced a range of previously uncoordinated measures with a (variable) income to every person under a given economic threshold. For people able to work, the allowance is conditional upon the acceptance of a job proposed by an employment center. As of October 2021, 1,686,416 families and 3,790,744 individuals have received this allowance. Although insufficient to cover all persons in poverty (and less favorable to families with children and foreigners), this measure is a positive step in the direction of more inclusive social policies. The new "assegno unico per i figli" (children's support), which was approved under the current Draghi government, compensates somewhat for the shortcomings of the RdC.

Cross-regional differences continue to exist. On average, local social programs in the north of the country can deliver benefits three times higher than those 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.

The rate of inclusion of women in positions of economic and political leadership has improved somewhat due to new rules requiring a more balanced representation of women in executive positions. Italy also performs better than the OECD average with regard to gender gaps in income (OECD 2019).

Citation:
https://data.oecd.org/earnwage/gender-wage-gap.htm
on critical aspects of the RdC see: https://www.lavoro.gov.it/priorita/Documents/Relazione-valutazione-RdC-final.pdf (accessed 2 January 2022).

Malta

Score 7

Malta has a consolidated social benefits system that supports those with low incomes. In addition, healthcare and education are available free of charge. A failure to adjust pension and welfare benefit levels previous to 2013 had increased the risk of poverty among the unemployed and the elderly, significantly increasing their risk of social exclusion. To this end, budgetary measures have been introduced in recent years with the aim of raising benefit levels within the lower pension band, while also creating incentives to bring people back to work. The 2022 budget reiterated this stance, and included another rise in pensions as well as a range of allowances and bonuses aimed at ameliorating the conditions of disadvantaged groups. Various schemes and benefits have been introduced with the aim of counteracting the negative effects that the pandemic could have on some strata of Maltese society.

Social security expenditures totaled €693.6 million between January and September 2021, 3.4% higher than the expenditure for the previous year. Between 2010 and 2019, the in-work but at-risk-of-poverty rate increased from 5.28% to 6.5%. In 2020, primarily due to temporary contracts, 19.9% of the population was at risk of poverty or social exclusion, slightly lower than the EU average of 21.9%. According to the latest European Statistics on Income and Living Conditions Survey, single-parent households, households with three or more dependent children, and women across all age groups are more prone to poverty.

Despite low unemployment rates, Malta's economic-inactivity rate remains high among those with mental-health problems, women and the elderly, which affects the ability of these groups to access government benefits. Rising house prices have long been regarded as a source of concern, with the increasing demand for rental accommodation directly affecting lower-income Maltese tenants. To this end, new rent regulations were introduced in 2021 with the aim of creating appropriate safeguards for renters. The 2020 budget introduced a range of measures to ensure that vulnerable groups have adequate access to housing options. These included subsidies to help young people acquire their first property and subsidies for rental accommodation. The 2022 budget highlighted the fact that 1,200 social housing apartments are currently nearing completion, while a number of new measures (e.g., an intergenerational living program) are in the pipeline. Data on the number of homeless individuals in Malta is absent or incomplete. However, estimates indicate that there could be around 300 individuals living in this condition, while another 3,000 live in garages. Meanwhile, food price increases have been double the EU average, with the number of families making use of food banks increasing 10-fold over the last four years and doubling at the height of the pandemic. Increased food prices were the driver behind the increased rate of inflation at the end of 2021.

The number of disabled people in the workforce has increased significantly since a new enforcement policy was implemented in 2017, although there remains room for improvement. The 2020 budget also provides new and expanded financial support for disabled persons unable to work, while the 2022 budget removed the means test for severe disability assistance. Foreigners, and particularly migrants from outside the European Union, are also likely to be at 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, facilitating marginalization, particularly in localities with large non-EU migrant communities where children of African parents face poverty.

Several budgetary 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, an annual fiscal incentive for people to invest in pensions programs, an annual €10,000 grant for schools to assist disadvantaged students, a bonus for senior citizens over the age of 75, and free public transport for the elderly and students. There is greater emphasis on increasing the minimum wage to reflect the true cost of living, subsidizing water and electricity costs for those most affected by the pandemic, and introducing digital cash for low-income earners.

Citation:
https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_poverty_and_social_exclusion#Key_findings
Budget Speech 2022 (English) p. 5, p. 16, p. 17
National Statistics Office (NSO) News Release 196/2021
European Statistics on Income and Living Conditions(NSO) News Release 175/2021 p. 5, p.10
The Malta Independent 19/05/2021 'Historic' New Controlled Leases Law Amending Pre-1995 Rent Laws Will Commence on 1 June
The Malta Independent 11/10/2021 Budget 2022: Accommodation – 1,200 social Apartments Nearing Completion
Malta Daily 06/12/2021 300 People in Malta are Currently Homeless While 3,000 Live in Garages
Times of Malta 07/12/2019 Foodbank Feeding 10 Times More People Than Four Years Ago
Times of Malta 13/04/2020 Foodbank Is Now Feeding Twice As Many Due to Coronavirus Pandemic
Times of Malta 20/12/2021 Food Prices Continue to Push Inflation
Times of Malta 15/12/2017 Malta gets a migrant-integration strategy
Budget 2017 Speech (Maltese) p. 134, p. 138
Times of Malta 22/10/2018 Budget 2019 at a glance
Budget 2016 Speech (English) p. 31
Budget 2015 Speech (English) p. 49

Poland

Score 7

In Poland, social inequality and exclusion have visibly declined since the early 2000s. The Gini coefficient and risk of poverty have fallen, and both the Human Development Index and the Gender Development Index have shown improvements. The decline in social inequity and exclusion has partly been due to Poland's strong economic performance and the resulting decline in unemployment. In addition, regional disparities have been mitigated through regional-development policies financed by EU structural funds.

The PiS government's social welfare policies, which have been a major cause for its popularity, have fostered social inclusion (Owczarek 2019). The government's flagship policy has involved generous benefits for families and strong increases in the minimum wage. The government has also had some success in reducing the high share of temporary employment contracts. In the service sector, the payment of social insurance contributions has become obligatory. Pensioners have benefited from various increases in pensions. Since January 2019, people with special needs have enjoyed free access to hospitals and the education sector.

