

Inequality and Poverty – A Comparison „light“ of selected European and Latin American countries

Lecture-Series: „Research Meets Practice. Scientific and Civil Society Approaches to the Sustainable Development Goals in Two World Regions – a Colombian-German Dialogue.“

Prof. Dr. Roland Verwiebe, University of Potsdam
23.11.2022

Social Inequality - background

- Social inequalities are a central topic of social science research and socio-political discourse in all modern societies, which is reflected in a large number of publications on inequality issues, for example
 - in the fields of **education** (Breen & Müller, 2020; Oppedisano & Turati, 2015; Riederer & Verwiebe, 2015),
 - **health** (Coveney et al., 2020; Thomson et al., 2017),
 - **the labor market** (Blossfeld & Hofmeister, 2006; Blossfeld et al., 2005; Caliendo & Schmidl, 2016),
 - **housing** (Musterd et al., 2017; Scanlon et al., 2014), poverty (Halkos & Gkampoura, 2021; Lohmann & Marx, 2018; Nolan & Whelan, 2011),
 - **gender relations** (Hagqvist et al., 2017; Rubery, 2015) OR
 - **migration** (Triandafyllidou, 2016; Verwiebe et al., 2017).

Social Inequality - background

- But the topic of inequality is also being discussed intensively under various headings in the **leading international media** and in the **public sphere**.
- This year, *The Guardian* (2022c) discussed **raising the minimum wage** in the UK and argued for a higher tax rate for upper income households (2022a).
- Le Monde (2021) criticized the **strongly growing hype-concentration of wealth** during Covid pandemic.
- *I Kathimerini* (2022a, 2022b) condemned that **university education in Greece is largely monopolized by the higher and middle-income strata** to the expense of students who come from lower-income families.
- *El Pais* (2022) and even the conservative *Frankfurter Allgemeine* (2022) featured several articles recently that **high inflation rates unproportionally hurt the lower social classes**.

