Ipswich

Follow-up committee
Belspo-Brussels
15/5/2018
Poverty and in-work poverty

In-work poverty in Europe in 2016

Poverty in Europe in 2016
Trends

• Austerity, budgetary restraint
• Working hours polarization, long-term unemployment
• Flexibility, bogus self-employment, precarisation
• Competitiveness, globalized economy
• De-unionization, platform economy
• Technological change, job polarization
• Migration, feminization, discrimination

=> Can we fend off in-work poverty in Belgium?
Policy choices

**Trilemma**
Solve 2/3:
- Budget deficit
- Unemployment
- Low wages

**Other trade-offs**
- Direct benefits vs in-work benefits
- Market distribution vs fiscal redistribution
- Flexibility or working hours polarization
- Protection insiders or including outsiders
Financial work incentives and the long-term unemployed: the case of Belgium (Diego Collado, Dieter Vandelanootte, Bea Cantillon)

The effect of tax-benefit policy changes on the trilemma of welfare reform in Belgium and Sweden: a decomposition analysis (Diego Collado, Bea Cantillon)

• Policy choice
  • Increase benefits
  • Lower taxes

• Need both in order not to increase dependency trap
  • Incentivize work through labour supply (eq. demand shift) to f
  • Increase minima to G
Precariousness


- **Flexibility**
  - Shift demand to F through flexibility
  - Lower wages to N through (bogus) self-employment
- **Insufficient income: risk of poverty**
  - Temporary workers rely on state compensation
  - Part-time workers rely on household income

![Diagram](https://example.com/diagram.png)
Collective bargaining

Avoid low-wage work through minimum wages
  - Monopsony wages (D-N)
  - Insider-outsider dynamics (N-U)

Minimum wages close to equilibrium, endogenous

National minimum wage catches up with growing low-wage sectors
 Discrimination


L'union fait la force? Evidence for wage depression in firms with high diversity (Stephan Kampelmann, François Rycx)

• Wage gaps
  • Differences in productivity: N-F
  • Statistical and taste discrimination: D-N
• For migrants as well as women
• Attenuated by collective bargaining
Conclusions

• A different policy mix may yield a similar outcome: the choice is often political rather than economic.

• The labour market in Belgium is fair (to women, migrants, short-term unemployed): not the focus of the poverty debate.

• Resilience is not guaranteed: de-unionization, sectoral shifts.

• The residual working poor should be targeted on the same conditions as the jobless poor (no work-conditionality or LM policies).
Conference

• “Full day”: 10:00-15:00

• Session 1 (2h): presentations + comments from institutions (CRB, UNIA, POD MI, ...)
  • Social policy
  • Precariousness
  • Collective bargaining
  • Discrimination

• Session 2 (1h): comments from international experts

• Session 3 (1h): panel debate with political study departments

• Timing?