

# In-work poverty, labour market policies and Social Dialogue

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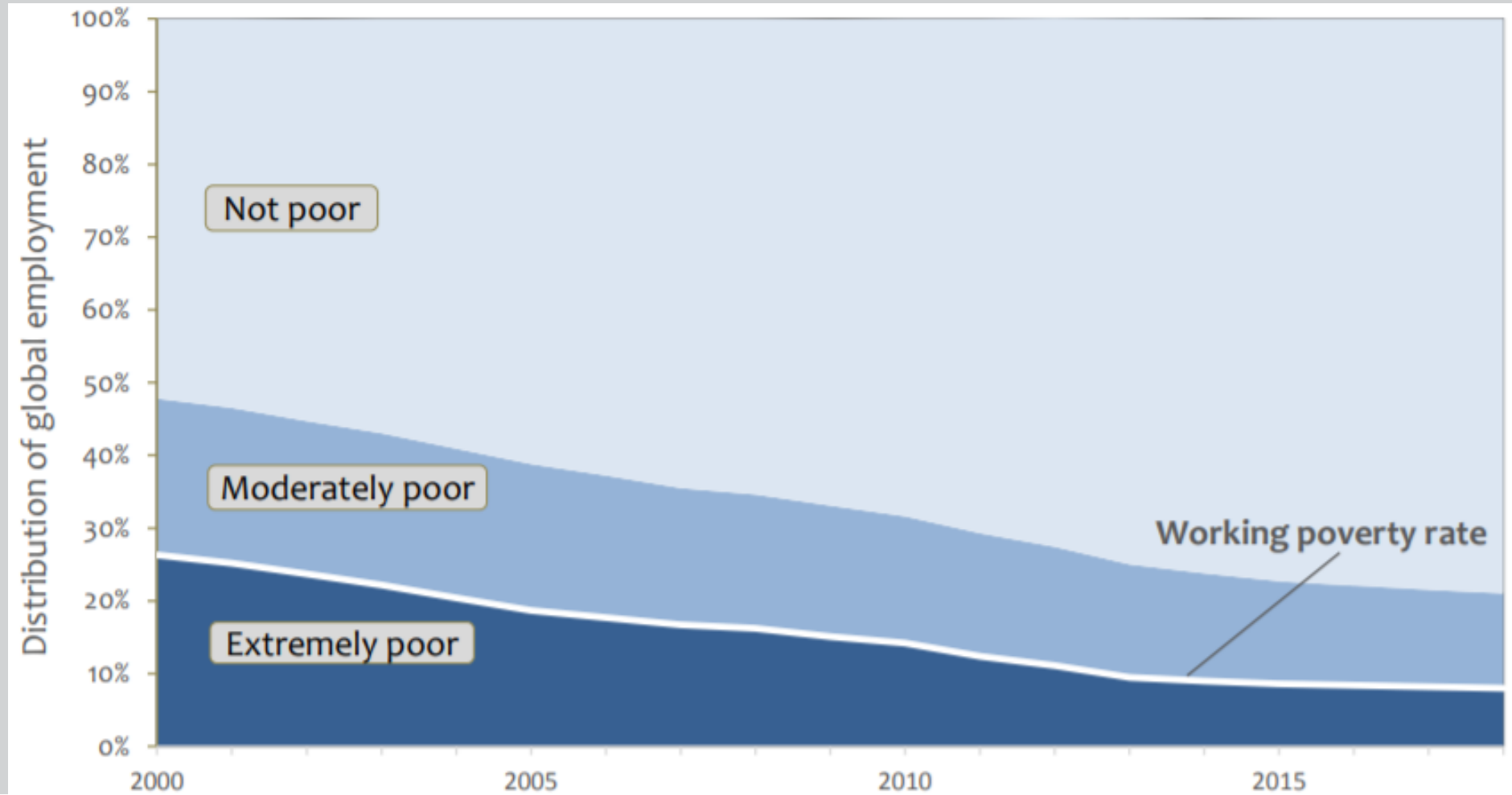
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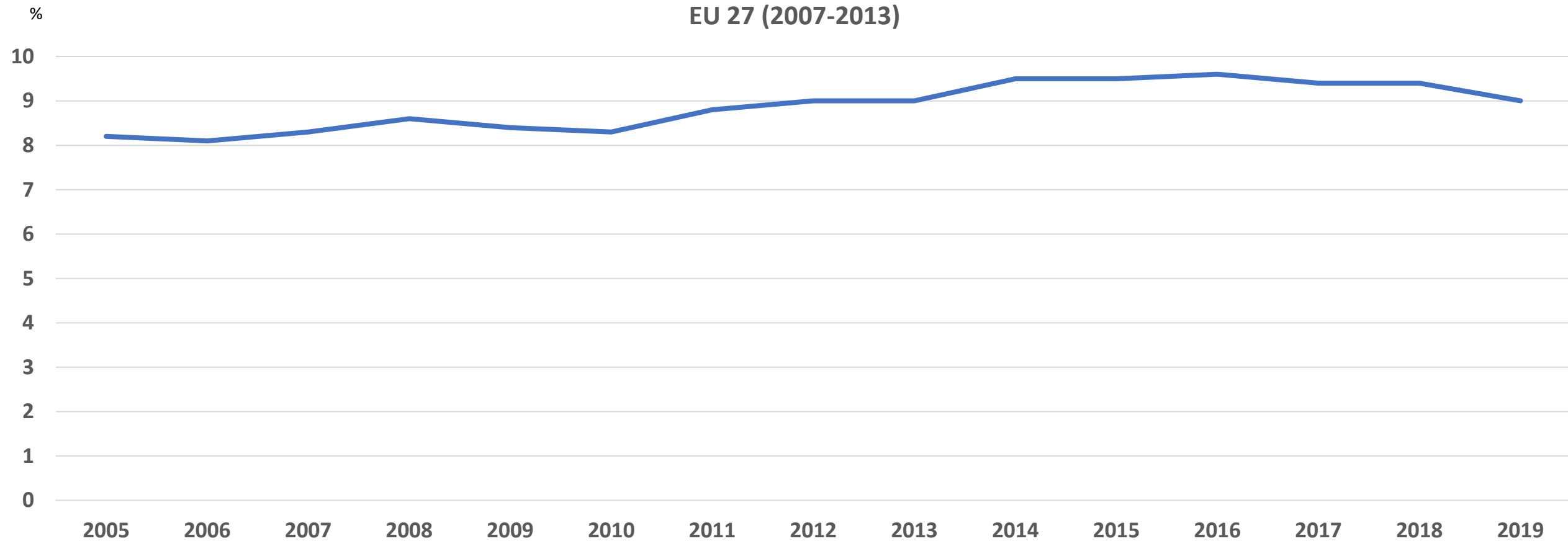
ETUI

