The structural nature of disappointing poverty trends in European welfare states

The need for a new social contract
Poverty and the welfare state in Europe (and beyond)

- Importance of social policies, SS standing tall
- However, since the 90’s no progress, at best (for 70% of jobless HH social protection is inadequate)
- Although welfare states started to work harder
Relative Income Poverty, 18-65y, 1990-2019, AROP60, OECD
Yet, EU welfare states started to work harder

**Employment rate**

**Social Spending/GDP**
Why did the poverty reducing capacity of social spending decrease?

Have welfare states failed to properly adapt to the great transformations of our time?

Have they changed but supported a loosing cause?

Or, is the welfare state facing systemic problems?
Systemic in nature

a) endogenously related with structural constraints unfolding from economic transformations, modern family-hood, migration and, increasingly, climate change

b) affecting the poverty reducing capacity of each of the basic institutions of the welfare state

a) reinforced by unequal political representation and changing opinions on deservingness
Welfare states changed

Social investment turn

Work related welfare reforms

Place-based social innovation (third sector)

Climate policies
But

1. Unequal distribution of jobs among individuals

2. Unequal distribution of jobs among households

3. Sluggish growth of low earnings
As a consequence

• Social investment less poverty reducing than social security

• Social floors under pressure of slow growth of minimum wages

• Fragmentation

• Climate policies tend to be regressive

• Social innovation: important but not structural
A new social contract
towards a social ecological welfare state
integrating economic, ecological and social policies
• Jobs in the third sector

• Increase the wage minimum wage and the social floor

• Adapt social protection to flexible forms of employment, unpaid care work and climate risks

• Fair distribution of the cost of ageing and climate transition

• Wealth taxation and carbon taxes