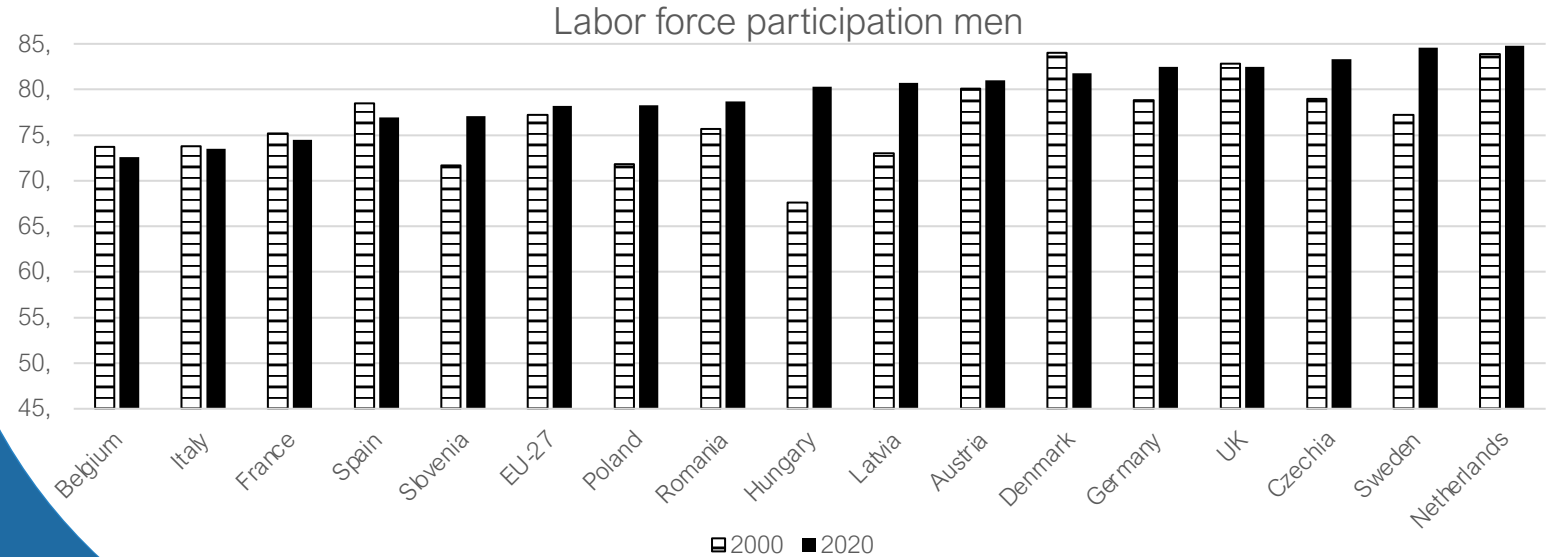
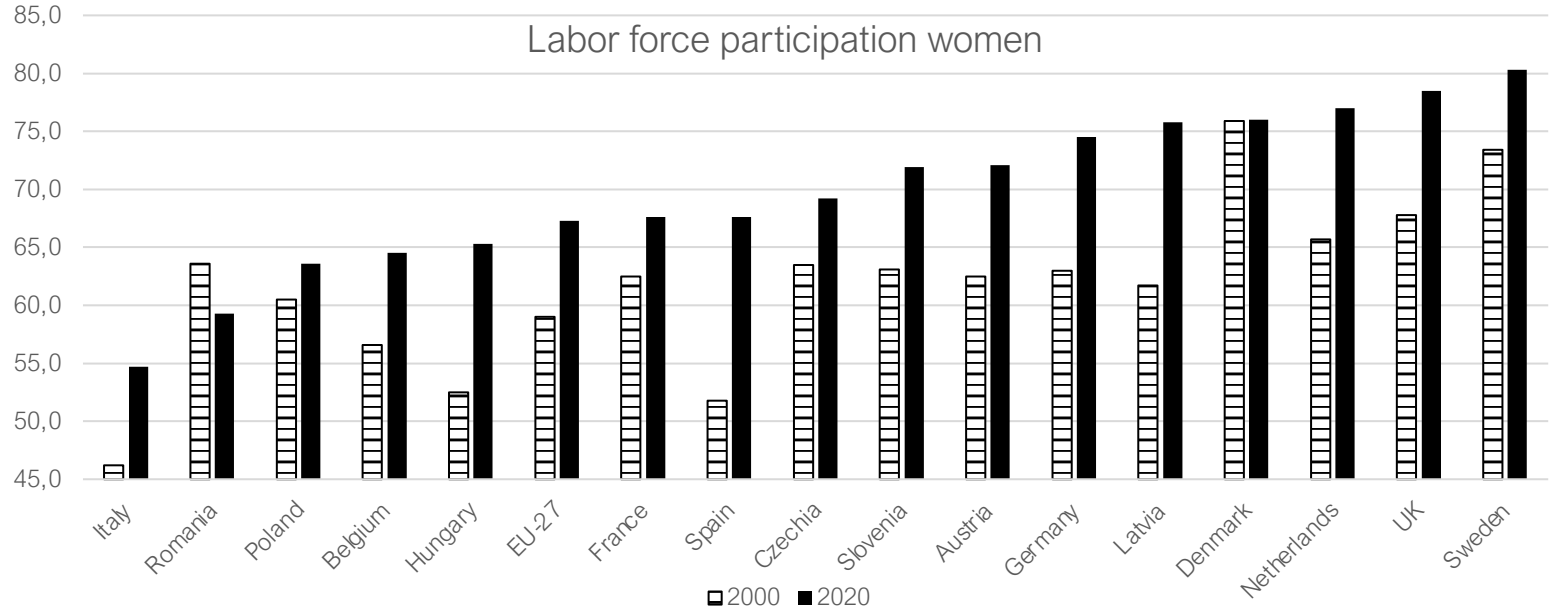
Comparison „light“ – concept

- Denmark, Sweden and the Netherlands represent the ideal type of a **redistributive social democratic welfare state** (Esping-Andersen, 1990).
- Belgium, France, Germany and Austria have a less redistributive, **conservative welfare state** in which familialism is strongly pronounced (Esping-Andersen, 1990).
- Spain and Italy represent the **Mediterranean welfare state** and the United Kingdom the **liberal welfare state**, in which redistribution is practiced to a **comparatively low degree** (Ebbinghaus, 2012; Esping-Andersen, 1990).
- The Czech Republic, Slovenia and Hungary represent an **Eastern European welfare state**, with relatively strong redistributive capacities (Fenger, 2007; Kuitto, 2016).
- In Romania and Latvia, these are less pronounced, with a **neo-liberal understanding of the economy and relatively stark social inequalities** (Fenger, 2007; Kuitto, 2016).
- This notion of a **neo-liberal economy** and a relatively **weak social welfare state** would also apply for Latin American countries such as Argentina, Brazil, Colombia, and Mexico.