Reducing in-work Poverty- a trade  
union concern and ways of actions

# Global poverty has been declining from high levels but recently the decline has slowed

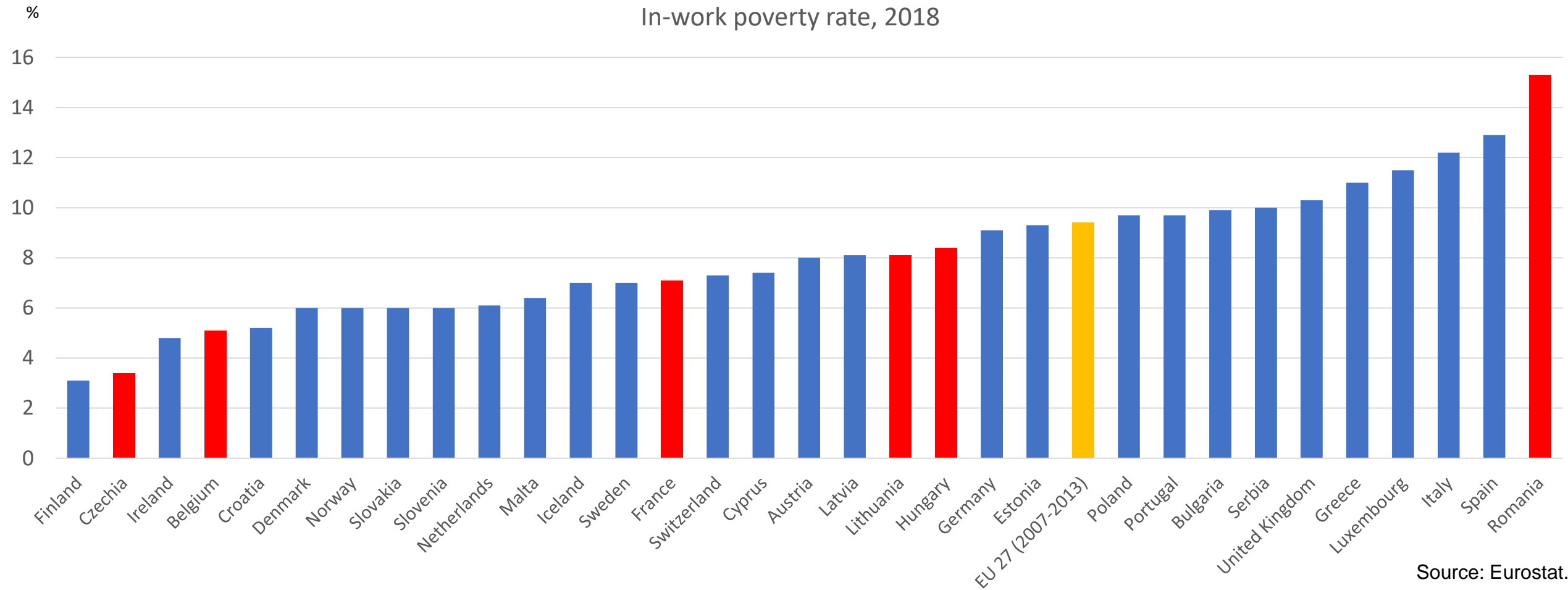


# In-work poverty is a structural feature of Europe's welfare states but the headline rate masks underlying dynamics



Source: Eurostat.

# In-work poverty differs widely between countries



Source: Eurostat.

# Overview

1. What is in-work poverty?
2. Why are some working people poor?
3. What policies can support the working poor?
4. What can trade unions do?

