

How to cope with poverty and inequality – experiences from the Nordic welfare states

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What is seen as distinct elements of Nordic welfare states?

- Universality
- General state financing
- High degree of decommodification
- High level of labour market participation
- Equality – economically as well as gender
- Generosity of welfare benefits
- Increasingly service oriented welfare states

And some would argue that as a consequence hereof Nordic countries are happy nations

A few comments on overall development in Nordic countries

In general, no sign on macro-austerity in welfare state spending, but possible with variations

However, reduction in replacement rates since 2000 as well as reduction in levels of taxes and duties

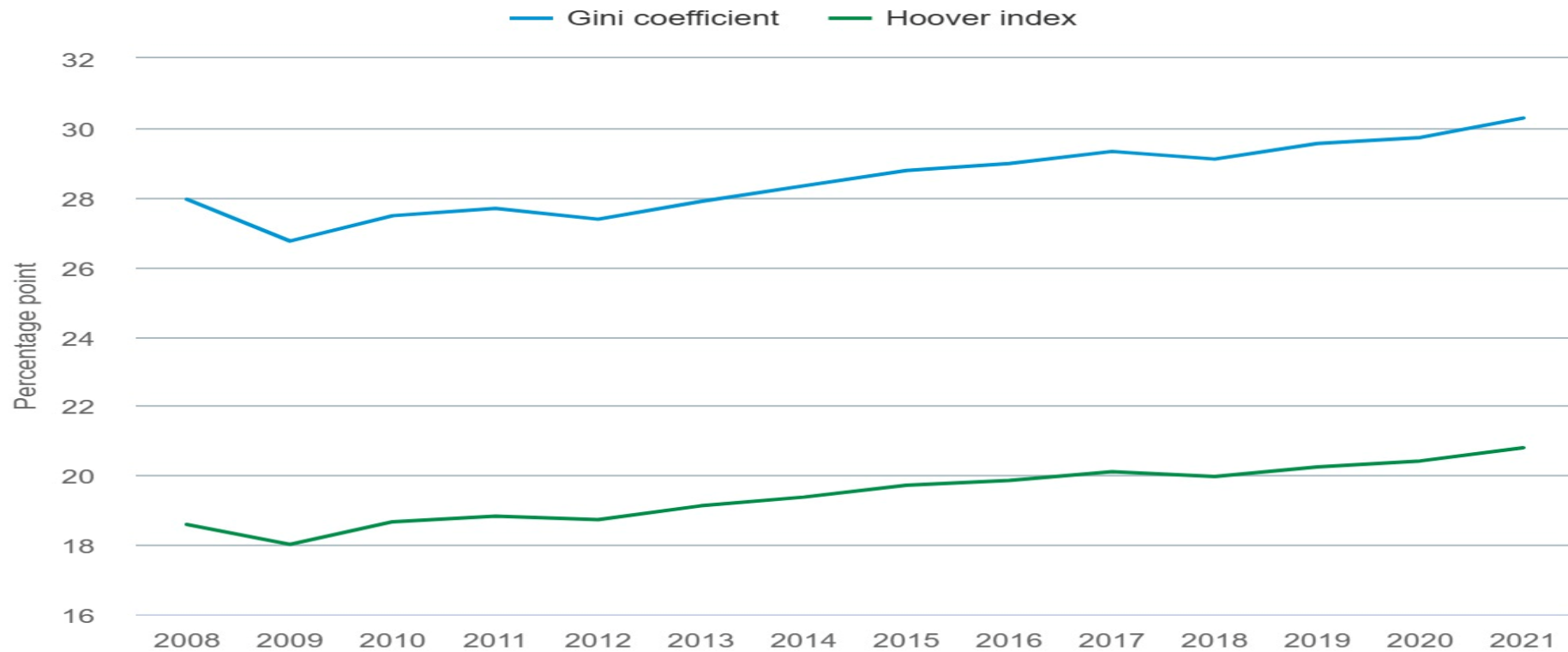
Still, higher focus on services, less on generosity in benefits