The Polish government sought to limit the social fallout from the COVID-19 pandemic by keeping unemployment low, increasing unemployment benefits and by extending the duration of entitlement for the care allowance paid to parents with children at home by the Social Insurance Institution (Zakład Ubezpieczeń Społecznych, ZUS). It also nudged the banks to allow a deferral of housing credit repayments of up to three months and a deferral of loan payments of up to six months. The government has paid special attention to the elderly, who have been particularly vulnerable to the pandemic and lean toward PiS. Other vulnerable groups, such as migrants or single parents have received less support. A survey of social assistance institutions in mid-2020 showed that the unemployed, dependent elderly, victims of domestic violence and people using food aid applied for support more frequently than before the pandemic (Necel/ Zaręba 2020).

With the 2023 parliamentary elections ahead, the PiS government has promised new benefits for families and pensioners within the framework of the "Polish Deal." In February 2021, the government adopted a new strategy for people with disabilities for 2021–2030. The strategy envisages measures to improve rehabilitation and equal opportunities, with a view to increasing the target group's employment share from 28.8% in 2019 to 45% in 2030.

Citation:
Necel, R., M. Zaręba (2020): Social assistance institutions during the COVID-19 pandemic: Experiences of Polish social workers, in: International Social Work 63(6): 803-806 (DOI: 10.1177/0020872820959361).

Owczarek, D. (2019): Soziale Probleme lösen oder Wähler gewinnen? Die Sozialpolitik der PiS seit 2015, in: Polen Analysen, Nr. 246, November 19, pp. 2-7 (https://laender-analysen.de/polen-analysen/246/soziale-probleme-loesen-oder-wae hler-gewinnen-die-sozialpolitik-der-pis-seit-2015/)

Spain

Score 7

After some positive public policy results in this field in 2019, during the pandemic, the relative poverty rate again increased, and more sharply this time. In 2021 Oxfam Intermón warned that the impact of COVID-19 in Spain could leave 1 million more people below the poverty line, with this total population reaching 10.9 million. According to the National Statistics Institute, the percentage of the population at risk of poverty or social exclusion (AROPE rate) increased in 2021 to 26.4%, up from 25.3% in 2019. Those at higher risk of marginalization include immigrants, unemployed youth and elderly people with small pensions. The significantly higher prevalence of women in the sectors that were completely locked down was not offset by higher numbers of key workers or teleworkers, indicating a significant gender imbalance in the impact of the COVID-19 decrees.
In 2020, Prime Minister Sánchez described his four-year government program as "social patriotism." Faced with the pandemic, the government regulated certain protections for those groups that, due to their vulnerability, could be subject to

eviction. Other measures included for example a moratorium on mortgage repayments for the principal residence of mortgage-holders who became unemployed or who, as entrepreneurs or professionals, suffered a substantial loss of income during the coronavirus crisis.

In 2021 the government accelerated the introduction of the guaranteed minimum income scheme, which was approved in May 2020, with the aim of reducing extreme poverty in Spain by 80% (1.6 million people). Until 2020, there were 17 different schemes in Spain, with each run by a different regional government. These programs have now been reduced, with additional support offered to people in need.
The payment of the new minimum income scheme depends on a family’s income and their overall situation. Migrants who have been living legally in Spain for at least a year can apply for the guaranteed minimum income.
However, administrative capacities were limited and administrative procedures took more time than expected due to the impact of the coronavirus pandemic on public administration. At the end of September 2020, important amendments were made to the minimum income scheme aimed at improving access to and the effective coverage of the new scheme, as well as at streamlining the bureaucratic load.
In September 2021, the minimum wage was increased by €17.5 per month from the previous year, and fixed at €1,125.8 per month.
In areas of discrimination not associated with poverty, particularly LGBTI rights and gender equality, the situation is much better. The WPS Index (Georgetown Institute for Women, Peace and Security) ranked Spain 14th (up from 15th in 2019) out of 153 countries with regard to women’s social inclusion and security in 2021. In March 2021, the government presented a bill to the parliament on the issue of real and effective equality for transgender people, which raised controversy among the members of the coalition.
The government promoted a package of measures to foster equal treatment, non-discrimination and positive attitudes toward diversity, with one component being the National Artificial Intelligence Strategy. This strategy provides for measures to develop AI based on ethical principles, including inclusion and non-discrimination.
Most autonomous communities have equality strategies or plans in place to promote the equality of women and men, as well as specific regulations for the prevention of gender violence and for the care of victims of gender violence.

Citation:
INE (2021), Living Conditions Survey
https://www.ine.es/dyngs/INEbase/en/operacion.htm?c=Estadistica_C&cid=1254736176807&menu=ultiDatos&idp=1254735976608

Georgetown University (2021), Women, Peace, and Security Index, https://giwps.georgetown.edu/the-index/

Oxfam Intermón (2021), Superar la pandemia y reducir la desigualdad. https://f.hubspotusercontent20.net/hubfs/426027/Oxfam-Website/oi-informes/superar-covid-reducir-desigualdad-oxfam-intermon.pdf

Sweden

Score 7

Social inclusion policies have traditionally been a feature of Swedish political life and social welfare. An encompassing welfare system with broad eligibility for (rather than means-based) benefits has resulted in an egalitarian society. In recent years, however, a range of challenges have arisen in areas such as the integration of immigrant populations, and efforts to address unemployment and poverty have fallen short (Schierup and Ålund 2011). As in many European countries, a growing radical right-wing party (Sweden Democrats) has changed the political landscape (Rydgren and van der Meiden 2019).

An examination of social inclusion policies over time in Sweden reveals that gender inclusion has worked quite well, while other areas are more problematic. The Gini coefficient is low (0.27 in 2021), but has been steadily increasing over the past five decades (SCB, 2021). Young people and recent immigrants have a harder time finding jobs. The COVID-19 pandemic exacerbated existing societal cleavages. Whereas women were not hit as hard (financially) by the pandemic in Sweden because of established family policies and the explicit goal of Swedish policymakers to avoid lockdowns in schools and kindergartens, this was not the case for young people and recent immigrants, partly due to their overrepresentation in the service sector and in jobs with part-time or precarious contacts.

The government's work with the so-called Agenda 2030 showed that low-income people, people with disabilities and older people living in care homes disproportionately died during the pandemic. Additionally, foreign-born women and girls are disproportionately susceptible to forced marriages, unwanted pregnancies, gender-based violence and sexually transmitted diseases; while mental illness is a rising problem among low-income populations, people with intellectual disabilities women and girls – though suicide is more common among men (Regeringskansliet, 2021).