# WHAT IS IN-WORK POVERTY?

# What do we mean by 'poor'?

## Absolute

- Income
- Deprivation
- Social exclusion
- Capabilities

## Relative

- Less than 60% of national median income

# What do we mean by ‘working poor’

## In-work

- Employment as the main activity

### Labour market:

- Employment stability
- Employment intensity
- Wage level

- → related to **individual**

## poverty

- Disposable household income

### Household composition:

- Number of children
- Number of earners
- Employment intensity of each earner

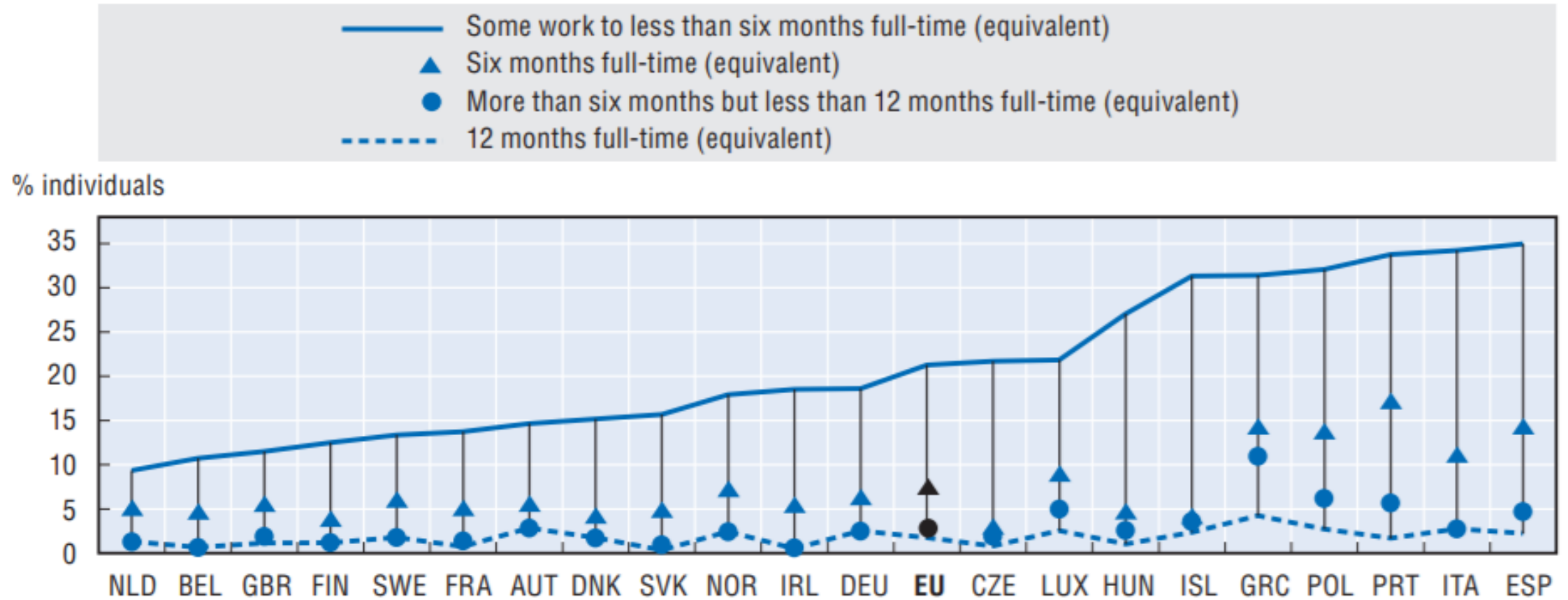
- → related to **household**



# WHY ARE SOME WORKING PEOPLE POOR?

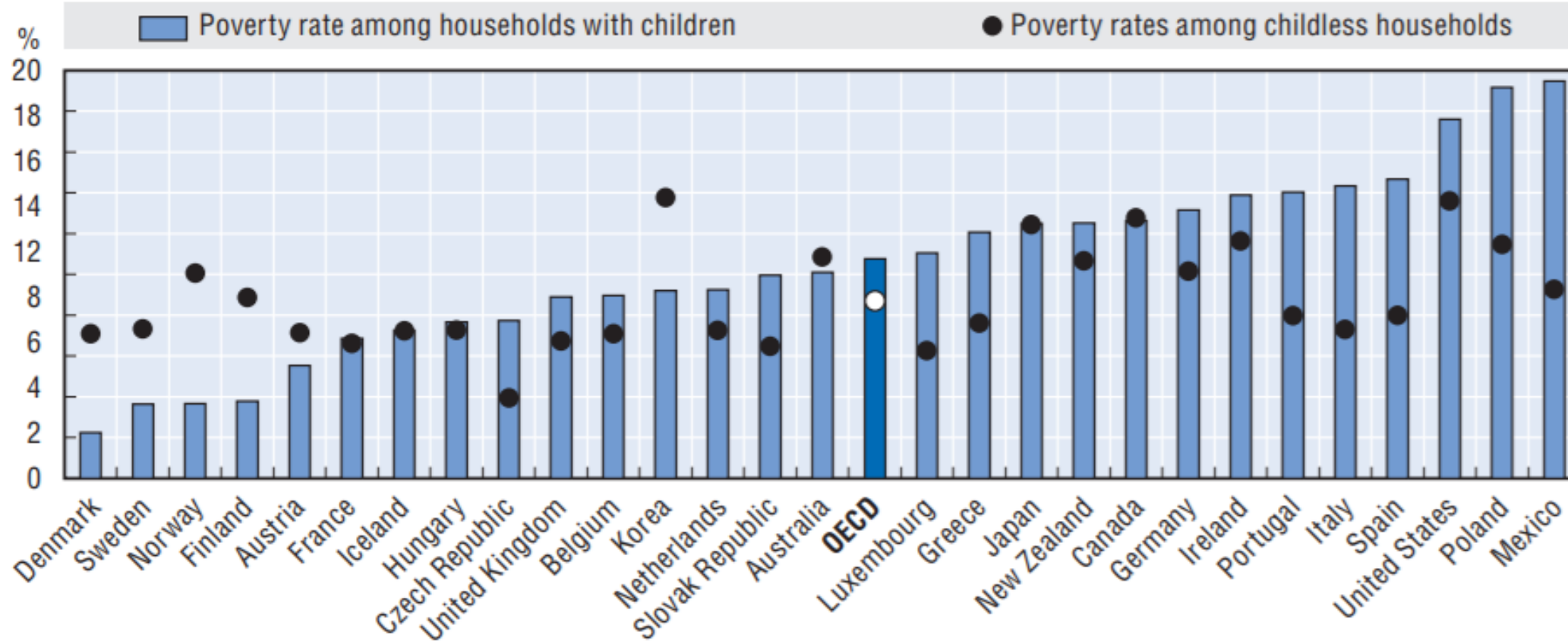
# 1. Underemployment is a main reason for in-work poverty