Gross Domestic Product, Labor Force Participation and Unemployment in Selected European Countries and Argentina, Brazil, Colombia, Mexico (1995-2021)

		GDP per capita in PPP (in Euro)			Labor force participation rate			Unemployment rate		
		1995	2010	2021	1995	2010	2021	1995	2010	2021
Social-democratic welfare state	Denmark	19,000	32,500	43,300	79.5	78.0	79.6	6.7	7.7	5.1
	Sweden	19,400	32,000	40,100	77.7	79.1	82.9	8.8	8.8	8.8
	Netherlands	19,300	34,000	42,300	69.2	77.9	83.7	8.3	6.1	4.2
Conservative welfare state	Belgium	18,800	30,100	39,200	62.1	67.7	69.7	9.7	8.4	6.3
	France	17,400	27,200	33,700	67.6	70.3	73.0	10.2	9.3	7.9
	Germany	19,800	30,000	39,000	70.5	76.7	78.7	8.2	6.6	3.6
	Austria	19,800	31,800	38,900	71.5	74.4	77.2	4.2	5.2	6.2
Liberal welfare state	Spain	13,600	24,000	27,200	60.6	73.5	73.7	20.0	19.9	14.8
	Italy	18,800	26,400	30,600	57.6	62.0	64.5	11.2	8.5	9.5
	UK	17,200	27,600	32,600	74.7	75.4	78.0	8.5	5.3	4.5
Post-socialist redistributive welfare state	Czechia	11,600	21,000	29,500	71.7	70.2	76.6	4.0	7.3	2.8
	Slovenia	11,400	21,000	29,100	66.3	71.5	75.0	-	7.3	4.8
	Hungary	7,700	16,500	24,500	57.8	61.9	76.2	-	10.8	4.1
	Poland	6,500	15,800	25,000	66.2	66.3	72.8	-	10.0	3.4
Post-socialist liberal welfare state	Latvia	4,600	13,000	23,000	-	73.0	75.8	-	19.7	7.6
	Romania	4,800	12,800	23,500	71.5	64.9	65.6	-	9.0	5.6
	EU-27	14,900	24,900	32,300	67.5	70.3	73.6	-	10.1	7.0
Latin American welfare states	Argentina	-	-	\$23,627	-	-	60.4	-	-	10.9
	Brazil	-	-	\$16,056	-	-	61.9	-	-	14.4
	Colombia	-	-	\$16,900	-	-	64.3	-	-	14.3
	Mexico	-	-	\$20,036	-	-	58.8	-	-	4.4

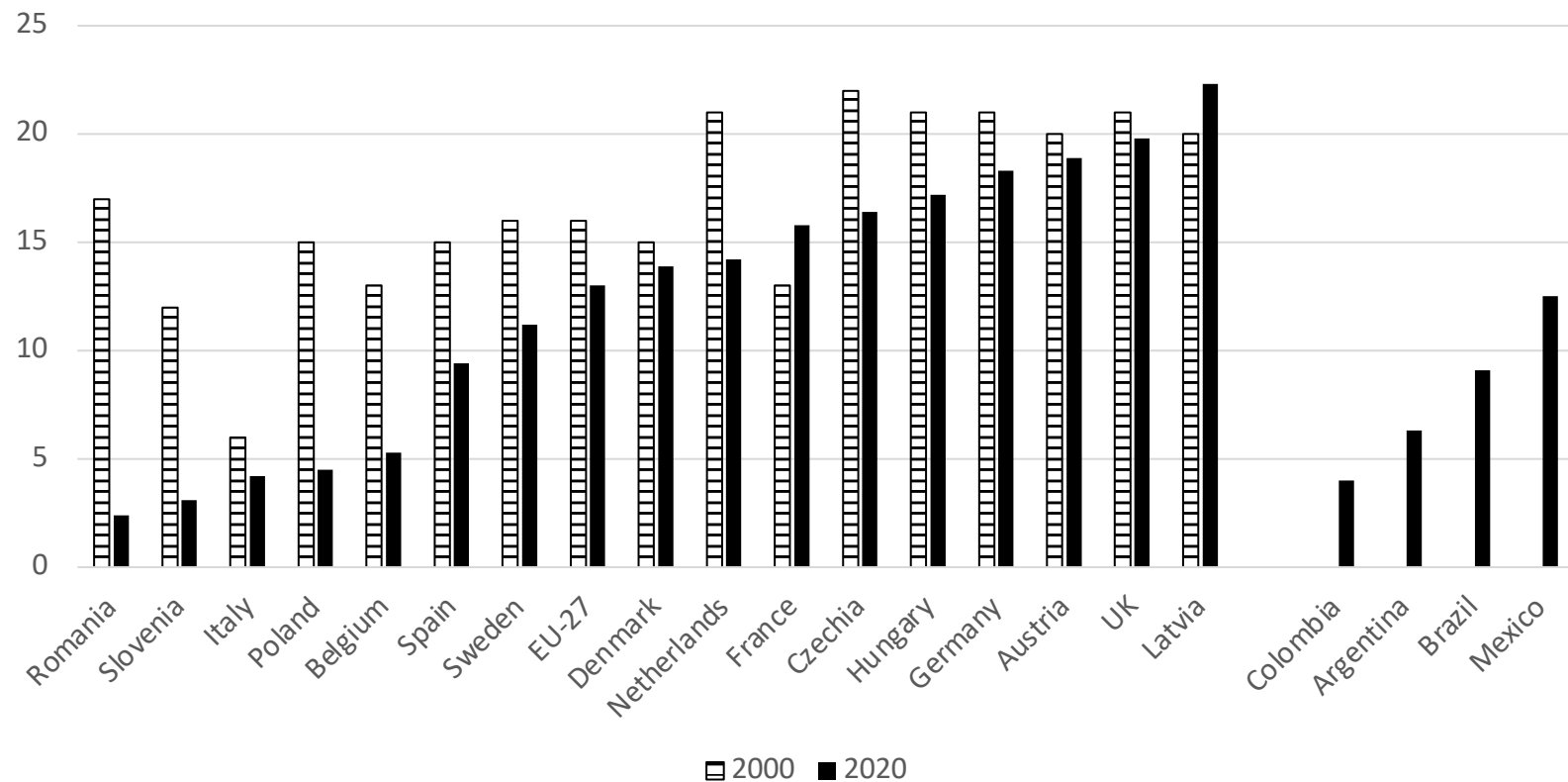
Labor force participation women/men (2000-2020)