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 concluded that "the days of Swedish exceptionalism are over" (Rothstein, 2014). Not only does Sweden currently 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 continued to hold true in 2021, not least during the pandemic crisis.

Citation:
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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. Most recently, Boris Johnson has emphasized his “one-nation” Tory stance and committed to pursuing a “leveling-up” agenda aimed at reducing socioeconomic disparities across geographic regions in the country. A recent major social policy reform – the introduction of Universal Credit, which replaced a series of targeted welfare payments with a single payment mechanism – was beset by implementation difficulties, although these difficulties have gradually been resolved.

While applauding the efforts made by the government during the pandemic, the Social Mobility and Child Poverty Commission’s 2021 State of the Nation observes that “social mobility, already stagnant, could move backwards,” adding a plea to the government to maintain social spending. The commission’s report noted the persistence of divisions around various social criteria, including class, geography and race, and – despite what it refers to as “some symbolic steps to try to address equality and social mobility” – implies that government responses have been too limited. One of these responses was the enactment of an obligation – known as socioeconomic duty – in both Scotland and Wales, which requires public authorities to consider socioeconomic impact when making decisions.

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 (11.9%) is still almost three times that of the overall unemployment rate (4.0%). A recent policy innovation has been the creation of a social mobility index. Over a long-term perspective, the proportion of "NEETs" (people who are not in employment, education or training) is decreasing, although the rate has remained stable over recent years.

Despite persistent economic inequalities, the United Kingdom has a relatively good record in promoting the inclusion of disadvantaged groups and ethnic minorities, and has a relatively good record on gender equality. There has been a discernible social shift against forms of discriminatory language and 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 in England and a law allowing heterosexual civil partnerships was passed in 2019. Even Northern Ireland, hitherto socially very conservative, passed legislation in 2020 allowing for same-sex marriage. While reservations regarding multiculturalism and anti-immigrant sentiments remain common, with some surfacing around Brexit, immigrants tend to be more socially integrated than in many other countries. Policy initiatives over several governments have contributed to a social climate in which discrimination is seen as unacceptable.

A promise of "leveling-up" those parts of the United Kingdom which have been seen as disadvantaged was a cornerstone of the Conservative manifesto in 2019, and in September 2021 the Johnson government renamed the Ministry for Housing the Department for Levelling Up, Housing and Communities to emphasize the centrality of this topic. Headed by a political heavyweight, Michael Gove, details of its plans will be named in a whitepaper whose publication has repeatedly been delayed.

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Cyprus

Score 6

Both the AROPE (at risk of poverty or social exclusion) and the AROP (at risk of poverty) indicators declined from 23.9%/19.1% in 2018 to 21.3%/17.6% in 2020 (based on the revised AROPE definition, November 2021). The Gini coefficient was 29.3% compared to 29.1% in 2018. The pandemic prompted successive adjustments to the social support system in an effort to mitigate the impact of the lockdowns and compensate for the loss of income. Subsidies to businesses and assistance to people were provided on condition that they would prevent the dismissal of staff.

The new Deputy Ministry of Welfare was created in 2021, with the aim that the ministry will improve the work and quality of welfare services. Beyond the pandemic support schemes, existing policies continued, including a guaranteed minimum income, as well as targeted measures for vulnerable and disadvantage groups.

The AROPE indicator for non-Cypriots remained unchanged, 33.3% against 33.6% in 2018, which is almost double the rate for Cypriots (17.8%). It improved to 27.8% from 29.7% in 2018 for other-EU nationals, but not for non-EU citizens (36.1% against 36% in 2018). Persons over 65 years old were in a worse position in 2020 (AROPE 24% against 23.5%) with men affected more than women, though women face a higher risk of poverty or social exclusion (25.2%).

The IMF stresses the need for policies to achieve universal recovery. It is evident that the high NEET indicator and the uneven impact of the pandemic as shown by the AROPE figures above are issues of concern. Although inclusion is promoted in special education programs, the condition of non-Cypriots, who comprise a core component of the labor force, calls for more action from the authorities.

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Czechia

Score 6

Due to a favorable employment picture and a still redistributive social policy, income inequality and poverty in Czechia remain among the lowest in the OECD and the European Union. However, the differences between regions are relatively high and have continued to increase. A significant proportion of the Roma population, which constitute an estimated 2.2% of the overall Czech population, suffer from social exclusion. A further pressing problem of social inclusion is the lack of affordable housing and the growing number of homeless people, including children and seniors, which was exacerbated during the pandemic as street life became even more difficult for most homeless people. Another problem is the high number of people who cannot pay their debts. As of 2021, more than 712,000 people in Czechia faced legal obligations that extended to confiscating personal property and compulsory deductions from earnings due to their debts. Nearly a fifth of the population is affected. Some relief was offered by changes to the law in January 2022, including provisions that debts can only be sought for 12 years and can be canceled if, after six years and with agreement of the creditor, the costs of recovery are greater than the revenues received.

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. Work-related income has significantly increased, but so have the wage disparities that maintain the relative poverty rate. Social transfers have not followed step with wage increases, resulting in increased levels of relative poverty among the retired, the unemployed and families dependent on social benefits. In the non-working population, poverty is highest among the elderly. There are also gender and regional disparities in poverty indicators. 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.

Overall, anti-poverty policy remained unchanged in 2019–2021. Some temporary support schemes were introduced at the end of 2021 to compensate for the sharp increase in living costs due to rallying energy and electricity prices. Families with net income below the national median can apply for compensation; the scheme will be effective until April 2022.

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. Only one-fifth of residents of other nationalities consider their own material well-being and opportunities equal, while 73% consider the situation of Estonians to be better. 70% of people of other nationalities see no opportunities to influence Estonian society (EIM 2020).

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Lithuania

Score 6

The issue of social exclusion is a key challenge for Lithuania’s social policy. Although absolute poverty has been declining considerably, relative poverty rates remain high in the EU context, which is partially due to the limited ability of the existing social transfers to reduce poverty. Therefore, in its 2019 staff working document, the European Commission recommended addressing the issues of income inequality, relative poverty and social exclusion. In 2020, 24.5% of the Lithuanian population was at risk of poverty and social exclusion – down from 30.1% in 2016, but still the sixth-highest such level in the EU. Families with many children, people living in rural areas, youth and disabled people, unemployed persons and the elderly are the demographic groups with the highest poverty risk.