Panel C. In-work poverty rates by working intensity<sup>b</sup>

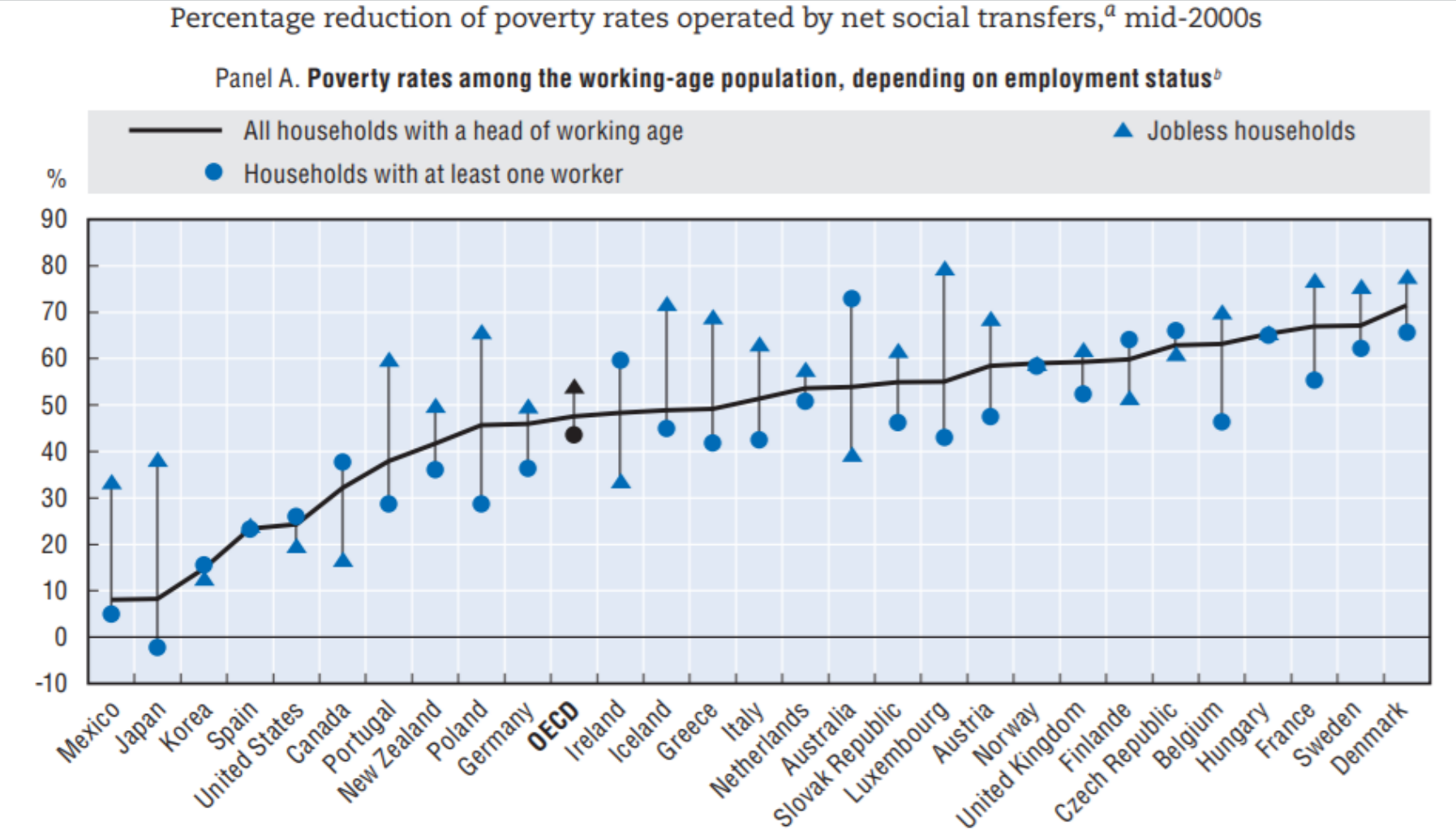


## 2. Family: In-work poverty risk varies strongly according to family composition

Poverty rate among households with children

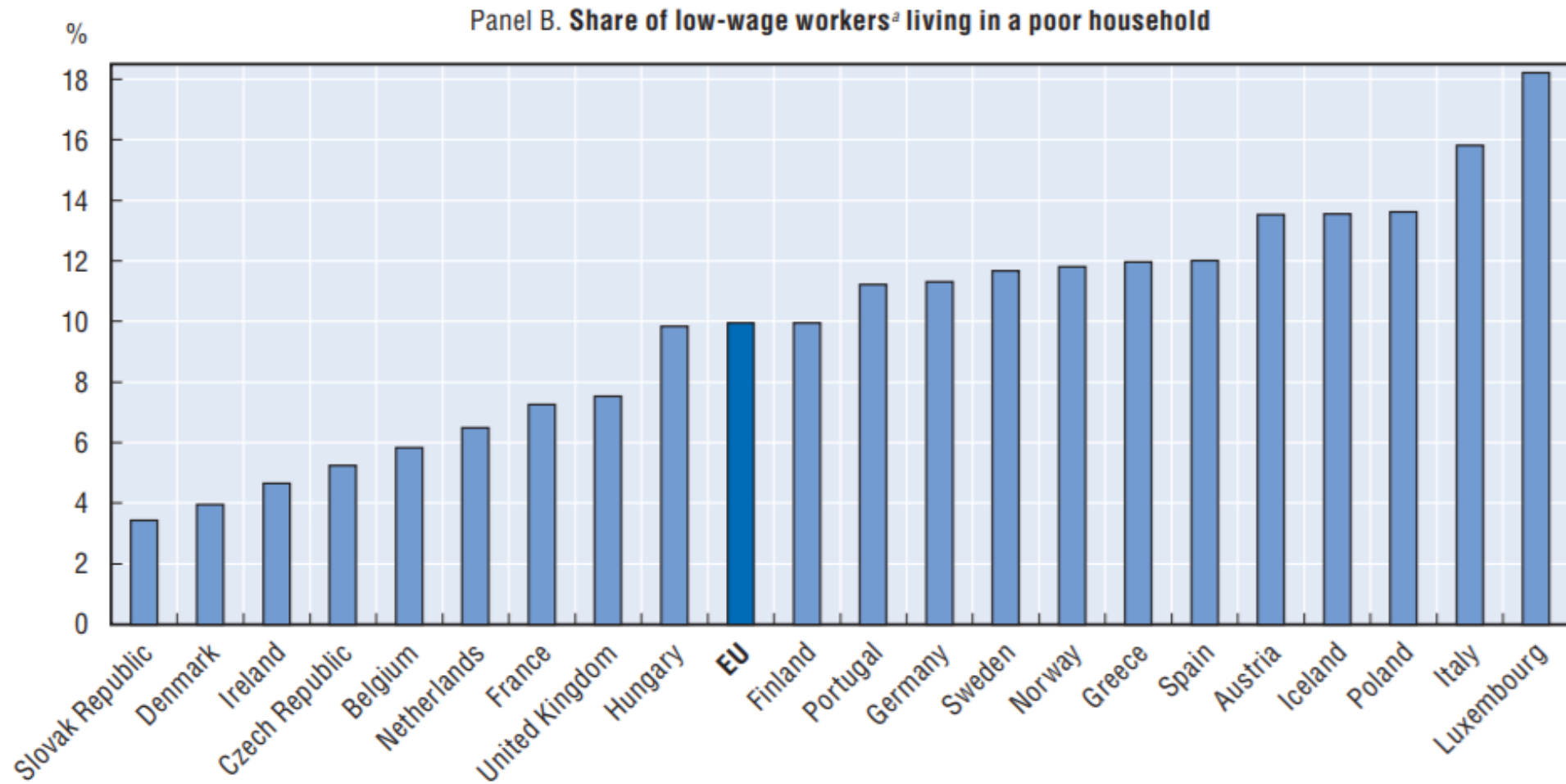


# 3. Inadequate social protection fuels in-work poverty



Source: OECD.

## 4. Low pay can lead to in-work poverty, but is not the only reason

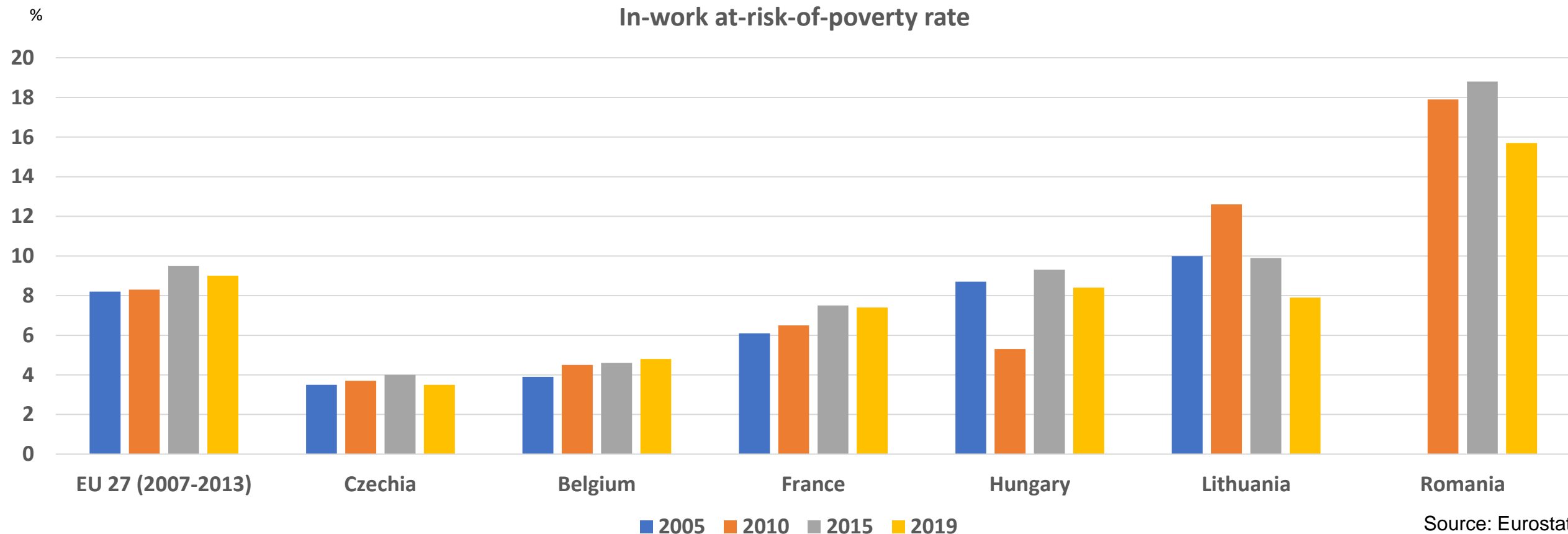


# Why are working people poor?

1. Underemployment: part-time or short-term
2. Family living patterns: families with children, especially single-parents, division of labour within households
3. Lack of social protection via taxes and transfers
4. Low wage levels