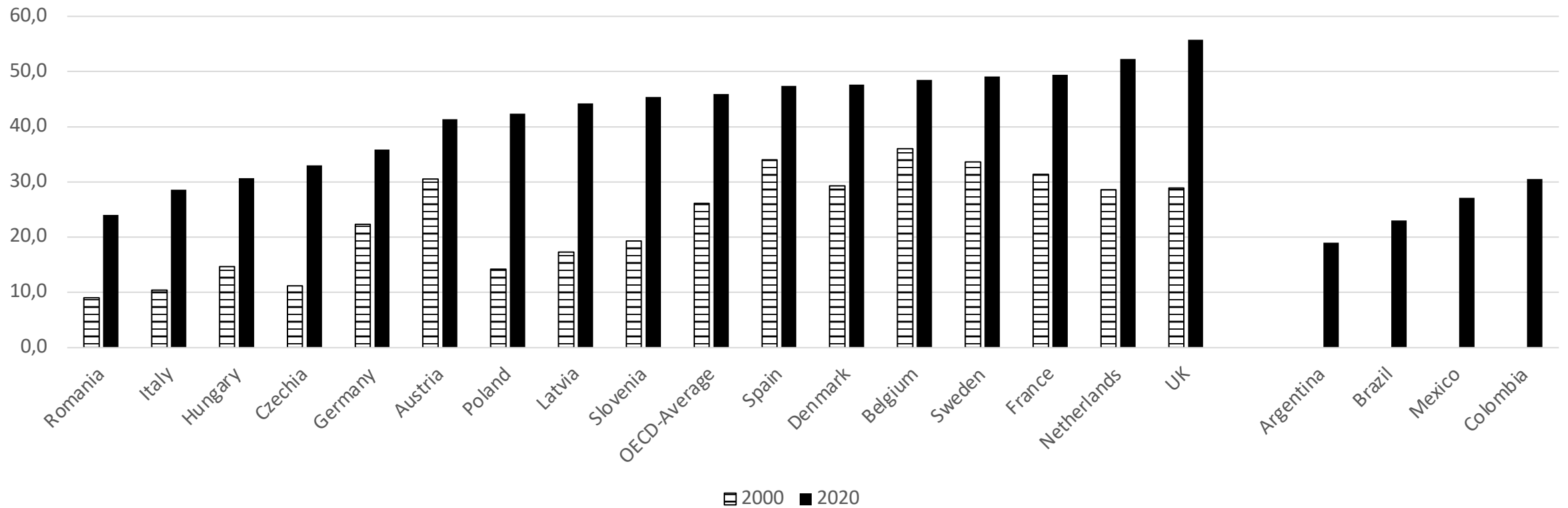
Source: Eurostat, OECD

Gender Pay Gap (2000-2020)

Source: Eurostat, OECD. Gender Pay Gap represents the difference between average gross hourly earnings of male and female employees as a percentage of average gross hourly earnings of male employees in enterprises with at least 10 employees in industry, construction and services (except public administration, defense, compulsory social security).