Both the Skvernelis and Šimonytė governments increased the minimum monthly wage and pensions. Nevertheless, disposable income inequality (measured with Gini index), which decreased during the global financial crisis, has again risen, and in 2020 was at the second-highest such level in the EU (after Bulgaria). Furthermore, regional income and opportunity disparities are substantial. Interestingly, however, according to newest research, the level of wealth inequality is one of the lowest within the EU (Bank of Lithuania).

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. Emigration trends, with young working-age people leaving for jobs abroad and older family members staying in Lithuania to care for grandchildren, have exacerbated the negative effects of social exclusion. However, as the country's economy has grown at rates above the EU average, a reversal of migration trends has recently been observed – in 2020, Lithuania's population increased for the first time since regaining independence.

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Netherlands

Score 6

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. Because the Gini index assesses only taxable incomes, it is likely that the degree of inequality is underestimated. The difference between the highest and lowest incomes has increased. 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. On average, personal incomes of men are much higher than those of women, though the gap is gradually closing for younger women. Women still constitute a slight majority of people living in poverty. Half of all people living at or under the poverty level have a migrant background.

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. During the COVID-19 crisis, house prices continued to rise. Prices of existing houses have gone up 20% in the last year alone. The gap between homeowners and people renting houses is widening and even long-term certainty of housing is gradually becoming a privilege of homeowners.

Young people entered the pandemic in a precarious situation. A combination of student debt, flexible employment, irregular incomes and rising housing prices has resulted in a situation in which young people are today living with their parents for longer than in previous generations. People working as independent contractors within low-wage sectors turned out to be a particularly vulnerable group, with little or no job protection. The Dutch labor market has become one of the most flexible in western Europe (WRR 2020). Before the Netherlands was confronted with COVID-19, there were 1.9 million people with flexible employment situations and more than 1.1 million self-employed workers. Many of these flex workers are employed in sectors that were hit particularly hard by the coronavirus crisis, such as the hotel and catering industry, tourism, transport, and culture. Overlapping with these precarious groups are labor migrants from southern and eastern Europe, who often work low-wage jobs on flexible contracts while living in inadequate housing.

Compared to other EU member states, the number of Dutch households at risk of social exclusion or poverty is still low, with around 6% of households at risk of falling below the poverty line (CBS 2019). The number of households under the poverty line remained stable in 2021, and no change is projected for 2022. The share of households at risk of poverty began decreasing in 2014, but this decline has since leveled out, and has remained stable. Energy-driven poverty, induced by the increase in gas prices, is not included in the data, and is still an issue in spite of a modest compensation package. Single-parent families, ethnic-minority families, migrants, divorcees and those dependent on social benefits are overrepresented in this poverty-exposed income bracket.
Income inequalities have not only grown, but are also passed on to the younger generations. The postal address of pupils has become a strong predictor of financial success in life. Income mobility has stagnated since the previous financial crisis, and the coronavirus crisis has made it only worse. Fully 53% of children in low-income families stay in this income bracket.

Municipal governments are largely responsible for poverty policy in the Netherlands. Given the budgetary side effects of other decentralization policies, there are clear signs that poverty policy, both in terms of quality and accessibility, is at risk of deteriorating. The COVID-19 crisis has exacerbated differences between municipalities, since relief measures were taken at the national level, and municipal governments had to alleviate extreme cases and provide support to all those who did not have access to the national compensation measures. By and large, due to the decentralized structure of social services, municipalities took on the task of supporting the most vulnerable. The adequacy and effectiveness of such measures varied across different municipalities, as measures were dependent upon municipalities' capacities to identify and reach out to vulnerable groups, as well as the local economic structure, which varied widely. Naturally, some municipalities were hit harder than others, depending upon demographics and the prevalence of certain business activities. Access to social services remained problematic for groups with limited digital skills, particularly the elderly and people with mental and learning disabilities.

Since 2015, municipalities have been responsible for assisting people with disabilities in finding suitable work. The number of young people with disabilities who have a job has increased by 9%, but their incomes have on average worsened due to a combination of low earnings and benefit cuts. A study of 47 Dutch municipalities showed that few had plans for implementing the UN agreement on the rights of disabled people, let alone inclusive policies.

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New Zealand

Score 6

Social inequality is a growing concern in New Zealand.

The blame for New Zealand’s inequality has partly been put on the overheated housing market. New Zealand’s price-to-rent ratio (i.e., the difference between buying a house and renting one) is running more than double its long-term average – the highest among all OECD countries. New Zealand also outdoes its OECD peers in terms of the “housing cost overburden” rate (i.e., the proportion of people spending more than 40% of their disposable income on housing costs). For the lowest income earners (bottom quintile), 56% of renters and 43% of homeowners are overburdened, with this share being higher than in any other OECD nation (Mitchell 2021).

The current Labour-led government has taken a number of steps to ease the housing crisis. In early 2021, the Ardern administration announced that, to dissuade speculation, it would phase out the ability of investors to claim mortgage interest as a tax-deductible expense, and extend the period in which profits on the sale of investment property are taxed from five years to 10 years. These policy measures have yet to produce a discernible effect. For example, during the delta lockdown between August and November 2021, Auckland house prices rose by an average of $113,000, or 8.3% (Bond 2021).

The Māori population is disproportionately affected by socioeconomic inequality. On average, working Māori earn $105 less per week than the average New Zealander. Māori are working the same hours as the New Zealand average, but only 16% of Māori hold an advanced qualification (compared to 30% of the country's workforce) (Stats NZ 2020). The Labour government has been criticized for attempting to tackle these issues through universal development schemes rather than allocating funding to Māori-specific programs. For example, the government's 2019 "well-being" budget aims to reduce child poverty without including specific Māori-targets – despite the fact that Māori children and youth are twice as likely to be in poverty than New Zealanders of European descent (Walters 2018).

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South Korea

Score 6

Korea still has among the lowest rates of social spending and highest rates of poverty and inequality in the OECD. Within the OECD, Korea has the ninth-highest Gini coefficient (0.345 in 2018); fifth-highest incidence of relative poverty (16.7% in

2018); highest elderly poverty rate (43.4% in 2018); and second-highest share of temporary (precarious) workers (26% of employees in 2020).