Tendencies towards welfare-chauvinism

Inequality has risen in Denmark

Inequality indicators on equivalised disposable income

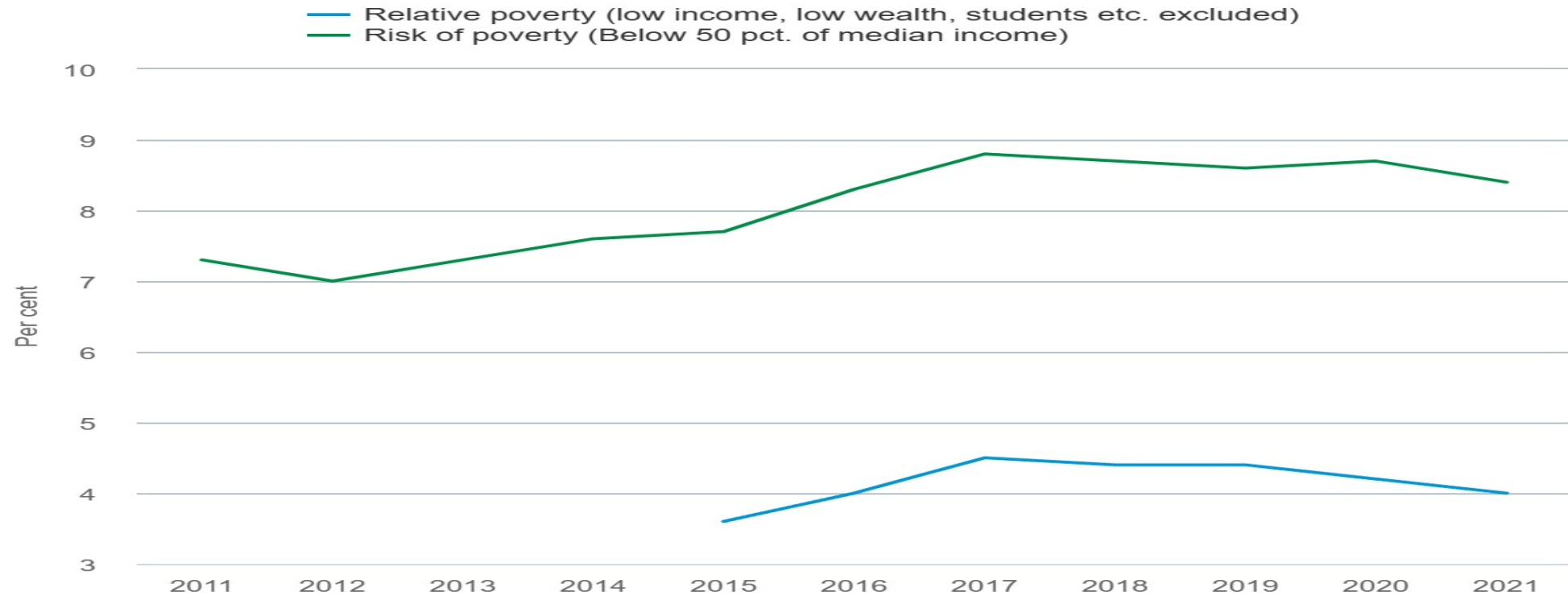
Indicator:



Poverty as well, but more limited

Proportion of population living below the national poverty line, by sex and age

Unit: Share of population (per cent) | Indicator:

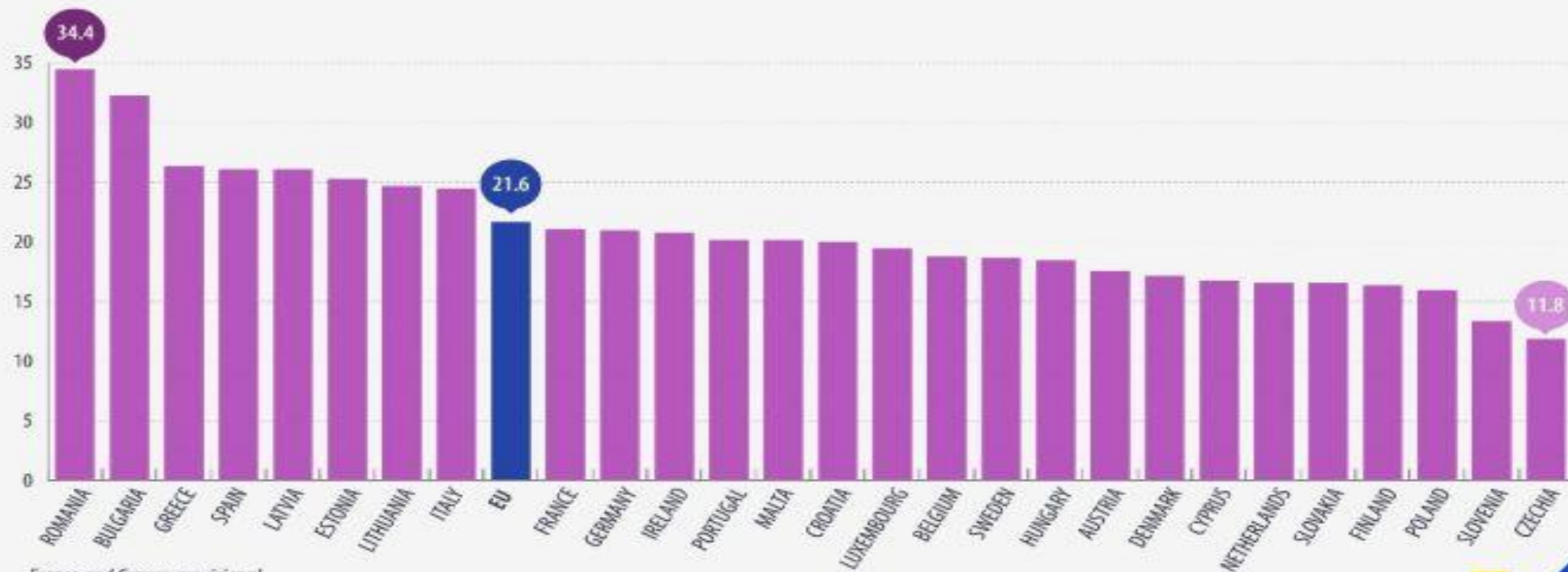


Who is living at risk of poverty in Denmark?