Tertiary Education (2000-2020)



Source: OECD; population with tertiary education: 30-34 year-olds as % in same age group in European countries and 25-34 year-olds as % in same age group in A-B-C-M

Female / male university graduates and Early school leavers (2000-2021)

Source: Eurostat, OECD. *Female/male university graduate ratio* is based on women per 100 men graduating from Universities at ISCED levels 5-6. *Early leaver rate* refers to persons aged 18 to 24 having attained at most lower secondary education and not being involved in further education or training as % of the same age group in the total population.

	Female/male university graduates ratio		Early school leaver rate	
	2000	2020	2000	2021
Denmark	128.9	128.0	11.7	9.8
Sweden	140.1	169.8	7.3	8.4
Netherlands	118.1	127.1	15.4	5.3
Belgium	126.6	144.5	13.8	6.7
France	126.1	124.7	13.3	7.8
Germany	101.4	100.5	14.6	11.8
Austria	90.3	120.3	10.2	8.0
Spain	134.3	133.3	29.1	13.3
Italy	126.6	140.2	25.1	12.7
UK	121.8	140.1	18.2	10.9
Czechia	124.7	154.0	5.7	6.4
Slovenia	133.4	151.6	6.4	3.1
Hungary	123.6	160.0	13.9	12.0
Poland	184.7	186.6	7.4	5.9
Latvia	173.3	188.9	16.5	7.3
Romania	110.5	144.3	22.9	15.3
EU-27	126.0	134.2	19.3	9.7

There is no exact same data available for Argentina, Brazil, Colombia, and Mexico. However, available OECD statistics indicate that (a) young women are more likely to attain tertiary education than men and that (b) early school leaver rate is 3 to 4 times higher than in the EU in 2021.

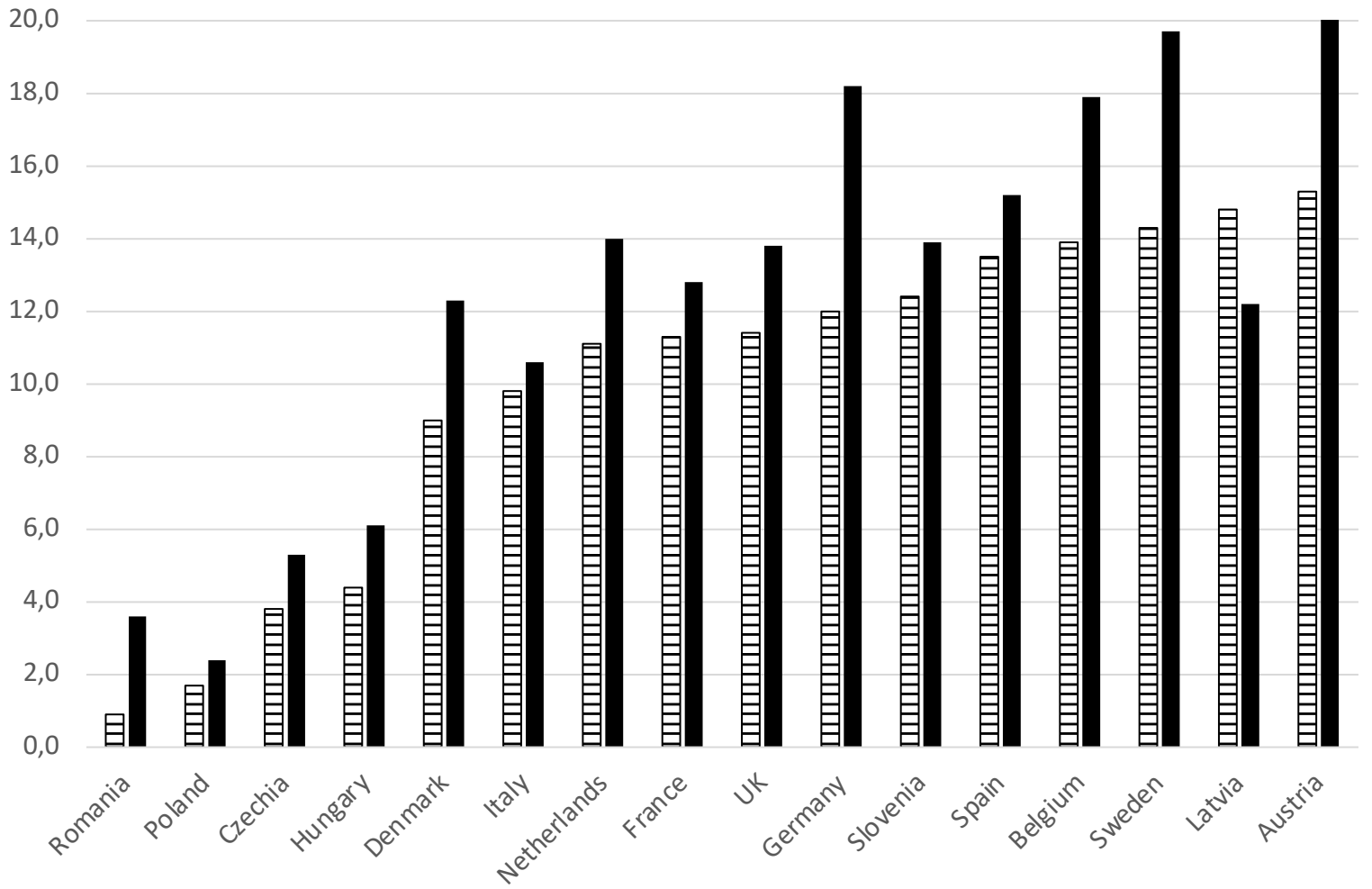
Immigration (2000-2020)