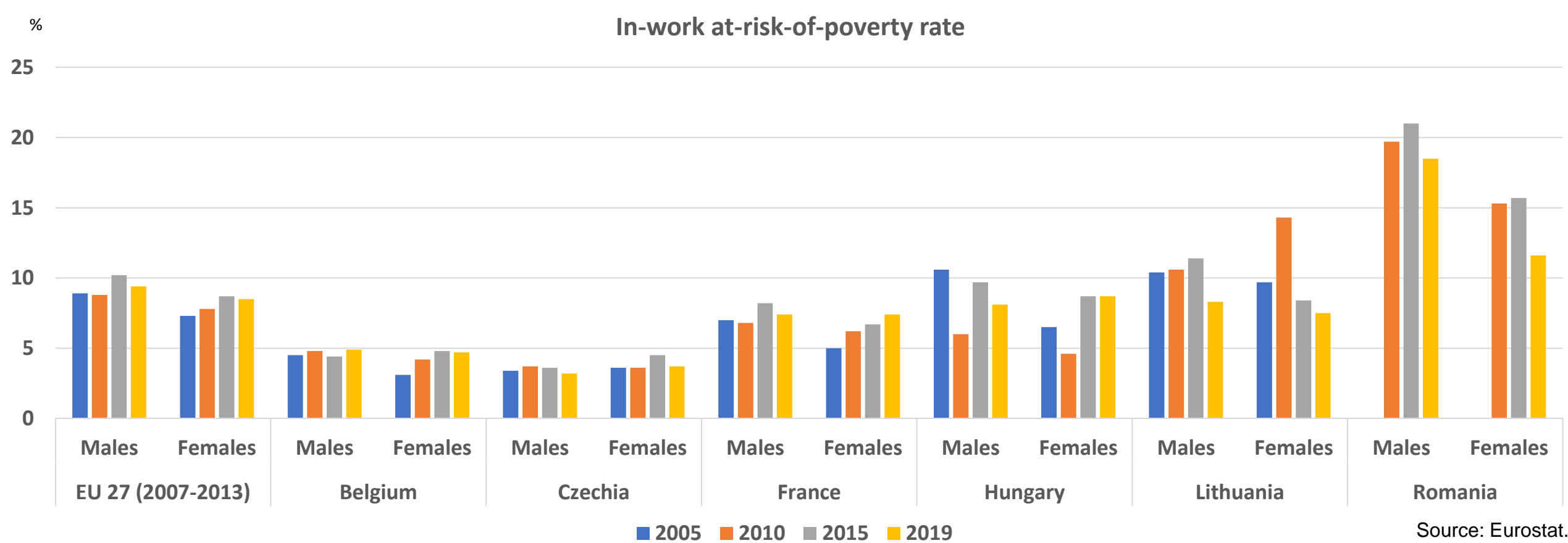
# IN-WORK POVERTY VARIES SUBSTANTIALY BETWEEN COUNTRIES

# Some countries managed to reduce in-work poverty, while others experienced increases with overall stability.

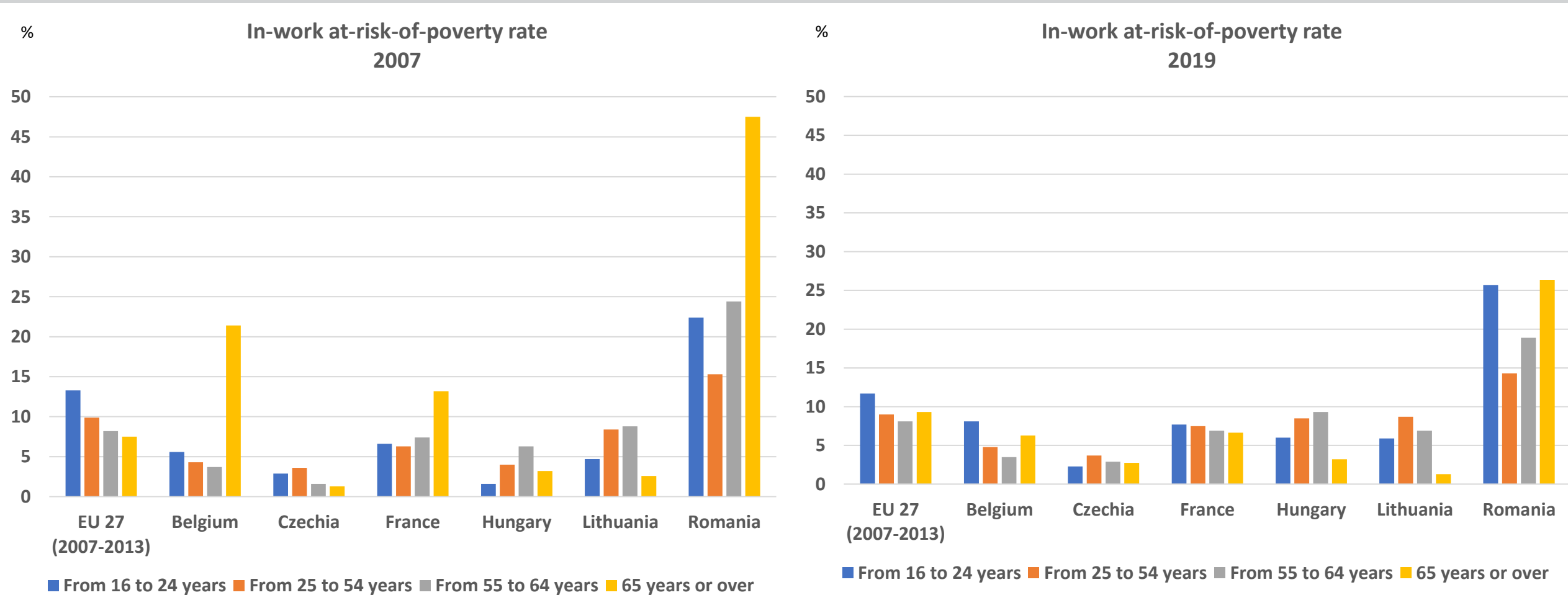




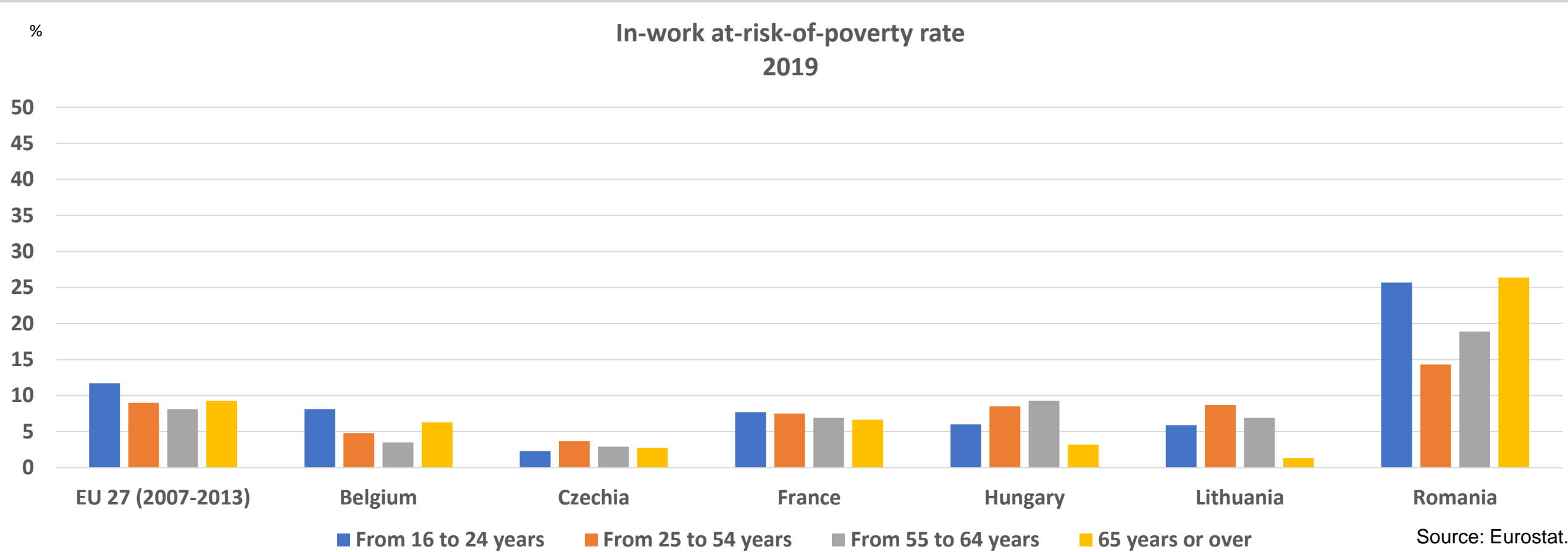
# Men are more likely to be in in-work poverty, but the share of women has been rising