- Increasingly young persons outside the labour market
- Pension system, combined public and occupational based, has reduced the risk for the elderly
- Development in level of benefit has increased the risk for those on the margin or outside the labour market
- Still, at the same time unemployment level is low and employment rate is high

People at risk of poverty or social exclusion, 2022

(% of total population)



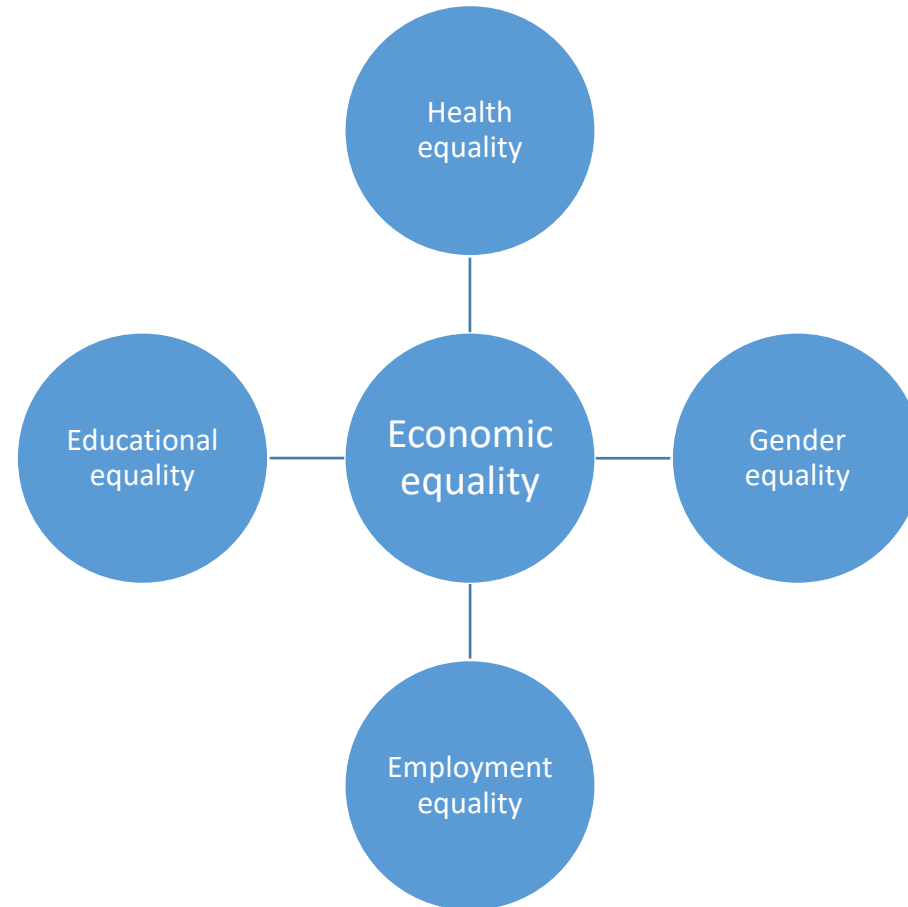
France and Cyprus: provisional.



The role of the welfare state

- Mitigate consequences of market activities and market-failures
- Help in ensuring options for all
- Redistribute – Robin-Hood as well as from Cradle to Grave
- Merit-goods – which is a more paternalistic approach

Role of the welfare state continued



Important for the good life and equality hereof

Well-being equality is influenced by:

- Welfare state, including the health system
- Gender equality, and lack of discrimination
- Employment and job security
- Education
- Income
- Trust

What are important for citizens in welfare states – and not only the Nordic welfare states?

- a) Employment and unemployment, including the efforts of welfare states in relation to this
- b) Inequality and poverty - and opportunities to change it
- c) Education (in relation to but not only a and b)
- d) Social security for new risk groups (solo self-employed, platform workers, lack of full-time jobs), which if only more limited covered by existing social security
- e) Generosity of benefit in relation to the old social risk (unemployment, sickness, old age and work-accident)
- f) Core welfare services (healthcare, long-term care and day-care for children)
- g) Having a good life

How to cope with poverty and inequality?

- Ensure education for as many as possible
- Income transfers at a level above the poverty line, including a stable pension system
- Active labour market policy – including effective economic demand policy
- Redistribute through the tax system – also in order to be able to finance the welfare state
- Prevention to avoid long time at risk of poverty or lacking material items.
- Reducing loneliness among especially young and elderly

Conclusion

- It is possible to reduce the risk of poverty and social exclusion – using a varied number of instruments
- Early intervention including educational attainment level is important
- Social transfers important, but also support to be able to live an independent life