	Σ 2001-2005	Σ 2006-2010	Σ 2011-2015	Σ 2016-2020	yearly Ø 2010-2020	yearly Ø 2010-20 as % of 2020 population	intra-EU migrants as % of total immigration	Total population in 2020
Belgium	586,373	419,389	666,716	656,954	132,632	1.2	47.7	11,522,440
Czechia	231,359	404,832	151,074	350,823	50,019	0.5	28.4	10,693,939
Denmark	260,834	282,799	314,434	326,245	62,992	1.1	37.6	5,822,763
Germany	3,978,262	2,775,038	4,230,250	4,455,794	826,373	1.0	41.6	83,166,711
Spain	2,771,887	3,151,852	1,603,724	2,808,960	433,944	0.9	17.9	47,332,614
France		1,496,213	1,690,603	1,803,316	345,548	0.5	18.1	67,320,216
Italy	1,581,595	2,243,345	1,601,728	1,556,891	328,861	0.6	17.2	59,641,488
Latvia	27,616	28,149	51,680	49,233	9,539	0.5	5.7	1,907,675
Hungary	115,379	141,158	213,613	368,676	55,255	0.6	22.7	9,769,526
Netherlands	545,484	611,178	696,307	971,184	163,115	0.9	41.5	17,407,585
Austria	546,934	385,442	558,238	559,675	108,081	1.2	62.1	8,901,064
Poland	39,119	385,369	1,035,338	1,069,002	205,406	0.5	35.0	37,958,138
Romania		424,658	737,427	835,409	156,611	0.8	4.2	19,328,838
Slovenia	51,428	125,614	72,242	131,315	19,907	0.9	8.5	2,095,861
Sweden	315,934	497,487	576,577	638,419	119,436	1.2	23.1	10,327,589
UK	1,707,691	2,803,428	2,853,573	3,168,061	601,144	0.9	30.8	67,100,000

Source:
Eurostat.

There is no the exact same data available for A-B-C-M. Available statistics indicate that immigration into these countries is increasing during the last 15 years, especially in Mexico and Argentina.

Foreign born population (2010-2021)