That said, the Moon administration strongly championed the issue of social inclusion and made some modest progress on narrowing the gap between rich and poor. To bolster income-led growth, the government raised the minimum wage by 16% in 2018 and 11% in 2019 (followed by much smaller increases in the COVID-hit years of 2020 and 2021), significantly increased the earned income tax credit benefit, increased the basic pension entitlement and created more than 2 million new jobs. The government also increased social spending from 9.9% of GDP in 2016 to 12.2% in 2019. These efforts have corresponded with modest declines in poverty and income inequality during the period 2017-2020.

Although formally regarded as equal with men, women are still underrepresented in the overall workforce and particularly in leadership positions. Within the OECD, Korea has the largest gender wage gap (31.5% in 2020); and women are disproportionately more likely to be hired as non-regular (precarious) workers. The growing share of non-regular workers (which rose to an all-time high of 38.4% in August 2021) and the precariousness of non-regular work (non-regular workers earn only about 50% the average monthly wage of regular workers and have much lower rates of social-benefit coverage) are also serious challenges to the Moon administration's vision of a just and inclusive society.

COVID-19 is likely to have further widened these gaps – that is, between rich and poor, men and women, regular and non-regular workers, etc. Rates of unemployment, underemployment and/or labor market exit have been particularly high among non-regular workers and women during the pandemic. Overall, COVID-19 highlighted the inadequacy of Korea's social spending of 12.2% of GDP (compared to the OECD average of 20%) with regard to providing automatic stabilizers in times of crisis. The pandemic exposed gaps in social protection coverage, for instance among the large number of self-employed people that do not have employment insurance to buttress pandemic-related income losses. To mitigate COVID-related job and income losses, the government created public jobs and distributed several rounds of Emergency Relief Allowance to households. This experience spurred the government to consider more permanent social safety net enhancements as part of the Human New Deal. It remains to be seen whether the next administration will continue to try to create a more inclusive and equitable society, or instead bow to vested interests and revert to the longer-term trend of social polarization between the (so-called) gold/silver spoons and dirt spoons.

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United States

Score 6

The United States has long featured high levels of economic inequality that have continued to increase. In recent years, poverty has remained persistent and been accompanied by exceptionally large income gains among the top 1% and, in particular, the top 0.1% of earners. 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. Overall income inequality (after taxes and transfers) hit a record high in 2019, according to the Census Bureau.

President Trump and the Republican Congress have introduced major cuts to programs targeting the poor – including healthcare, food stamps, student loans and disability payments. They have also sought to exclude undocumented immigrants from receiving the Child Tax Credit (CTC) or the Earned Income Tax Credit (EITC). They have sought to eliminate the expanded low-income health coverage that was introduced by Obamacare. In 2019, the Trump administration signed the Reducing Poverty in American Act, an executive order that expanded work requirements in the social welfare net, especially in the Supplemental Nutrition Assistance Program (SNAP).

In the aftermath of the COVID-19 pandemic, emergency legislation expanded temporary both EITC and SNAP benefits. In March 2021, the American Rescue Plan also led to an unprecedented yet temporary increase in the CTC, which many Democrats hope could later become permanent. The expansion of CTC rapidly appeared as a major tool to fight poverty in the United States that is likely to significantly reduce poverty over time (Béland, Dinan, Rocco and Waddan, forthcoming).

Citation:
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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 social-policy weaknesses, 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. Australian society offers ample employment and training opportunities for the younger generation. The dire situation of the indigenous population continues to be one of Australia’s most pressing social issues. Life expectancy among indigenous Australians is approximately 10 years lower than the Australian average.

The most significant development in social inclusion policy under the Morrison government was in the initial response to COVID-19, which saw poverty in Australia all but eliminated during much of 2020 due to the raft of income support initiatives implemented. However, most of these supports were phased out by April 2021. The main changes that have remained in place are a AUD 25 per week increase in the unemployment benefit compared with its pre-COVID-19 level and a AUD 22 per week increase in the amount a recipient can earn before the benefit is reduced.

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Chile

Score 5

In terms of opportunity for upward mobility, Chile is still failing to overcome a long-lasting and widening social gap. For instance, considerable exclusion along ethnic lines and a large gap between the poor 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 as highly vulnerable given the lack of support for unemployed people or those with health problems. The structural problems and the lack of key enabling conditions that would promote equal opportunities were also highlighted by the COVID-19 pandemic, as many of these households lost their source of income, although temporarily. The government implemented an Emergency Family Income (Ingreso Familiar de Emergencia, IFE), which was initially meant to be delivered for only three months, targeting the 60% most vulnerable households with mostly informal incomes. This program was ultimately upgraded to the status of Universal Emergency Family Income and extended through December 2021 with differentiated payment conditions.

Members of the middle classes tend to have accrued a high level of long-term indebtedness, while this population's share in the national income is low even by Latin American standards. The country's income distribution is highly unequal. Although estimated GDP is about $331 billion and GDP per capita is around $26,513 (2021), nearly 70% of the population earns a monthly income of less than $800 (CLP 530,000). About half of the population earns less than $550 (CLP 420,000) 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.

In terms of gender inclusion, there has been some progress in the last years. Since 2017, women have been able to obtain abortions 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, a Gender Identity Law was enacted. This allows people to change their name and sex beginning at the age of 14, and enables them to obtain a new ID card that reflects the chosen identity. Furthermore, same-sex marriage was finally legalized in December 2021.

The social crisis and mass protests beginning in October 2019 prompted the government to introduce several reform proposals as a part of its social agenda, and to reallocate resources in order to restore social peace. The generalized discontent gave new energy to political and academic debates on a fundamental transformation of the dominant neoliberal model. As a consequence of the social tension, a plebiscite on a new constitution was held in October 2020, with 78% of voters supporting initiation of a process to draft a new one.

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Croatia

Score 5

Eurostat data show that Croatia spent 21.4% of GDP on social protection in 2019. The disaggregation of those outlays by function shows that Croatia spends a significantly higher share than other EU member states on healthcare/sickness and on disability payments. By contrast, expenditure on the unemployed and housing are lower. This latter fact was made possible by the rise in emigration rates since EU accession, which reduced unemployment, as well as by the fact that Croatia has a very high home ownership rate. Social protection outlays in euro per inhabitant (in 2010 constant prices) were set at €2,718, more than in other post-socialist EU member states, apart from Slovenia and Czechia. A total of 20.5% of the population is at risk of poverty, slightly below the EU average of 21.9%. This indicator has improved markedly relative to previous years.