# Changes in in-work poverty differ by age groups



# The young and the elderly are more likely to be in in-work poverty



# WHAT POLICIES SUPPORT THE WORKING POOR?

# What policies support the working poor?

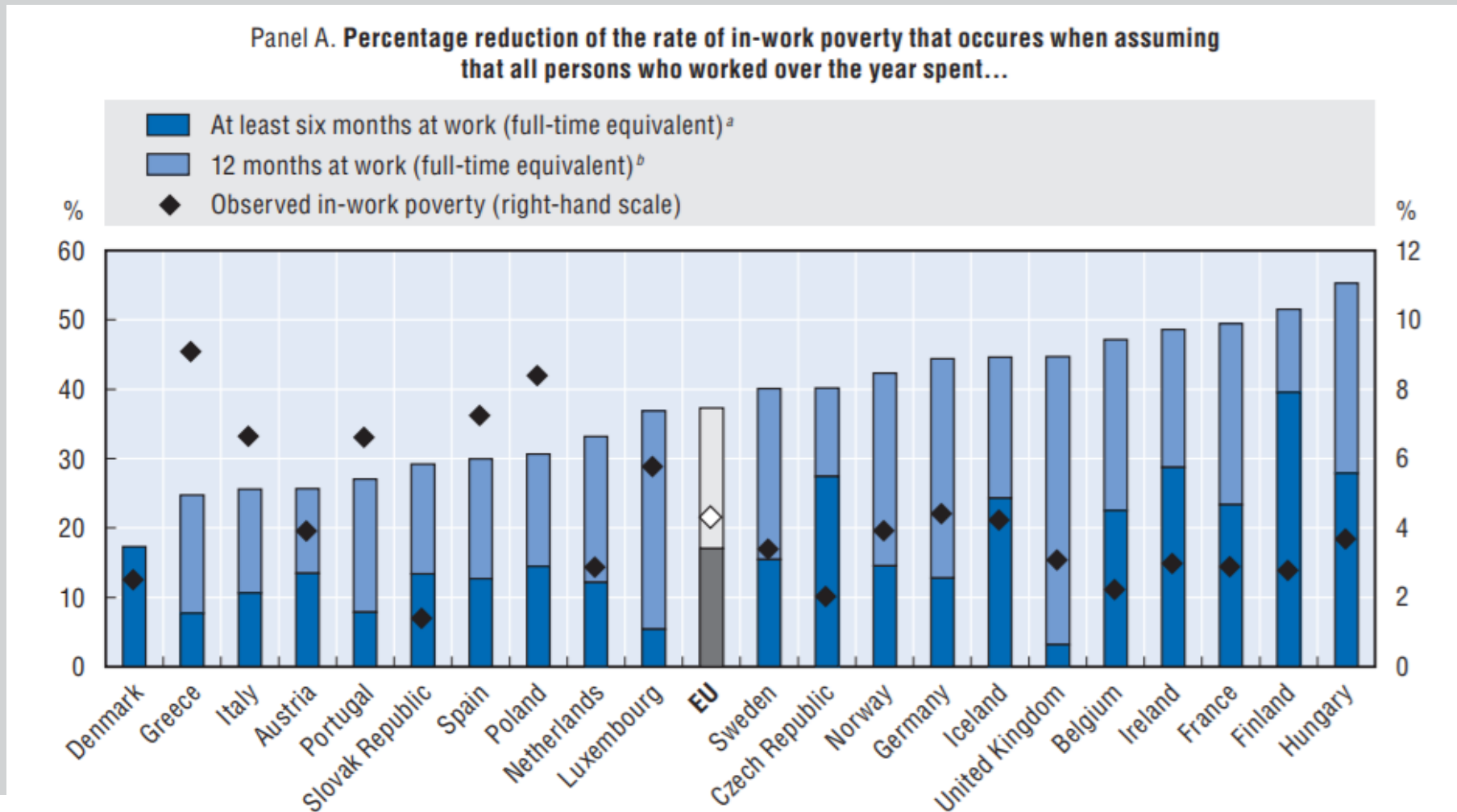
## Labour market

1. Strengthening permanent, full time employment opportunities
4. Raising (minimum) wages

## Social protection

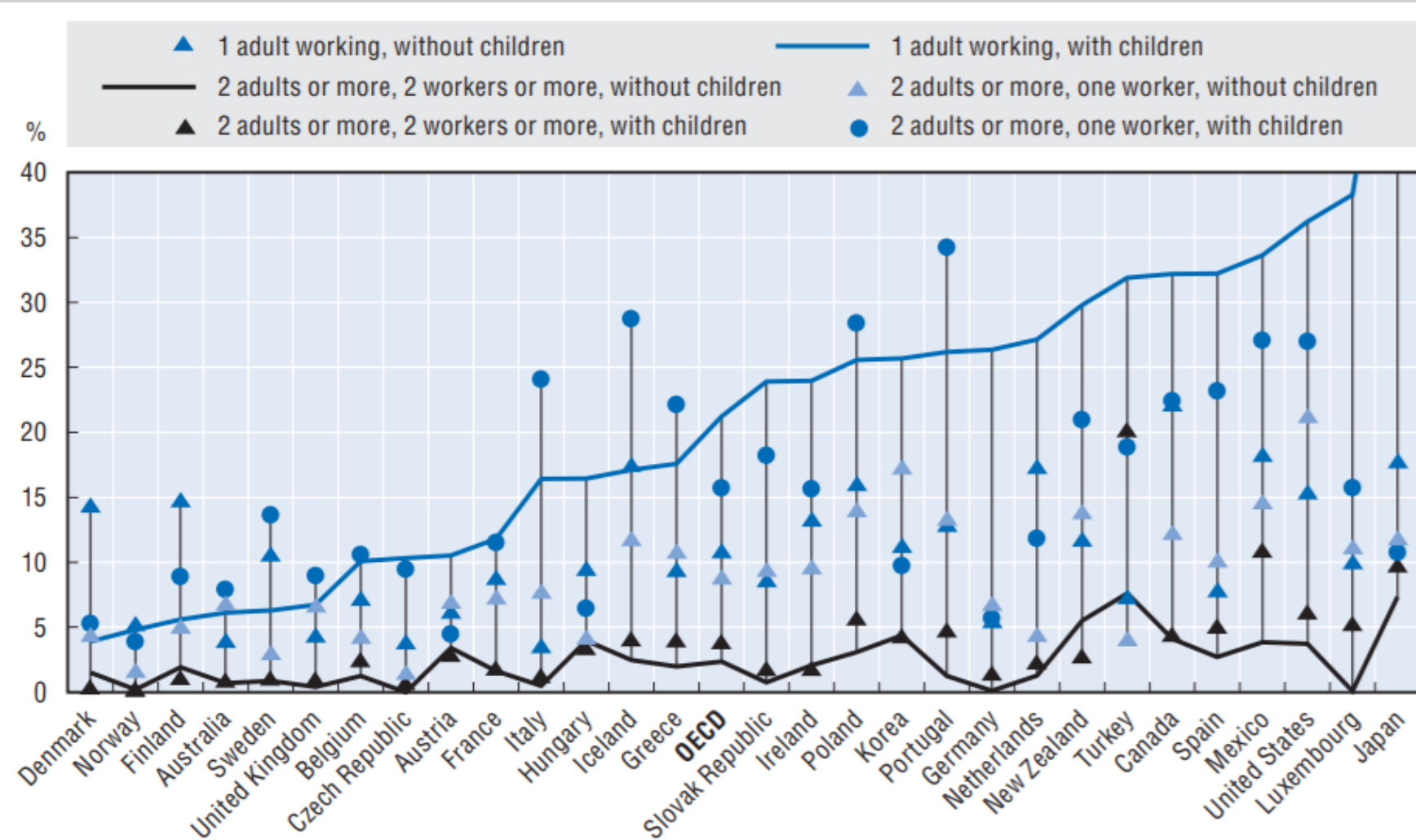
2. Providing public services to allow for dual earner families  
Providing family benefits
3. Increasing redistribution via taxes and transfers  
In-work benefits