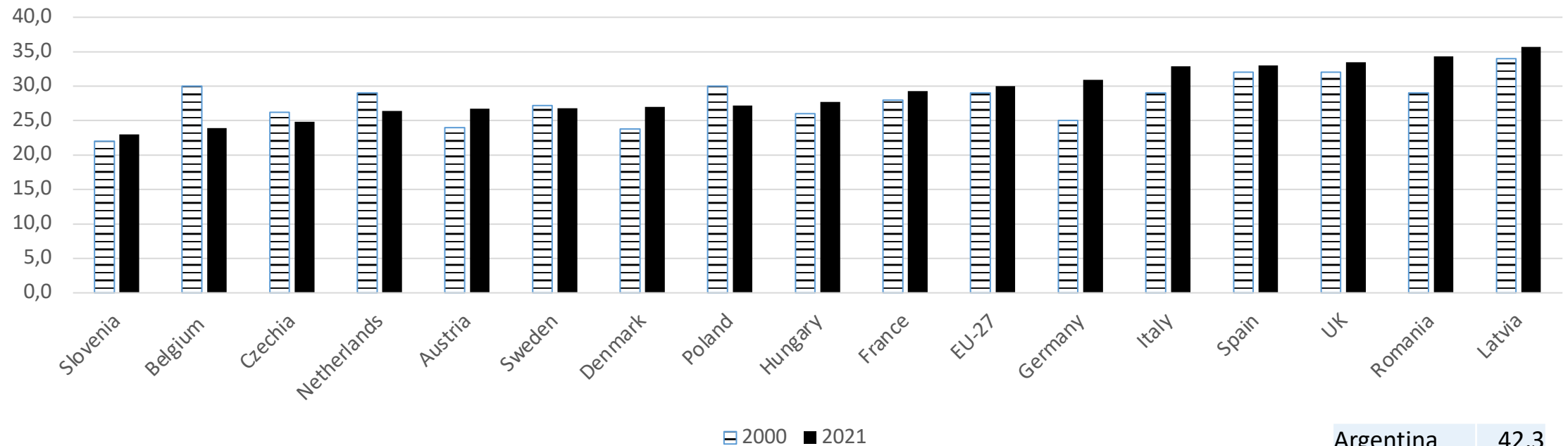


Source: Eurostat, OECD. Foreign born population as % of total population.

▨ 2010 ■ 2021

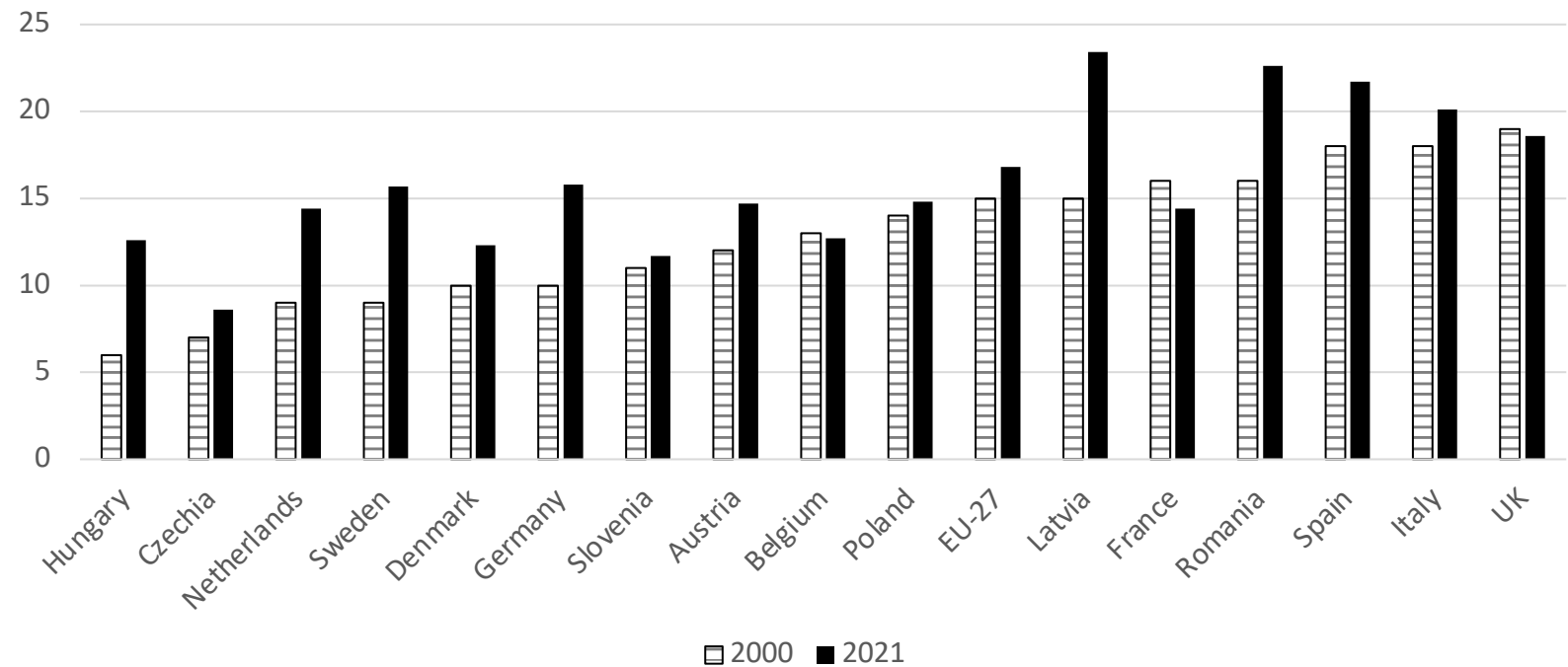
Argentina	5%
Colombia	4%
Mexico	1%
Brazil	< 1%