The population at risk of poverty has several notable attributes that differentiates it from comparable groups in the majority of EU member states. First, there is a far higher likelihood that these people live in households without dependent children and in rural areas. In Croatia, these are predominantly marginalized people aged 65 and older. The share of population living in material deprivation has almost halved both in absolute and percentage terms since 2017 (9th highest share in the EU). Hence, the overall picture looks better than one would be primed to see based solely on GDP per capita data, on the basis of which Croatia, Greece and Bulgaria rank as the poorest EU member states.

Still, social transfers suffer from extreme fragmentation and are not structured in such a way that they have a major impact on social exclusion. Benefit levels are very low, and eligibility criteria can vary. In comparison to other peers in the EU, Croatia has lower percentage of social transfers paid out as means-tested cash or in-kind benefits. In the long run, social spending levels are jeopardized by demographic decline and aging.

At the end of 2021, the government began designing a new "National plan for fighting poverty and social exclusion," with which it plans to reduce the absolute number of people at risk of poverty from 720,000 to 600,000 by 2030. It also proposed several laws aiming to improve the provision of social welfare. For example, one of the proposals plans to increase social assistance benefits for individuals able to work from HRK 800 to HRK 1,000, and from HRK 1,000 to HRK 1,300 for those that are not in a position to work. This level of assistance is intended to be higher than the current minimum national retirement pension. The proposal was loudly criticized by professional associations of social workers due to excessive centralization and a lack of consultation. However, given the rising price of energy, it remains to be seen whether the increases will in fact keep more people from slipping into energy poverty (5.7% of Croatians in 2020 were unable to keep their homes adequately warm).

Croatia has significantly reduced the percentage of youth in the NEET (not in education, employment or training) category, which is a very welcome development.

Greece

Score 5

Though Greece is not ranked among the worst-performing EU members states with regard to income inequality or poverty, the size of social exclusion and the extent of child poverty are rather unusual for an EU member state. In 2020, social exclusion affected 27.5% of Greeks (EU-27 average: 22%). The proportion of children at risk of poverty or social exclusion in 2021 was close to 27%, compared to an EU average of 21% (Eurostat data for 2021). Life satisfaction is among the worst in the OECD, too.

Poverty and social exclusion mostly result from unemployment, which remains an acute problem in Greece. The unemployment rate dropped from 26.5% in 2014 to 17.6% in 2020, but is still the highest in the EU-27 (7.1% in 2020). Youth unemployment is at 29.3% and also figures as the highest in the European Union (EU-27 12.5% in 2020).

Besides these negative outcomes from the economic crisis of the previous decade, a deeper challenge is the long-term exclusion of young people from the labor market, to which they remain outsiders. The share of people aged 20 to 24 who are not in education, employment or training (NEET) stands at 19.5% and is among the worst in the EU-28.

Meanwhile, typical government measures include the distribution of ad hoc social assistance benefits to old-age pensioners (above all other categories of the population), low-income groups and the unemployed, a practice sustained during the COVID-19 crisis in 2020–2021. The government usually hires poor and unemployed people in the public sector on temporary, five-month contracts. They are preferred over other candidates for such temporary public sector jobs.

Most long-term unemployed people lose their skills and are unable to find new jobs. They are thus driven into poverty and social exclusion, or leave the country. Young people were hit particularly hard by the economic crisis of the previous decade and the COVID-19 crisis.

In the period under review, the implementation of the guaranteed minimum income (GMI) scheme was a positive development. It undoubtedly represents a major improvement over all previous programs. The GMI scheme consists of the following three interconnected pillars: (a) income support amounting to €200/month for a single member household with an additional €100 for each additional adult and €50 per child; (b) complementary social services, for instance, food pantries and discounted utility rates; and (c) services to help support recipients find employment. However, this third pillar was launched only in April 2021. Moreover, complementary measures to fight unemployment (a major cause of rising poverty), such as participation in vocational education and training (VET), remain modest.

There were some recent improvements in social inclusion policy. In March 2021, the government launched the Child Guarantee program, in association with UNICEF. It is a pilot program that aims to guarantee access to quality social services for children in need. And in June 2021, the government launched a deinstitutionalization strategy for people with disabilities. It is aimed at supporting children with disabilities, adults with disabilities and older people with support needs.

To sum up, as in the recent past, welfare measures in the period under review were focused more strongly on old-age pensioners than on the unemployed or the socially excluded. Despite improvements in social policy in 2020–2021, the poor and socially excluded count on kin or family networks to fill in the gaps of a still inchoate social policy. Better-targeted benefits could make growth more inclusive.

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Eurostat data on youth unemployment:https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=yth_empl_100&lang=en

Eurostat data on child poverty and social exclusion:
https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20211028-1

The GMI scheme of Greece is presented in a brief World Bank paper available at https://blogs.worldbank.org/jobs/how-active-labor-market-programs-can-support-guaranteed-minimum-income-recipients

The new strategy for the disabled is summarized at: https://easpd.eu/press-releases-detail/greece-launches-new-strategy-for-deinstitutionalisation/

Latvia

Score 5

In 2019, 26% of the population or 489,000 people were at risk of poverty or social exclusion in Latvia, which is the lowest level in recent years. Although since 2010, the proportion of the population at risk of poverty or social exclusion has fallen by 14.1 percentage points, Latvia is still one of the poorest EU member states. In 2019, Latvia had the fifth-highest proportion of the population at risk of poverty or social exclusion (26%) among the EU member states.
In terms of social exclusion, the Latvian population is most affected by low income and its uneven distribution. Of the 26% of people that are exposed to social exclusion risks, the majority (21.6%) are exposed specifically to poverty.

The goal set in the Latvian National Reform Program was to decrease the number of people living at the risk of poverty to 21% by 2020. Until 2013, there was steady progress toward this goal, and in 2011 and 2012 it was almost achieved. However, with increasing income inequality, there was an increase in the proportion of the population at risk of poverty between 2013 and 2017. From 2017 onward, the share of those at risk of poverty and social exclusion increased again, reaching 26% in 2019.