# 1. Strengthening permanent, full-time employment opportunities



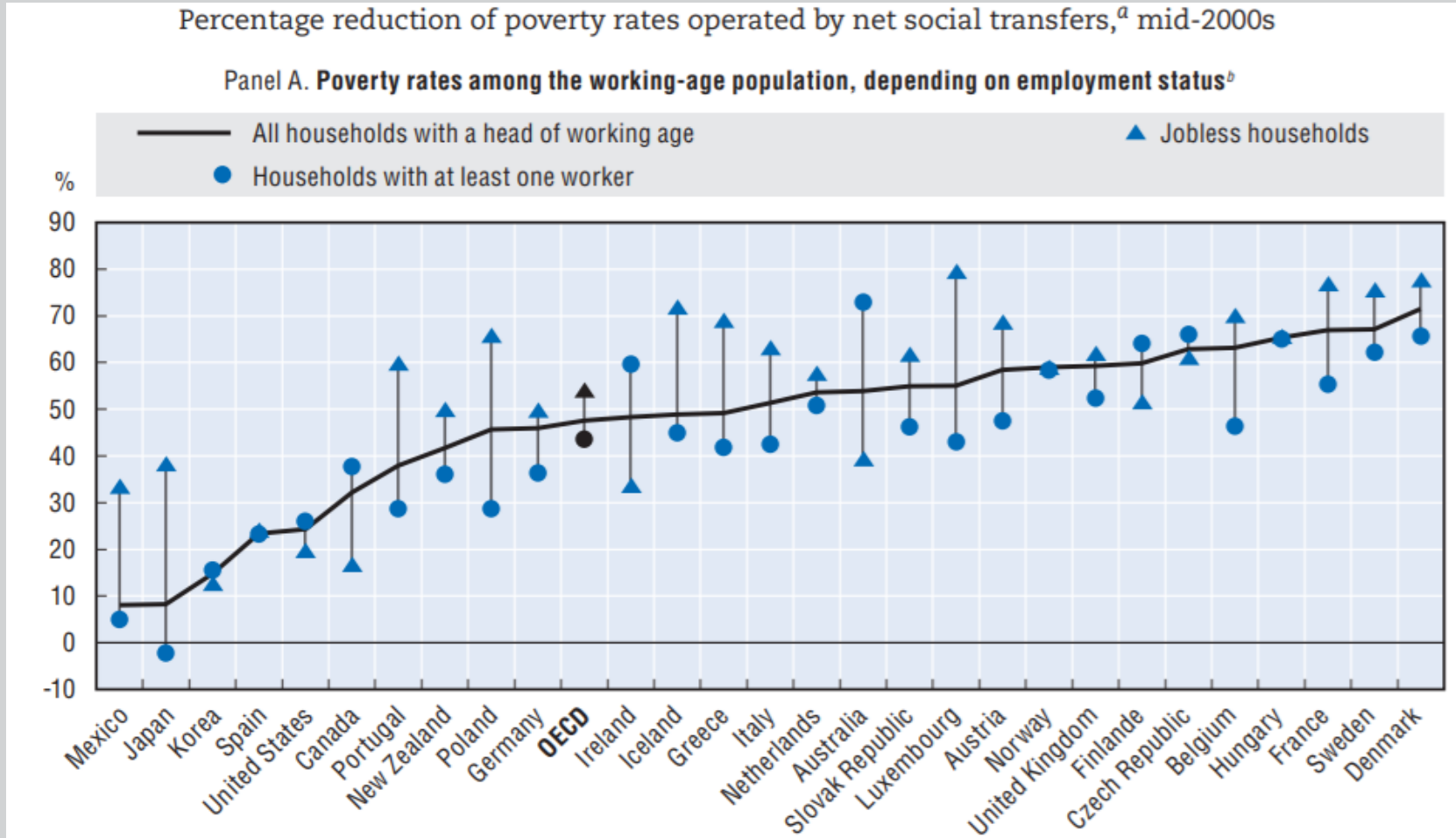
Source: OECD.

## 2. Supporting families with services that allow for both parents to work and by providing family benefits



Source: OECD.

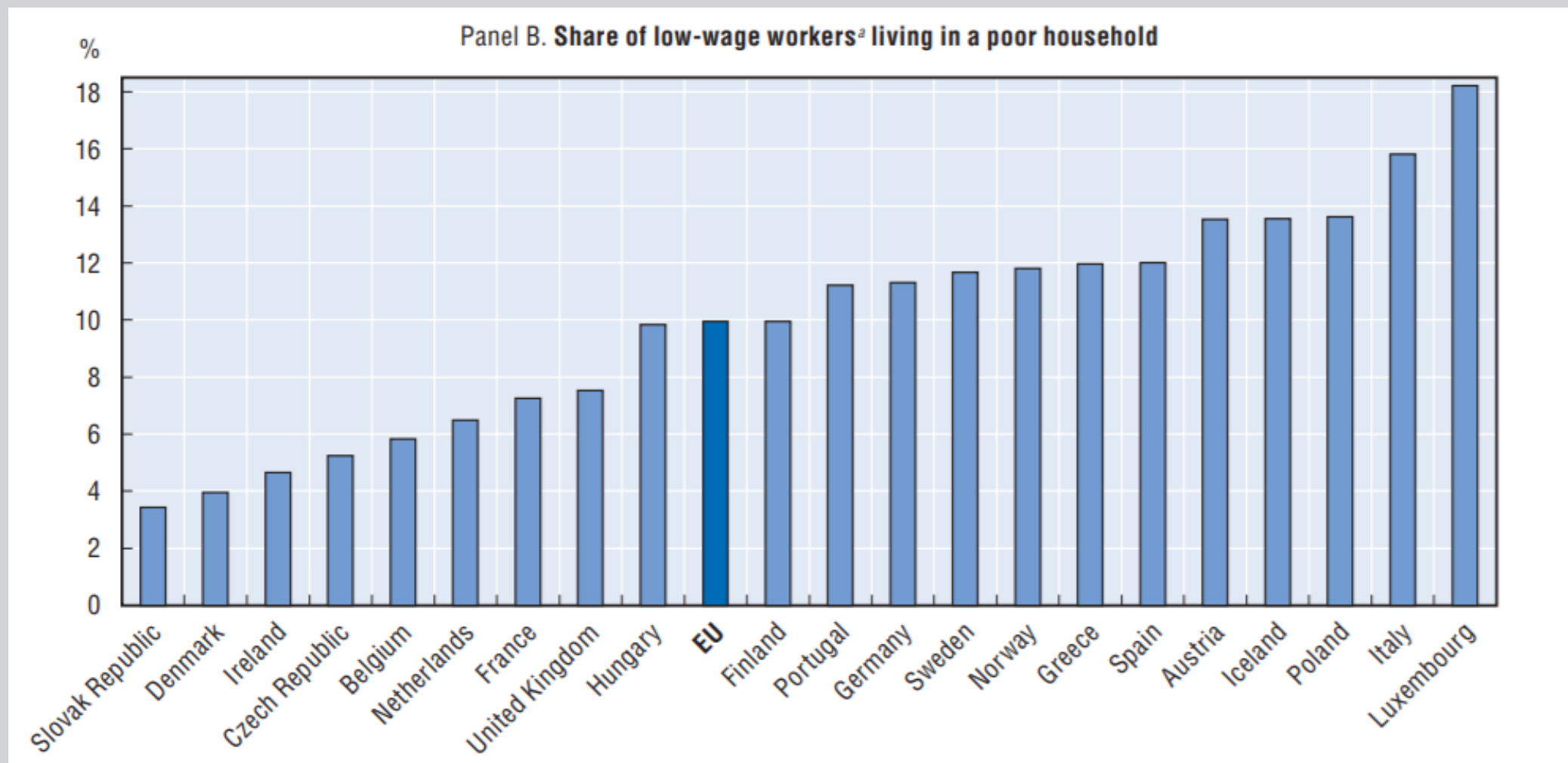
### 3. Strengthening social protection: increasing redistribution, in-work benefits



Source: OECD.