Gini Index for household income inequality



Argentina	42,3
Mexico	45,4
Brazil	48,9
Colombia	54,2

Poverty rate



Source: Eurostat, Macrotrends. The at-risk-of-poverty rate is the share of people with an equivalised disposable income after social transfers below a threshold at 60 % of the national median equivalised disposable income

Brazil	13,1
Argentina	18,2
Mexico	28,1
Colombia	38,3

Conclusio

- Within Europe there are still **marked inequalities** in the labor market, in education, in immigration, and in household income and poverty risk.
- Nevertheless, trends toward **convergence of inequality dynamics** cannot be overlooked (e.g. the reduction of the gender pay gap, the equalization of unemployment risks, the expansion of tertiary education or the increasing educational aspirations of women).
- In the area of **immigration**, the differences within Europe have tended to widen.
- The **increase in the risk of poverty** in many European societies over the last two decades is a **cause for concern** even if poverty risks are still much lower than in many other countries outside Europe.
- At the same time, it must be assumed that the data currently available do not reflect the true extent of poverty in European societies, as they cannot be used to depict the social consequences of the Corona crisis of 2019-22 and the Ukraine-Russia war of 2022-23.
- **Thank you for your time!**

Appendix

Stratification through Europeanization

New patterns of social interaction and social network, formation of new social groups

Examples

Europeanized Milieus, European Elites

- Members of the EU bureaucracy, lobby and interest groups, economic elites, political actors within EU Parliament and EU Commission
- Transnational activist groups as well as cross-border work teams within European corporations and NGO's

Transmobile European groups

- Mobile groups with high human capital and transnational habitus
- Intra-European migration such as cross-border commuting, circular migration, retirement migration, short-term labor mobility, educational mobility (via Erasmus program and beyond)
- Social interaction and mobility within transnational intra-European social networks

European transfer groups

- Employees and companies in agriculture and fisheries as beneficiaries of EU transfers
- Population in structurally weak regions

Effects on living conditions and changing regulatory and redistributive power of nation-state systems

Marketization of living conditions

- Pressure on old industries, non-competitive sectors and regions, and weaker market participants (e.g., low-skilled workers)

Weakening of redistributive autonomy

European fiscal pact, "euro rescue umbrella": pushing back of national autonomy and national redistributive capacities

Regionalization of social inequality

(Growing) regional disparities and new center-periphery structures

Data

- Eurostat 2022 (<http://epp.eurostat.ec.europa.eu>); Gross Domestic Product (GDP) in Purchasing Power Parities in Euro (PPS), thus differences in price levels between countries become controllable; Labor force participation rate: Ratio of the number of employed persons aged 15-64 to the total population in the same age group; Unemployment rate: Percentage of unemployed persons in the active labor force population aged 15 to 74.
- Eurostat 2022 (<http://epp.eurostat.ec.europa.eu>), Gender Pay Gap represents the difference between average gross hourly earnings of male and female employees as a percentage of average gross hourly earnings of male employees. The population consists of all paid employees in enterprises with 10 employees in industry, construction and services (except public administration, defense, compulsory social security).
- Eurostat 2022 (<http://epp.eurostat.ec.europa.eu>); Population with tertiary education: 30-34 year-olds as % in same age group.
- Eurostat 2022 (<http://epp.eurostat.ec.europa.eu>), Female/male university graduate ratio is based on women per 100 men graduating from Universities at ISCED levels 5-6. Early leavers from education and training denotes the percentage of the population aged 18 to 24 having attained at most lower secondary education and not being involved in further education or training. The denominator in the total population consists of the same age group.
- Eurostat 2022 (<http://epp.eurostat.ec.europa.eu>)
- Eurostat 2022 (<http://epp.eurostat.ec.europa.eu>), Gini Index for household income is based on total disposable income of a household (including income received by all of household members from work, from investment and property, from transfers between households, and from social transfers including old-age pensions).
- Eurostat 2022 (<http://epp.eurostat.ec.europa.eu>), The at-risk-of-poverty rate is the share of people with an equivalised disposable income after social transfers below a threshold at 60 % of the national median equivalised disposable income.