The guaranteed minimum income (GMI) benefit was increased to €64 per month in 2020. This was challenged at the Constitutional Court of Latvia the same year, with litigants contending that the rate was inadequately low (as the monthly cost of living and the poverty threshold was €409 in 2018). The court ruled that it was necessary to ensure basic conditions of life, and that this amount did not comply with the constitution. In 2021, the GMI benefit was increased to €109 as a result.

The government has taken steps to decrease inequality. For example, in 2017, a new progressive tax rate was adopted (effective in 2018), along with other measures aimed at reducing the tax burden on low-wage earners. Similarly, the minimum levels of the retirement and disability pensions were increased in 2021, and the minimum wage was increased from €430 to €500 in 2021.

Nevertheless, even though living standards have improved overall, and expenditure on pensions and benefits continue to grow gradually, poverty and income equality remain high. Latvia's poverty rate is one of the highest in the European Union and OECD. In addition, regional disparities in income per capita are notable. Social protection spending is below the European average, and areas such as housing and social exclusion remain underfunded.

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2. Official Gazette 'Latvijas Vestnesis' (2021) Social Change in 2021, Available at:

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Portugal

Score 5

Government social policies seeking to limit socioeconomic disparities do exist and have been partially successful in preventing poverty.

The 2011 – 2014 bailout led to the adoption 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 stated its intention to turn the page on austerity, without relinquishing its approach to budgetary consolidation.

As such, there has been a gradual reversal in austerity measures imposed on pension and welfare payments. In 2018, the situation had returned to pre-bailout levels, with the share of the population at risk of poverty after social transfers falling to 17.3%, one percentage point below the level for 2017. It subsequently continued to fall further, to 16.2% in 2020. This was the lowest level since 1995 (covering the period for which Eurostat has data) and below the estimated EU average of 17.1%.

However, poverty and social exclusion remain serious problems in Portugal. Some 20% of Portuguese workers earn the minimum wage, while the mean monthly salary is just €1,005. The government recognizes the importance of this challenge. Its policies for combating social exclusion are grouped under the Programa Operacional Inclusão Social e Emprego.

While Portugal still has a long way to go in terms of eliminating the risk of social exclusion, the results for 2020 are very encouraging, not least as they have been achieved during the difficult times of the pandemic.

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https://poise.portugal2020.pt/inicio

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 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. The low availability of rental or social housing negatively affects social policies that target socially disadvantaged or excluded persons, or persons with disabilities.

The country’s Roma communities were hit particularly hard by the COVID-19 pandemic. In some cases, entire settlements were subject to enforced quarantines instead of personal isolation measures. In order to improve the situation of the Roma, the government approved a new “Strategy for equality, inclusion and Roma participation until 2030” in 2021.

Turkey

Score 5

Income distribution in Turkey continues to be among the OECD’s most unequal. According to TURKSTAT (2021), while the top 20% of earners received 47.5% of income, the bottom 20% of earners received 5.9% of total income. TURKSTAT data reveals that if the poverty line is determined according to 60% of median income, 21.9% of the citizens would be below the poverty line. In particular, poverty remains prevalent among people with comparatively low educational attainments, workers in the informal sector, unpaid family caregivers and homemakers, and the elderly. As the currency shocks have affected low-income households more than others, it would not be surprising to see a rise in poverty rates in the short run.

Since 2002, the AKP government has developed a fragmented and integrated social assistance scheme for the elderly, widows and disabled, excluding the homeless. Targeted assistance programs are also applied to encourage school attendance and visits to hospitals as necessary. The EU Commission (2021) points to the absence of a universal last-resort minimum income scheme, although one-off payments have been seen as a partial remedy. In 2020, social assistance payments totaled 1.37% of GDP, or TRY 69.3 billion. Between 2011 to July 2020, a total of 1,724,006 people benefited from at-home care facilities.

Additionally, 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 Ministry of Family and Social Policies. The government has been implementing an Integrated Social Assistance Information System, using a single proxy means test to target benefits more effectively. While 6,630,682 households benefited from social assistance in 2020, a total of 2,450,080 households received regular assistance. About 1,436,799 households benefited from both regular and temporary aid.

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Bulgaria

Score 4

Marginal gains have been achieved in the last few years with respect to social inclusion. Having reached 41.3 in 2018, the Gini coefficient decreased to 40 by 2020.

Multidimensional poverty headcount percentage declined from 49.2% in 2010 to 32.1% in 2020.

From 2008 to 2022, the national poverty line almost doubled from €107 to €208 per person per month.

The average measures conceal differences between ethnic and age groups. Since 2019, the Roma have had the highest percentage of poor individuals (64.8%).

In general, Bulgaria's social policy has not sufficiently included and integrated 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.

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 strong economic growth between 2013 and 2019, both "vertical" inequalities among income strata and "horizontal" inequalities among regions have remained high. Under the Orbán governments, major social benefits have been cut, while the better-off have benefited from tax reductions (Szikra 2019). Wage growth has been lower than that observed in other Visegrád countries, and the share of Hungarians that can achieve a way of life similar to that in developed EU member states has stagnated. As a result, there has been a "soft" social exclusion in form of the emigration of more than half a million Hungarians to the West

While the Orbán government has supported employees and pensioners during the COVID-19 pandemic, it has done relatively little for the non-standard employed, the unemployed and the poor. The adopted moratoria for mortgage payments and credit payments in general and the accompanying interest rate cap have been of greater support to the middle classes than the poor. Despite the substantial increase in unemployment, the government has kept unemployment benefits low and has not extended the maximum period (Aidukaite et al. 2021). In September 2020, half of the 323,000 unemployed did not receive any support from the government (Győry et al. 2021: 64). Nor has the government sought to combat digital inequality, which will exacerbate the urban/rural and the rich/ poor divide, as well as the exclusion of the Roma. As a result, there has been a broad feeling among the Hungarian population that the Orbán government's crisis management has neglected the vital problems of the losers of the COVID-19 pandemic (Tóth/ Hudacskó 2020).

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Israel

Score 4

Israel still faces high inequality relative to other OECD countries. As of 2020, Israel ranked 10 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 (16.9%). Additionally, Israel still 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).

