Social protection reform: What measures can combat more effectively poverty and inequalities?

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The puzzle

Social Protection started to work harder but became less performant for flourishing the lives of the most vulnerable.
Since the 70’s both the *symbiosis* and the *contradictions* between the market and social protection have increased.

Social Protection started to work harder but became less performant for flourishing the lives of the most vulnerable.
Symbiosis: New tasks for Social Protection

- Facilitating the work & family balance
- Activation & life long learning
- Income maintenance for the employed
Total Social Expenditure, active age (in % GDP), EU21 + US

Source: OECD SOCX.
Conclusion (1)

1. Increased (normalised) social spending

2. Especially for new “social risks”

The reflection of growing symbiosis
Growing tensions at the bottom, in principle

Redundancy of low skilled workers*
(employment rates not higher than 50-60% since the 90’s)

either unskilled workers become unemployed or they see their real pay fall and, with them, the jobless see their protection fall

*this is not the same as ‘redundancy of low skilled work’ (job polarization)
Trilemma

Jobs

Adequate income

WELFARE STATE EFFORT
The job side: Work Rich versus Work Poor households EU12

Source: Eurostat, LFS data: calculations Vincent Corluy.
The income side: Pressures on (low) wages

[Graph showing income trends over time with the national poverty line at 100 and the gross minimum wage at a lower value, declining over time.]
Welfare state effort: increasing gross-to-net effort

- National poverty line = 100
- Average net minimum wage
- Average gross minimum wage
The income side: erosion of the social floor for the jobless

- Net minimum wage income
- Gross minimum wage
- Average net social assistance

National poverty line = 100
Conclusion (2)

1. Increased efforts for the employed
2. Low skilled did not benefit from job growth
3. Erosion of the social floor for the jobless

Increasing poverty among low skilled & jobless households
Conclusion (3)

1. In their “symbiotic hemisphere” WS started to work harder

2. In their “contradictory hemisphere” they became less performant

3. Dualisation between haves and have nots
1. Raising & tightening the social floor
2. Recalibrating responsibilities market-SP
3. Introducing symbiosis at the bottom (social economy, social innovation, unpaid work ...)
4. Increasing the redistributive capacity of the welfare state