## 4. Raising (minimum) wages



# WHAT CAN TRADE UNIONS DO TO SUPPORT THE WORKING POOR?

# What can trade unions do to support the working poor?

## Push for targeted policies

- Permanent, full-time employment
- Support families and dual earning
- Strengthen social protection
- Raise (minimum) wages

→ Make effective use of social dialogue

## Organise and activate members

- Unionise the working poor
- Solidarity campaigns
- Raise public awareness
- Build capacity to strengthen power

→ Industrial action where necessary

# Conclusion

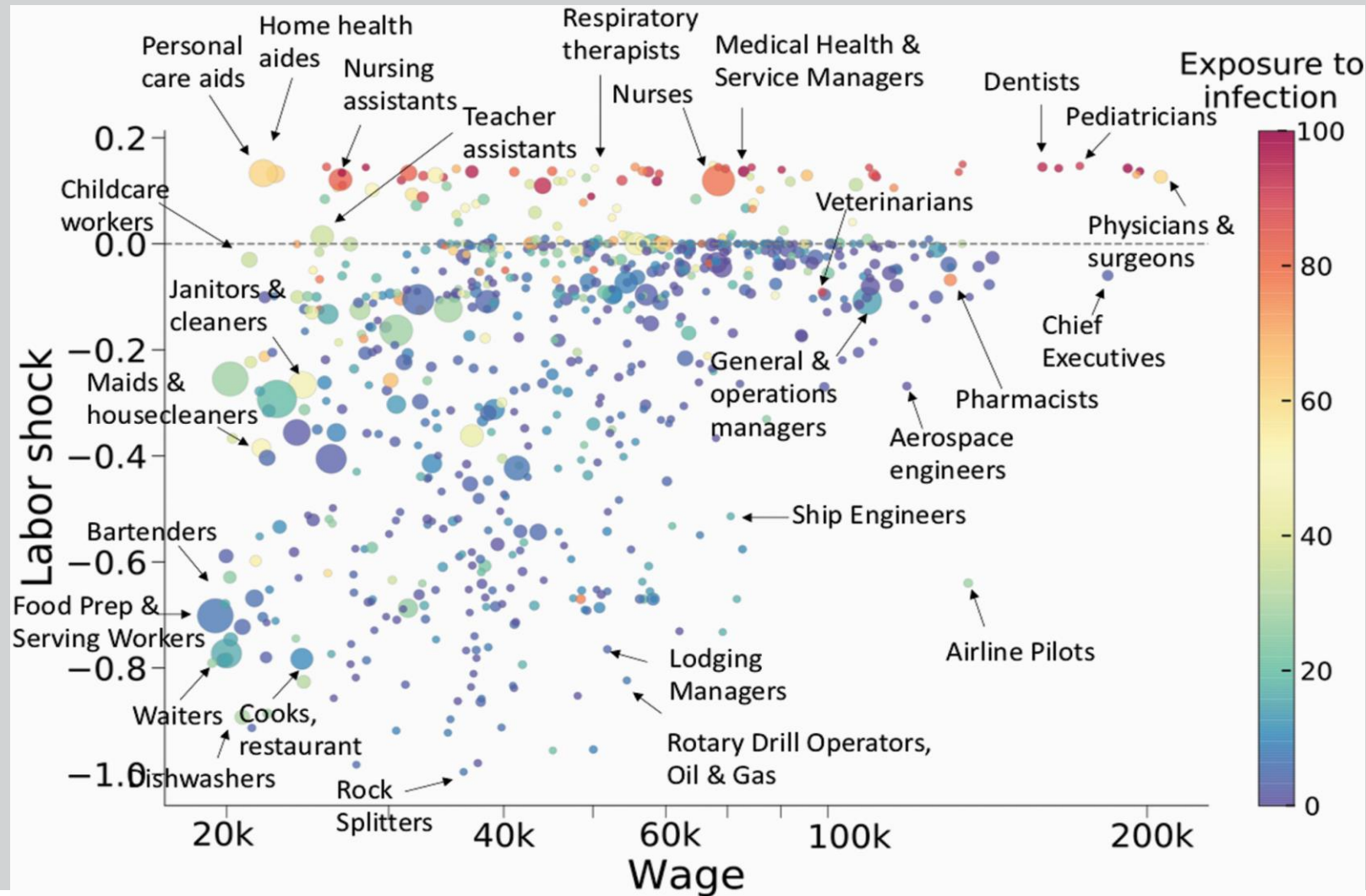
1. In-work poverty is not new: most of the world's poor people work.
2. In-work poverty means in-work and living in an income-poor household.
3. Underemployment, family living patterns, social protection systems and (minimum) wage levels all matter.
4. Policy options range from strengthening permanent, full-time employment and raising (minimum) wages to supporting families and increasing redistribution.
5. Trade unions can target members, build capacity, and push for policies via social dialogue.

# Key References

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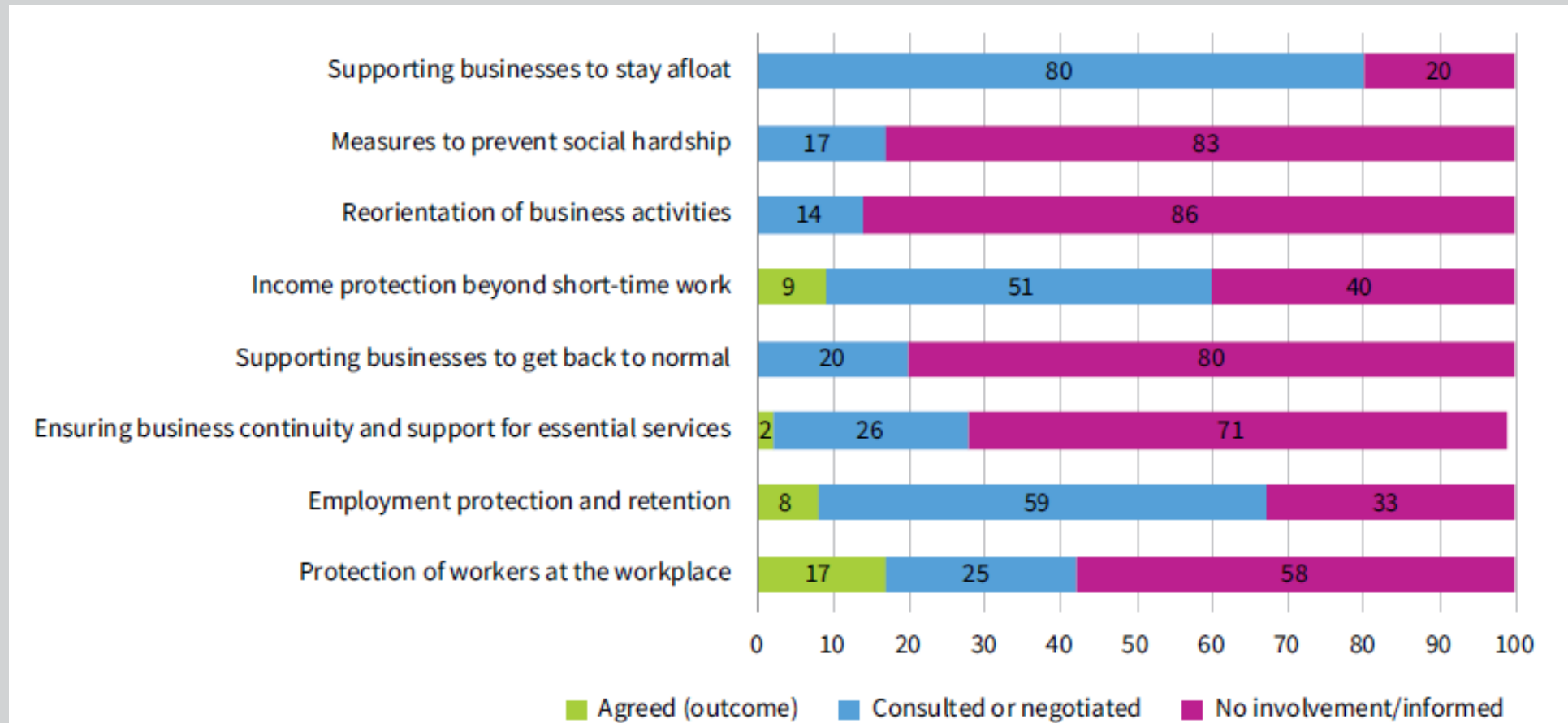
# APPENDIX

# Lower paid jobs are most affected by the pandemic



Source: Rio-Chanona et. al 2020.

# Role of social partners in the development of COVID-19 policy responses in the EU (%)



Source: Eurofound 2020.



### 3. Poverty rate by in-work and out-of-work