The poverty rate among independent workers, mostly young workers, has increased almost 20% since the pandemic restrictions were introduced (Endebald et al., 2020). COVID-19 has also affected single-parent and low-income families, as the closure of schools and preschools led many parents to take unpaid leave in order to care for children (Toronto Foundation 2020), and parents had to meet the extra expenses to assist their children with online learning. This has affected their ability to purchase food and home supplies, increasing demand for economic support and food aid (Issac et al. 2020). Unfortunately, there is no specific government plan in place in Israel to address these additional needs and concerns (Kol Zchut 2020). The pandemic also affected those who are chronically ill or those who suffer from compromised immune systems, for whom there has been a lack of clear and sufficient guidelines. It was estimated that hundreds of thousands of workers refrained from returning to work (Beit Or 2020).

When examining the migrant community in Israel, we should look at migrants, refugees and foreign workers. According to the Israeli parliament, these groups are considered vulnerable populations, lacking money and accesses to health services and insurance. Israel has extended and renewed visas to foreign workers during the pandemic and provides crucial information regarding COVID-19 to foreign populations in their native language. However, it seems that Israel has not created a guarantee of income for foreigners, in contrast to other states in which foreigners have received economic funding from the government during the outbreak (Cohen 2020).

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Japan

Score 4

Japan has developed considerable problems with respect to income inequality and poverty over the past decade. The COVID-19 pandemic worsened this situation. Former Prime Minister Abe’s economic stimulus measures included a focus on supporting women’s economic participation (“womenomics”). Nonetheless, gender inequality has remained a serious issue. The gender wage gap in Japan is one of the largest in the OECD (23%) while the share of women in parliament is lowest. The country now ranks in the bottom half of the OECD with respect to its poverty rate, income distribution measured by the Gini coefficient, and levels of life satisfaction. The World Economic Forum’s Global Gender Gap Report 2021 ranks Japan at a dismal 120th place out of 156 countries in the overall Global Gender Gap Index and among the bottom third out of 20 East Asian and Pacific nations. Japan also ranked 117th in terms of economic participation opportunities, and 147th in political empowerment for women.

Despite the LDP-led government’s relatively strong focus on social-inclusion issues since 2016 – also targeting groups such as people with disabilities and the elderly – there is little evidence that these policies have led to positive outcomes. While 2% of private sector jobs are to be provided to people with disabilities, the actual share sometimes seems to be over-reported. Recent reports suggest increased income inequality. In 2019, the government estimated that there are 1.15 million people in

Japan who are socially withdrawn (hikikomori), which constitutes a major problem. Experts argue that this number may exceed 10 million. Many of these individuals are adolescents who are not well integrated into the education and employment systems, but the problem has also spread to middle-aged people. To combat the hikikomori problem, the government appointed its first Minister of Loneliness in February 2021.

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Mexico

Score 4

Mexico is a socially hierarchical society along a number of dimensions: educational, racial and financial. 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 0.45 in 2018 (according to the World Bank).

A government policy to address extreme poverty and the lack of adequate sources of food, the Cruzada Nacional Contra el Hambre and its Food Support Program, has been in place since 2012. 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. Since taking office, President López Obrador has also pursued a poverty-centered policy. He calls this “putting the poor first.”

But despite some measures like expanding scholarships for low-income students and transfer payments for people with disabilities, he has not yet been able to celebrate any great successes in this regard. The number of people living in poverty increased by 3.8 million between 2018 and 2020, making a total of 55.7 million. This was an increase from 41.9% to 43.9% of the total population. The percentage of the population living in extreme poverty also increased from 7% to 8.5%. This was largely due to the social upheavals caused by the coronavirus crisis.

President Lopez Obrador does not seem to prioritize the inclusion of other disadvantaged populations. His relationship with the LGTBQ+ movement is complicated, and he is often accused of macho behavior and outdated views.

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Romania

Score 4

The health crisis risks putting a halt to strong improvements in living standards and aggravating poverty, especially among marginalized communities, informal workers and the working poor, who are more vulnerable to economic shocks and insufficiently protected by a weak social security system. In 2020, nearly 35.8% of Romanians are at risk of poverty, are socially or materially deprived, or live in a household with low work intensity. Due to the socioeconomic repercussions of the COVID-19 pandemic, 36.3% of children were at risk of social exclusion or poverty. Even prior to the health crisis, Romanian children faced difficulty accessing quality and equal healthcare. The pandemic only worsened disparities. Some 23% of parents could not afford medicines for their children, and 15% did not have access to medical services. In addition to Romania's youth (16 to 24 years old), the elderly (aged 65 plus), people with disabilities, Roma and people living in rural communities are at heightened risk of poverty and social exclusion. The Romanian government has attempted to mitigate the effects of social exclusion with social transfers. However, these measures have only lowered the at-risk-of-poverty rate to 24%, which is still 7 percentage points higher than the EU average.

Inequality in Romania remains one of the highest in the industrialized world. In 2020, Romania's Gini coefficient of income inequality stood at 35.0 – the median figure for advanced economies was 30.3. 20% of the poorest households accounted for 5.7% of Romania's total income. Despite the state's attempts to strengthen employment and job protection, the government failed to cushion the negative impact of the pandemic, underscoring Romania's already weak social safety net. The government offered less than a 20% coverage rate for unemployment benefits, while the OECD average stood at 60%. Furthermore, the statutory replacement rate stood at less than 10%, less than half the OECD's average of 20%. While low-income earners in Romania remain the least affected by the pandemic in the European Union, middle-income earners were the most affected. The education system suffered a severe hit with the start of the pandemic, raising the problem of quality in educational services offered to the children and the issue of equal opportunities in education, as there are large gaps between urban and rural areas with regard to IT endowment, and digital skills among teachers and pupils.

In response to Romania's large at-risk of poverty and social exclusion population, the government has attempted to tackle issues of affordability. For instance, in 2020, in spite of warnings by the IMF and European Commission of increasing the deficit, the state increased pensions by 40%. While past increases to pensions were made, they were implemented along regional and socioeconomic lines, perpetuating social disparities. Shortly afterward, the government voted in favor of a minimum package of basic healthcare, education and social protection services, guaranteeing free access for all children in rural areas, hoping to tackle the rural-urban divide. The actions taken by the Romanian government are only a small step in the right direction. UNICEF has warned that in the context of the COVID-19 pandemic, "already existing vulnerabilities could exacerbate pre-existing risks, such as limited access to social services, inequalities in access to education, poverty due to the traffic limitation which reduced the income of the families." The impetus lies in the governing parties, who have so far failed to find a consensus on how best to tackle the issue of inequality.

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